

London Borough of Enfield

General Purposes Committee

15 October 2020

Subject: Audit and Risk Management Service Progress Update
Cabinet Member: N/A
Executive Director: Ian Davis, Chief Executive
Key Decision: N/A

Purpose of Report

1.1 The Audit and Risk Management Service Progress Update Report (Annex A) summarises:

- the results of the work that the Audit and Risk Management Service has undertaken during the period 1 April 2020 to 15 September 2020.
- the continued work of the Head of Internal Audit and Risk Management in collaboration with the internal Assurance Board to target limited audit resources at the highest priority Corporate and Schools' services

1.2 Progress has been made in delivering the 2020/21 Internal Audit plan, with 58% of reviews having commenced. Of these, 8% have been finalised. This compares to 54% commencement and 16% completion in September 2019. Work on starting the 2020/21 audit plan was delayed due to the impacts of Covid-19.

1.3 Since the audit plan was agreed in July 2020, no further audits have been cancelled but one additional audit has been added to the plan.

1.4 Five audits have been completed since the start of the year. Four were grant certifications or management letters and therefore an assurance opinion was not given. The remaining audit was given a *Limited* assurance opinion.

1.5 Tracking of agreed actions arising from internal audit work has confirmed that managers have implemented 82% of high priority and 54% of medium priority actions which were due to be implemented by 31 August 2020. A summary of overdue high risk and medium risk audit actions at 31 August 2020 is also presented.

1.6 A summary of proactive, reactive and preventative fraud work that has been undertaken by the Counter Fraud Team is reported with particular emphasis on

Covid-19 pandemic related activities. Through the work of the team, grants totalling £1.4m have been withheld and recovered.

1.7 The Counter Fraud team is also achieving its KPIs with year to date identified savings of £1.9m achieved.

1.8 Following work undertaken by the Counter Fraud team, £28k has been recovered under a Proceeds of Crime Act Section 22 order and the theft of £20k from the Council is being prosecuted by the Crown Prosecution Service.

Proposal

2. The General Purposes Committee is requested to:

- note the work completed by the Audit and Risk Management Service during the period 1 April 2020 to 15 September 2020 and the key themes and outcomes arising from this work
- provide feedback on the contents of this report

Reason for Proposal

3. In line with the Council's Internal Audit Charter which is based on the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to regularly update the General Purposes Committee on the work of the Audit and Risk Management Service through periodic and annual reports.

Relevance to the Council's Corporate Plan

4.1 Good Homes in Well-Connected Neighbourhoods

An effective Audit and Risk Management Service helps to provide assurance over any risks that might adversely affect the delivery of good homes in well-connected neighbourhoods.

4.2 Safe, Healthy and Confident Communities

An effective Audit and Risk Management Service is an essential management tool which will help the Council achieve its objectives to sustain safe, healthy and confident communities.

4.3 An Economy that Works for Everyone

An effective Audit and Risk Management Service will help the Council achieve its objectives in building a local economy that works for everyone.

Background

5.1 In line with the Council's Internal Audit Charter which is based on the requirements of the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit and Risk Management has a responsibility to regularly update the General Purposes Committee on the work of the Audit and Risk Management Service through periodic and annual reports.

5.2 These reports should include details of audit activities with significant findings along with any relevant recommendation. Periodic information on the status of the annual audit plan should also be included.

5.3 The Internal Audit Plan for 2020/21 was submitted to and agreed by the General Purposes Committee on 23 July 2020.

5.4 This report summarises the work completed by the Audit and Risk Management Service between 1 April 2020 and 15 September 2020.

Main Considerations for the Council

6.1 Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

6.2 The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

Safeguarding Implications

7 There are no safeguarding implications arising directly from this update from the Audit and Risk Management Service.

Public Health Implications

8 There are no Public Health implications arising directly from this update from the Audit and Risk Management Service.

Equalities Impact of the Proposal

9 Corporate advice has been sought regarding equalities and an agreement has been reached that it is not relevant or proportionate to carry out an equalities impact assessment/analysis for this report.

Environmental and Climate Change Considerations

10 There are no environmental and Climate Change considerations arising directly from this update from the Audit and Risk Management Service. However, Climate

Change has been identified in the 2020/21 Audit Plan, which recognises the risk posed and the priority that climate action is now being given within the Council.

Risks that may arise if the proposed decision and related work is not taken

11.1 Any large complex organisation needs to have a well-established and systematic risk management framework in place to identify and mitigate risks it may face.

11.2 The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work and therefore, if this work is not carried out, reviewed and followed up, the Council faces the risk of legal, financial and reputational loss.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

12.N/A

Financial Implications

13.1 Section 151 of the Local Government Act 1972 requires that every local authority in England and Wales should “make arrangements for the proper administration of their financial affairs”. The Chief Finance Officer (Section 151 Officer) in a local authority must lead the promotion and delivery, by the whole authority, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. The role of the Section 151 includes ensuring that the systems and processes for financial administration, financial control and protection of the authority’s resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice. The Accounts and Audit Regulations 2003 (England and Wales), requires that a ‘relevant body shall maintain an adequate and effective system of internal audit of its accounting records and its system of internal control’.

13.2 The role of audit supports this by undertaking a review of the controls in place, the Internal Audit plan sets out in partnership to achieve this by:

13.3 Ensuring that the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

13.4 Ensuring that these controls are an integral part of the authority’s underlying framework of corporate governance and that they are reflected in its local code.

13.5 In this context, the Internal Audit plan is developed in partnership with the wider organisation, seeking to focus on areas of the greatest risk in order to ensure that the appropriate controls are in place and where controls are found to be inadequate plans to address these are implemented.

Legal Implications

14.1 The Council's chief finance officer (the 'Section 151 officer' – section 151 Local Government Act 1972) has statutory status and is responsible for financial administration. The chief finance officer is also under a statutory duty to issue a formal report if s/he believes that the Council is unable to set or maintain a balanced budget (the 'section 114 report' (section 114 Local Government Finance Act 1988).

14.2 The Accounts and Audit Regulations 2015 (the '2015 Regulations') places an obligation on local authorities to maintain a system of internal audit whereby it:

- (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- (b) ensures that the financial and operational management of the authority is effective; and
- (c) includes effective arrangements for the management of risk.

14.3 The internal audit service must be effective in order to evaluate the effectiveness of its risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

14.4 Each financial year the council must conduct a review of the effectiveness of the system of internal control required by regulation and prepare an Annual Governance Statement.

14.5 This report addresses the statutory obligations for local audit processes in compliance with the 2015 Regulations.

Workforce Implications

15 There are no workforce implications arising directly from this update from the Audit and Risk Management Service.

Property Implications

16 There are no property implications arising directly from this update from the Audit and Risk Management Service

Other Implications

17 N/A

Options Considered

18 Given the requirements of the Public Sector Internal Audit Standards, no other options were considered.

Conclusions

19 The General Purposes Committee is requested to:

- note the work completed by the Audit and Risk Management Service during the period 1 April 2020 to 15 September 2020 and the key themes and outcomes arising from this work

- provide feedback on the contents of this report

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Date of report 29 September 2020

Appendices

Annex A: Audit and Risk Management Service Progress Update

Background Papers

N/A

Annex A



Audit and Risk Management Service Progress Update September 2020

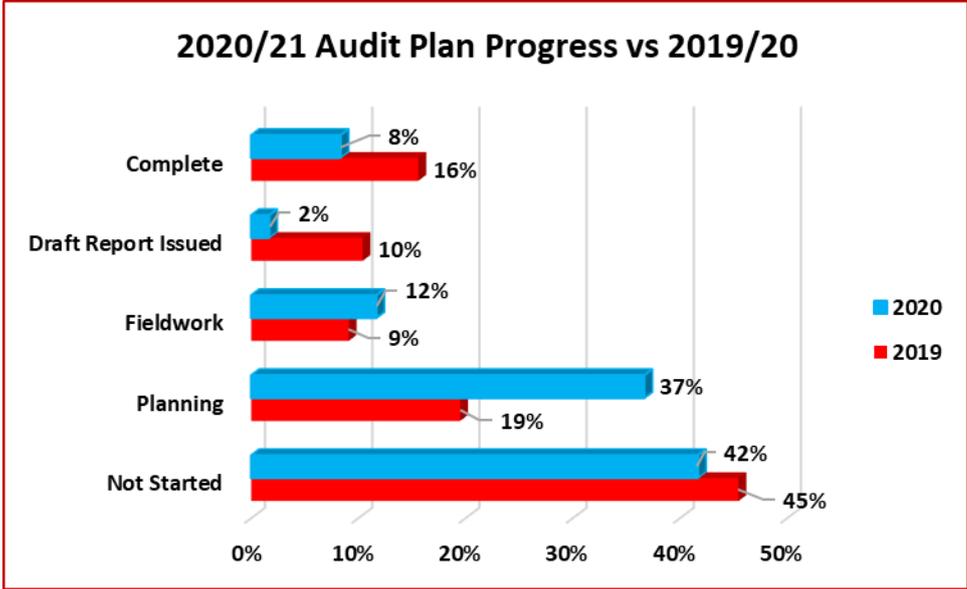
2020/21 Audit and Risk Management Service Progress Update September 2020

Internal Audit

During the period 1 April 2020 to 15 September 2020, the Internal Audit team has commenced 35 assignments (59% of the current plan) of which 5 (8%) have been completed. For the same period in 2019, 42 audits (54%) had commenced and 15 (16%) had been completed.

The following chart summarises the 2020/21 progress compared to 2019/20:

Chart 1: 2020/21 Internal Audit Progress vs 2019/20



Due to the impacts of Covid-19, the audit plan was started later this year than in 2019/20. The time was spent finalising 2019/20 audits, updating our schools’ work programme and undertaking training and, when possible, planning 2020/21 audits.

Changes to the 2020/21 Internal Audit Plan

Since the 2020/21 Audit Plan was approved by the General Purposes Committee in July 2020, no audits have been cancelled and one further audit has been added.

The audit added to the plan is:

Table 1: Audit Added to the 2020/21 Plan

Department	Audit
Resources	Enfield Stands Together – JustGiving.

A revised version of the audit plan is attached at **Appendix A**.

Completed Audits

Five audits have been completed so far this year and these are summarised below:

Table 2: Completed Audits at 15 September 2020

Department	Title	Assurance Level
PEOPLE	Unregulated Placements	LIMITED
PLACE	BEGIN Grant	N/A- Grant Certification
PLACE	Bus Service Operators Grant	N/A- Grant Certification
RESOURCES	IT Software Procurement	N/A – Management Letter
PEOPLE	Troubled Families Grant - June	N/A – Grant Certification

The following summary from the Unregulated Placements audit report outlines the reasoning behind the *Limited Assurance* opinion issued.

“This review identified five *medium* risk and two *low* risk findings. Two advisory items for management attention were also identified.

The following *medium* risk findings were identified:

- There are no overarching integrated policies and procedures covering all the activities of the Access to Resources Integrated Service (ARIS)
- The process for the approval of different categories of placement (Planned, Emergency, Over 18's, Out of Borough) is not clearly indicated and approvals are not always logged appropriately.
- The contract framework agreement expired on 31 December 2019 and the retender for new providers is not expected to be completed until September 2020. We were unable to identify procedures for procurement of alternative providers if no framework providers are prepared to make an offer, nor did we identify guidance on the required intervals at which providers should be monitored. We found that provider references and monitoring were not always logged
- Where new providers must be found in an emergency, they may not immediately confirm that staff have undergone enhanced DBS checks

Our low *risk* findings were:

- There is no central record of Over 18s in unregulated placements
- The guidelines relating to timescales for completing annual quality check reports are unclear

As we were progressing our audit, the Service was proactive in putting new procedures in place. However, we are required to report on issues as we find them at the time of the audit.

Managers’ progress with implementing internal audit actions

The Internal Audit and Risk Management team is responsible for tracking managers’ progress with the implementation of internal audit actions.

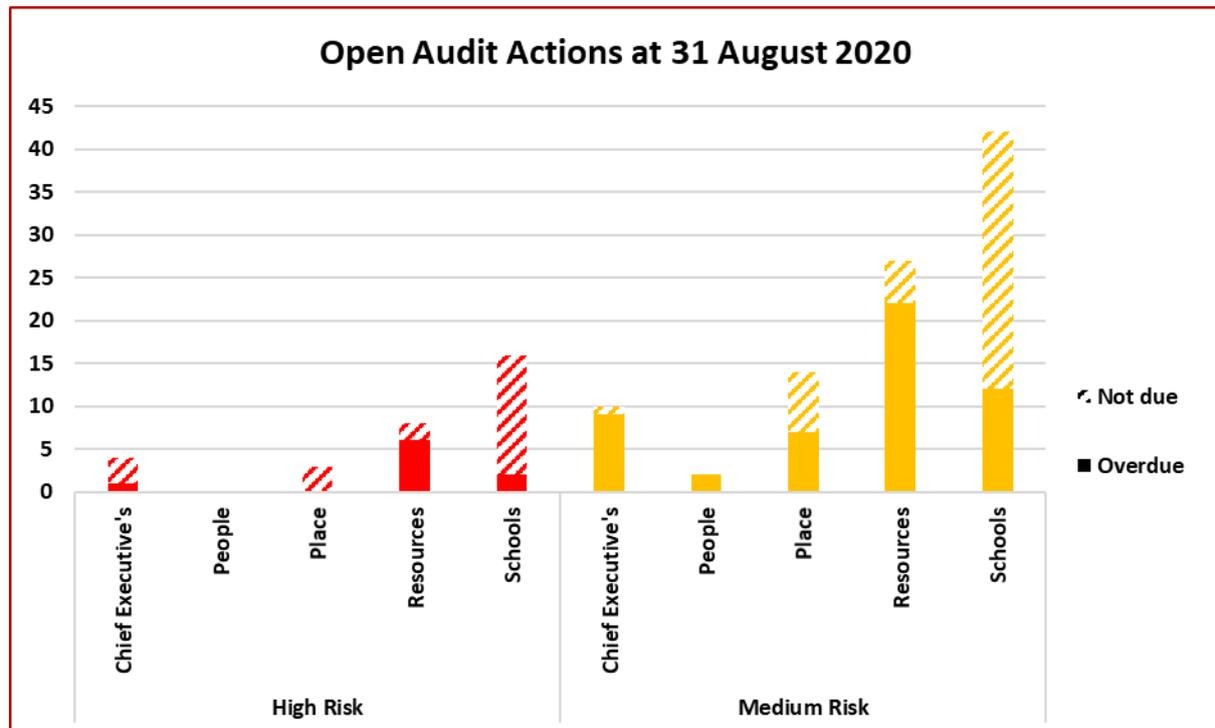
At 31 August 2020, 146 actions identified from the work of Internal Audit remained open. 18% of high risk and 54% of medium risk actions have not been fully implemented by their original due date and are classified as overdue (shown by the solid coloured part in the graph below).

Details of the high-risk actions in progress are provided in **Appendix B**.

Of the 50 medium risk outstanding actions, 10 have been overdue by more than one year and details of these are provided in **Appendix C**.

Progress within departments is shown in the following chart:

Chart 2: Managers’ progress with implementation of agreed audit actions



Officers responsible for overdue *high-risk* actions have attended Assurance Board recently, and the Assurance Board continues to monitor overdue actions.

Internal Audit Quality Assessment

The performance of the Internal Audit service for 2020/21 to 31 August 2020 is shown in the following table:

Table 3: Internal Audit Quality Assurance Measures

KPI / Quality Metric	Target	Actual (Average)
Days from end of fieldwork to issue of draft report	15	6
Days from receipt of management comments to issue of final report	10	2
Level of satisfaction score with audit work	80%	No responses received to date
% of the audit plan delivered to draft report stage	95% (by 31 March)	10%

Counter Fraud

Savings Identified

So far this year, the Counter Fraud team has identified savings of £3.4m. £1.4m is related to Covid-19 Business Grants with the remaining £2m relating to our usual counter fraud activities. Further details of these savings and the work undertaken are given below.

Covid-19 Pandemic Related Activities

The Counter Fraud team is continuing to deliver several proactive activities in relation to the Council’s response to the Covid-19 Pandemic. These include:

- **Small Business Grant Fund**

Counter Fraud are continuing to assist the Business Rates Team with the verification of grant applications that are available to qualifying small businesses and those operating in the retail, hospitality or leisure sectors (RHL) as well as discretionary business grants.

This gives the total for the exercise so far as **£1.4m** as detailed below

Grants Withheld

Our work has enabled the Council to withhold grants to 111 potential recipients, representing a total value of **£1.29m**. This is analysed below:

Table 4: Analysis of Grants Withheld

Referral Category	Small Business Grants (No.)	RHL Grants (No.)	Discretionary Grants (No.)	Value (£k)
Spotlight	9	5		215
CIFAS	4	1		65
Companies House	50	2		550
Pro-active checks	12	5	14	340
NNDR Team	6	3		120
Total	81	16	14	£1,290k

Grants Recovered

Through making direct contact with the businesses concerned, we have additionally recovered 13 grants with a total value of £160,000 that were paid incorrectly.

Table 5: Analysis of Grants Recovered

Referral Category	Small Business Grants (No.)	RHL Grants (No.)	Value (£k)
NNDR Team	3	1	55
Pro-active checks	8	1	105
Total	11	2	£160k

The referral sources used for this work are:

- Spotlight matches

This is a system that has been made available for Local Authorities to help verify grant applications; it essentially automates due diligence checks by matching our data with Companies House records of businesses that have been dissolved or are in liquidation.

- CIFAS (Credit Industry Fraud Avoidance Scheme) matches

We have bulk-matched our data against CIFAS records to check for individuals who have previously been refused a bank loan or insurance claim for fraud-related reasons, and these grant applications will be subject to increased scrutiny.

- Other pro-active checks

This includes open-source internet searches to identify business premises that may be empty; additional checks with Companies House; and referrals from the Business Rates Team.

- NNDR Team

These are referrals where the Business Rates Team have identified concerns.

Local Authority Discretionary Fund

The discretionary grant budget was limited to 5% of overall grants and was administered on a first-come, first-served basis. We undertook pre-payment verification checks and will now undertake post payment verification checks.

Counter Fraud have helped design the application form and have advised which supporting documentation should be provided in order to minimise the opportunity for fraudulent applications.

Post Payment Assurance Checks

We have helped the Business Rates Team draw up a programme of post payment assurance checks to meet Cabinet Office requirements.

Effects of Covid-19 on Counter Fraud Work

We resumed visiting activities towards the end of July, and to date have undertaken 36 visits in connection with Right to Buy applicants, business rate grants recipients, and applicants referred from the No Recourse to Public Funds Team.

The pandemic is continuing to have a negative impact on housing recoveries and the stay of evictions has been extended again, this time until 20th September. We anticipate that there will be delays in bringing cases to court, due to the backlog built up during the period of the stay.

Counter Fraud Caseload

The current caseload is summarised in the following charts:

Chart 3: Counter Fraud Caseload at 31 August 2020

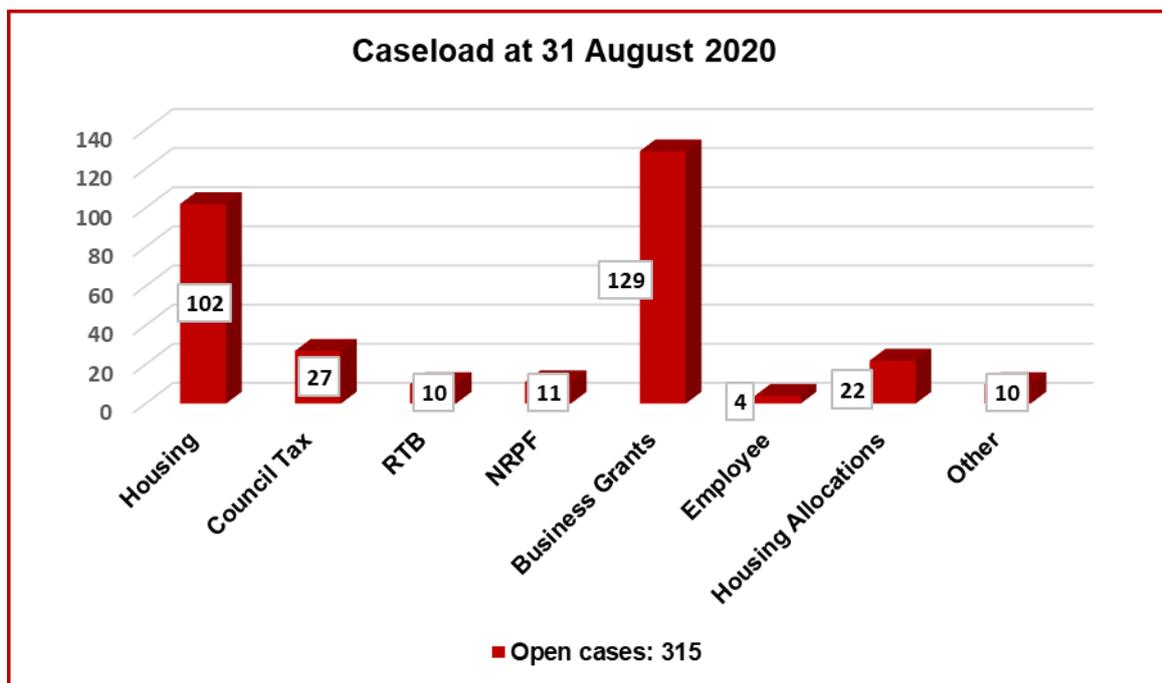
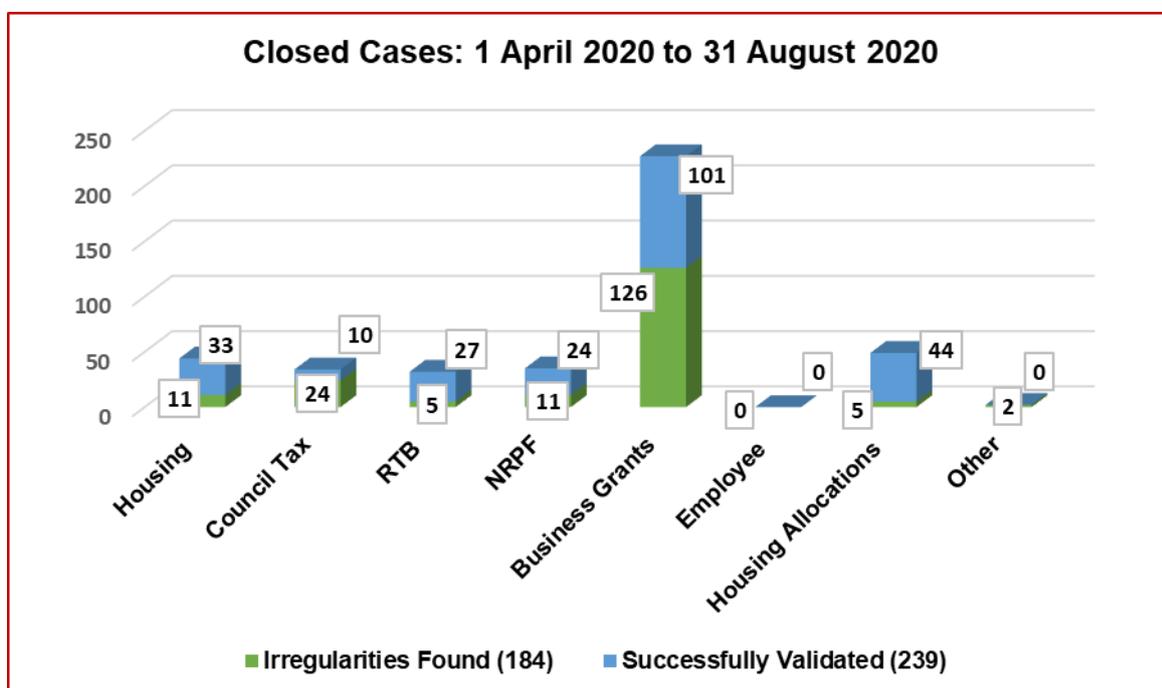


Chart 4: Counter Fraud Closed Cases at 31 August 2020



Definitions of irregularities are given in the following table:

Table 6: Irregularities Definitions

Area	Definition
Housing	Property recovered
Council Tax	Overpayment raised, or financial penalty imposed
Right to Buy	Application cancelled
NRPF	Application cancelled or level of support

	reduced
Direct Payments	Overpayment raised
Employee	Disciplinary action resulted
Housing Allocations	Removed from the list or reduced property size needs

The financial values attributed to these outcomes are shown in the tables below:

Table 7: Analysis of Counter Fraud Caseload Outcomes

Fraud Type	Annual Target	Cumulative Target August 2020	Actual August 2020	Variance
Council Properties Recovered	75	31	6	(25)
TA / HA Properties Recovered	25	10	5	(5)
Overall	100	41	11	(30)

The team has an annual target to identify savings from frauds investigated or prevented to the value of £2.75m (excluding savings identified from the Business Rate Grants work).

As at 31 August 2020 we have achieved savings of £1m as detailed below:

Table 8: Counter Fraud Caseload Outcomes Financial Analysis

	Fraud Detection		Fraud Prevention		Total (£)
	Saved for LBE (£)	Saved for gov.uk (£)	Saved for LBE (£)	Saved for gov.uk (£)	
Housing Benefit (DWP)	-	310,008	-	-	310,008
Council Tax: Reduction Scheme	41,890	-	-	-	41,890
Benefit Penalties	4,697	-	-	-	4,697
NRPF: value £17.2k per case cancelled	-	-	120,400	-	120,400
NRPF: value of support	-	-	4,089	-	4,089

reduced					
RTB: value of discounts refused	-	-	538,000	-	538,000
	46,587	310,008	662,489		1,019,084

Council properties recovered: 6 (rebuild value of £150k per property)	-	-	900,000	-	900,000
TA / PSL / HA properties recovered: 5 (annual average cost of £2.5k per property)	-	-	12,500	-	12,500

TOTAL	46,587	310,008	1,574,989	-	1,931,584
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GRAND TOTAL INCLUDING BUSINESS GRANTS	46,587	470,008	1,574,989	1,290,000	3,381,584
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Fraud Prevention Activities

We are undertaking an exercise during Q3 to examine expenditure on purchase, prepaid and e- cards during Covid-19. This is to identify any potential fraud where remote-working and competing priorities may have led to the relaxation of existing controls.

In September the Counter Fraud Team provided training for Council Tax staff on interpreting credit reports. This will help to highlight incorrect Single Person Discount claims.

The team are also planning a series of events to take place in the Council during International Fraud Awareness Week 15 – 21 November 2020.

Significant Actions

- Following the provision of evidence and witness statements by the Counter Fraud team, the Police have charged an individual in relation to the theft of £20,247 from the Council in August 2018.
- An individual, Mr Georgiou, was previously convicted by the Council for selling ‘clocked’ vehicles. In May 2008 a Confiscation Order was made in the value of £1.9m, and Mr Georgiou was ordered to pay over his entire financial worth which at that time amounted to £57,812.

In March 2020 the Police alerted us to the possibility that Mr Georgiou might now have further assets and following further investigations by us, Wood Green Crown Court imposed a Section 22 Order compelling Mr Georgiou to repay a further £27,589.66.

2020/21 Audit Plan Status

Department	Title	Audit Status
Chief Executives	Legal	Planning
Chief Executives	Mayors Accounts	Planning
Chief Executives	Members Ethics	Deferred to 2021/22
Chief Executives	Recruitment	Planning
Chief Executives	IR35 Follow Up	Planning
Chief Executives	Organisational Development	Not started
Chief Executives	Energetik	Not started
Cross Cutting	Schools Financial Monitoring Follow Up	Fieldwork
Cross Cutting	Adult Social Care/Financial Assessments - Follow Up	Fieldwork
Cross Cutting	Contract Management Follow Up	Not started
Cross Cutting	Remote Working – IT	Planning
People	Troubled Families Grant Claims – May	Cancelled
People	Troubled Families Grant Claims – June	Completed
People	Troubled Families Grant Claims – July	Fieldwork
People	Troubled Families Grant Claims - August	Not started
People	Troubled Families Grant Claims - September	Not started
People	Troubled Families Grant Claims - October	Not started
People	Troubled Families Grant Claims - November	Not started
People	Troubled Families Grant Claims - December	Not started
People	Troubled Families Grant Claims - January	Not started
People	Troubled Families Grant Claims - February	Not started
People	Troubled Families Grant Claims – March	Not started
People	Unregulated Placements	Completed
People	Disproportionality in Out of Court Disposals	Not started
People	Mental Health - AMHP Service	Fieldwork
People	Eclipse	Planning
People	West Grove Primary School	Not started
People	Oaktree School	Planning
People	Starks Field Primary School	Fieldwork
People	Broomfield Secondary School	Planning
People	George Spicer Primary School	Not started
People	St Paul's CE Primary School	Cancelled
People	Hazelwood Schools	Not started

Department	Title	Audit Status
People	St Ignatius College	Cancelled
People	Bush Hill Park Primary School	Not started
People	St Ignatius College and St Anne's Catholic High School for Girls - Joint Procurement	Not started
Place	BEGIN Grant	Completed
Place	Cleaning Contract	Not started
Place	Housing Repairs and Maintenance	Planning
Place	Community Infrastructure Levy (CIL) and Neighbourhood CIL	Planning
Place	Meridian Water – HIF	Planning
Place	Bus Service Operators Grant (BSOG)	Completed
Place	Local Transport Capital Funding Grant	Cancelled
Place	Capital Works and Building Control	Planning
Place	Housing Compliance - Safety Checks and Management of Lift Maintenance	Planning
Place	Meridian Water - Procurement Strategy	Planning
Place	Climate Change	Not started
Place	Meridian Water – Contract Management	Not started
Resources	General Ledger Follow Up	Not started
Resources	Direct Payments	Planning
Resources	Accounts Payable	Planning
Resources	Council Tax	Fieldwork
Resources	National Non-Domestic Rates (NNDR)	Planning
Resources	Treasury Management	Planning
Resources	Supplier Resilience	Planning
Resources	Web Content Accessibility Guidelines 2.1 (WAGC 2.1)	Not started
Resources	Cloud Management – IT	Planning
Resources	Cyber Security – IT	Planning
Resources	Digitalisation – IT	Planning
Resources	IT Software Procurement	Completed
Resources	Local Authority Test and Trace Service Support Grant	Not started
Resources	Enfield Stands Together – JustGiving	Draft report issued
Resources	Procurement Social Value	Not started
LATC	HGL - Lettings Agency	Not started
LATC	HGL - Property Services Purchasing	Fieldwork

Overdue High Risk Audit Actions at 31 August 2020

Chief Executive's Department

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Leavers	Process Governance	<p>a) The starter and leaver process will be reviewed under the ownership of the HR and IT Services.</p> <p>b) HR Ownership will cover the overall process governance and documentation across the organisation. IT Ownership will cover the implementation of a unified IT provision and system that supports this process, so it supports a single journey for the organisation including the ability to identify at individual level the user's status, network and systems access and ICT assets assigned to that user.</p> <p>c) This will also include ability to provide access for reporting either via a self-reporting tool or using the council's chosen reporting functionality Power BI</p> <p>d) While the implementation is defined and projects delivered, the existing reporting using SAP, Service Management Tools, Active Directory and Microsoft Office 365 console will be used to provide on-going information to facilitate reviews of compliance.</p> <p>e) The risk will be captured on the Risk Register and reviewed monthly until the implementation above is completed</p> <p>f) To support this review, we will also use the Customer Experience Programme to endorse the approach and monitor progress</p>	31-Mar-2020	<p>Update June 2020</p> <p>Following the audit, a review commenced of the Service Management Tool that the organisation used (Service Now) with a view to changing the product to one which was designed around process and was affordable and supportable in house.</p> <p>In line with the strategy to initially do it to ICT first, a proof of concept on the Service Tool commenced at the end of March 20 but has been delayed due to Covid.</p> <p>As a result of these delays and the urgency to review Leavers in light of the increased Remote Working, ICT are undertaking additional short and medium terms actions to mitigate the risks and the ICT Risk Register and ICT Work Programme. will be updated to reflect this,</p>	30-Sep-2020

Resources Department

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Financial Assessments Team	A Lack of Monitoring of Aged Debt Balances	We will formalise the process surrounding the investigation of aged debts, which will occur on a monthly basis. Evidence of investigation and commentary will be centralised. The Quarterly Exchequer Reports will be utilised more effectively by reviewing these and discussing the results at management meetings.	30-Jun-2020	<p>Update August 2020</p> <p>This also forms part of our overall debt improvement plan and strategy. It has been difficult to get the data needed out of ASH and for the identified data to be produced by the data team on a monthly basis like they provide information for other debts such as Council Tax and Rents etc. The reasons for this have been given as a lack of resource and knowledge of the system in this area together with difficulties with ASH.</p> <p>Work is still on going and I have now asked for an ASH supplier meeting to see what functionality is available to provide what we need and are working with the data team to build this into their service requirements</p> <p>Whilst this is being sorted, the team have started to breakdown the quarterly report to show the breakdown of Secured Debt, Unsecured debt</p>	30-Sep-2020
General Ledger (SAP)	Incomplete policies and procedures	<p>1.The Financial Regulations are currently being updated; we will also implement a routine review of all General Ledger related procedures to occur at least annually, immediately after the External Audit.</p> <p>2. We will create local policies and procedures to cover:</p> <ul style="list-style-type: none"> • Roles and responsibilities of all relevant officers and departments; 	30-Jun-2020	<p>Update, September 2020</p> <p>1. Financial Regulations Updated and General Ledger procedures will be reviewed post External Audit.</p> <p>2. Roles and responsibility for all officers and departments are in the financial regulations. Process flowcharts for key GL processes will be created post External Audit.</p>	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<ul style="list-style-type: none"> • Process flowcharts for key GL processes; • A suspense account procedure; • Month-end/Quarterly reporting timetables; • Reconciliations; • Chart of Accounts update 		Balance Sheet codes are reconciled quarterly. Work already underway to reduce suspense (holding codes), alongside internal recharges and gradually remove over next year.	
General Ledger (SAP)	Inadequate review of suspense and control accounts	<ol style="list-style-type: none"> 1. We will review SAP and ensure we have a complete listing of all suspense accounts. 2. We will review all suspense accounts in SAP and take steps to reduce these to ensure only the minimum necessary are retained. 3. We will implement a routine review of suspense accounts, with identified owners for this process. This will be documented in procedure notes (see Finding #1). 4. We will ensure that responsibility for reviewing and clearing control accounts is defined and this activity is performed and reviewed and signed off including regular senior overview of the process. This will be documented in procedure notes (see Finding #1). 	31-May-2020	<p>Update, September 2020</p> <ol style="list-style-type: none"> 1. Suspense Accounts should not exist except for unallocated cash, which will be cleared every 12 months on a rolling basis, as per item 1. 2 as above. 3. as above. 4. all balance sheet codes are reconciled quarterly plus major ones monthly - need list to be updated - update names of completers and approvers - need new form <p>All suspense accounts were brought up-to-date and cleared at year end, with clear owners for all suspense (holding codes). This needs to be brought up-to-date for end of June and September. A report will be produced and reviewed at Finance Manager's meeting. Procedure notes to be produced post External Audit.</p>	31-Oct-2020
General Ledger (SAP)	Inadequate reconciliations of feeder systems and balance sheet codes	<ol style="list-style-type: none"> 1. All system interfaces will be identified, understood and documented. 2. We will ensure system interfaces are reconciled monthly or quarterly and that these are reviewed by an appropriate Manager and supplied to Finance. This will be documented in procedure notes (see Finding #1). 3. We will ensure a process is put in place to reconcile balance sheet accounts on a 	31-May-2020	<p>Update, September 2020</p> <ol style="list-style-type: none"> 1. ICT need to update system interfaces. 2. All system interfaces need to have owner and approver 3. Quarterly balance sheet codes - next week go to Finance Management Meeting and get everyone to agree to their codes 	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		quarterly basis. These reconciliations will be approved by named appropriate managers.			
General Ledger (SAP)	Inadequate segregation of duties and lack of supporting documentation	<p>1. A standardised approach of inputting journals will be clearly communicated by Finance to other teams in the Council who use SAP. Included in this approach will be a clear outline of what appropriate evidence needs to be attached to the journal and segregation of duty arrangements. A sample of journals across the Council will be reviewed by Head of Corporate Finance each quarter to ensure the approach is being followed. (See Finding #1).</p> <p>2. We will review system access to ensure segregation of duties is in place for all journals.</p> <p>3. New Journal Upload file to be created preventing automatic approvals.</p>	30-Jun-2020	<p>Update, September 2020</p> <p>1. Absoft to be instructed to produce new journal template.</p> <p>2. All June 30 and September 30 reconciliations to be produce by end for Sept 30 and Oct 31.</p> <p>3. Will be creating new responsibilities in SAP to split out the roles and delete existing responsibilities.</p>	31-Oct-2020
Purchase Cards	Compliance, Monitoring and Reporting	<p>Exchequer Services will conduct a full review of procurement card compliance, monitoring and reporting and will take on board the findings sent out in this audit report A detailed action plan, with timescales will be created and will address the points raised in this report and will focus on:</p> <ul style="list-style-type: none"> -Monitoring and management -Records and housekeeping -Non-compliance and actions 	31-Aug-2020	<p>Update, August 2020</p> <p>Exchequer have implemented a process whereby a general reminder will be sent to all cardholder approvers 5 working days before the period close down every month to remind them to approve transactions. In addition, a report will be issued monthly to all approvers with details of the transactions which have not been reviewed, escalations will be implemented if non-compliant. Finance DMT have been consulted in relation to a P Card review / policy & spend / reports / fraud & educational comms. Following clarity, Exchequer will create a project plan which will include consulting with DataMi Team to explore the use of Power Bi to create future bespoke reporting.</p>	31-Oct-2020

Schools

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Oakthorpe Primary School	Audit Report	<p>This audit report will be presented and considered at the next Governing Body meeting.</p> <p>Any discussions and decisions made will be recorded in the minutes of the meeting. A copy of these minutes will be forwarded to Internal Audit as soon as available.</p>	31-Jul-2020	Update not requested due to holidays and Covid-19.	TBC
Oakthorpe Primary School	Security of Assets – School Assets	<p>The School will ensure that:</p> <p>a) A full asset check is undertaken, jointly by a named Governor and an independent member of staff, to determine that all assets can be accounted for. The asset check documentation will be signed and dated by the responsible officer/s.</p> <p>b) The inventory list is updated to include the date each item is disposed of and under whose authority.</p> <p>c) Annual asset checks will be undertaken, and evidence retained with the date and signatures of the individuals who undertook the check.</p> <p>d) Discrepancies identified during inventory checks will be reported to the Governing Body. Details of discrepancies will be recorded in the asset register, including the identification date and the date reported.</p> <p>e) A responsible officer will:</p> <ul style="list-style-type: none"> – Locate the items that could not be found during testing to confirm they are in school – Ensure all asset locations are correctly recorded in the register. – Ensure a unique identifier is included in the register for all assets. 	31-Aug-2020	Update not requested due to holidays and Covid-19.	TBC

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>f) All items are marked visibly and permanently as School property.</p> <p>g) Loan of asset forms are completed and signed by each member of staff and appropriately authorised to confirm that:</p> <ul style="list-style-type: none"> - Staff are aware that the loan of asset is for work purposes only. - Appropriate insurance arrangements are in place prior to the asset being taken off site. - The School can keep track of its assets and further ensure they are returned either at the end of the loan period or on termination of employment. <p>h) In the event that inventory items are identified as missing appropriate actions should be taken.</p> <p>i) Security arrangements around portable assets are improved to reduce the risk of items going missing.</p>			

Medium Risk Actions Overdue > 1 Year

People

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Request for Funding – end to end process	Roles and responsibilities – Control Design	The full process will be documented, and processing guidance produced to effectively align the process to the new structure and ensure clarity in roles and responsibilities. This will then be effectively communicated to staff dealing with the RFF process.	01-Jan-2018	Update August 2020 This was not completed due to there being outstanding aspects of ContrOCC but the RFF is being modified again and further guidelines are being drafted.	31-Jul-2020
Request for Funding – end to end process	Performance monitoring and management information – Control design	a. In developing new systems to support the RFF process, information requirements will be defined to ensure that reports can be run that identify process issues and anomalies, such as long outstanding POs that relate to the RFF process. Requirements gathering for report definition will be undertaken and link to mapping of codes and other business requirements. b. Mitigating controls will be considered to support the process before systems are changed, such as creating a central log of all RFFs created.	01-Dec-2017	Update August 2020 a. Not competed due to it being a ContrOCC outstanding action b. Mitigating controls will be considered to support the process before systems are changed, such as creating a central log of all RFFs created.	31-Jul-2020

Place

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Broomfield House	Vision	The Partnership Board to finally agree the strategy for the house, including milestones for delivery. A report to Cabinet will be completed in order to gain agreement to the strategy.	01-Sep-2017	Update Assurance Board, 1 July 2020 Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off.	31-Oct-2020
Broomfield House	Covenant	The work on the covenant to be finalised and a Financial Implication Report prepared to indicate the Council's potential liability in the event that any development or restoration of the house goes ahead	01-Sep-2017	Update Assurance Board, 1 July 2020 Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off.	31-Oct-2020
Broomfield House	Communication Strategy	A communication strategy should be devised to ensure that all interested parties, including local residents and the general public, are informed about progress, risks, issues and next steps.	01-Apr-2017	Update Assurance Board, 1 July 2020 Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off.	31-Oct-2020
Broomfield House	Procurement Strategy	The project needs to be identified before its delivery can be procured. This will be resolved by Cabinet report. A procurement strategy will then be devised in conjunction with the overall strategy for the House, to ensure that works and services are acquired efficiently and effectively.	01-Sep-2017	Update Assurance Board, 1 July 2020 Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off.	31-Oct-2020

Resources

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Pensions Administration	Roles and responsibilities for pensions administration	1) A high level roles and responsibilities document will be developed for pension administration across all the departments involved, i.e. HR, Payroll, Pensions Administration and Investments to ensure that each teams roles and responsibilities are clearly understood 2) Roles and responsibilities should be reviewed on an annual basis to ensure they are fit-for-purpose. 3) Communications will be sent to our Scheme Employers, signposting them to their responsibilities within the Regulations.	01-Jan-2019	Update June 2020 SLA's will be put in place during 2020/21. While agreements will not be in place until March 2021 the LGPS regulations and pension policies already provide clarity over roles and responsibilities. Regular stakeholder meetings ensure that regulations and decision making is robust and compliant. The Pensions Regulator Code of Practice also provides a framework and regular scrutiny is provided by the Local Pensions Board.	30-Sep-2020
Purchase to Pay through Neptune	Budget monitoring	Finance to raise awareness of the SAP report ZIBD_BCS Subjectives to budget holders and approvers, to improve budget forecasting	01-Dec-2018	Update Assurance Board, 1 July 2020 Budget monitoring agreed to copy audit in email being sent.	31-May-2019

Schools

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Hadley Wood Primary School	Employees-Starters and Leavers	<p>a) The School will ensure that all pre-employment checks are completed prior to a member of staff commencing their employment with the School.</p> <p>b) The School will ensure that all leavers' documentation is signed and submitted promptly for processing.</p> <p>c) Where the Headteacher agrees to accept a member of staff prior to all pre-employment checks being received, this will be discussed with SPS, to ensure this is included on their records.</p>	01-Mar-2019	<p>a) Implemented before issue of final report</p> <p>b) Implemented before issue of final report</p> <p>c) Update not requested due to holidays and Covid-19.</p>	TBC
St Edmunds RC Primary School	Delegated Authority - Governance	<p>a) The Terms of Reference has been updated to include all financial responsibilities that cannot be delegated, and specifically the annual review and approval of the School's Scheme of Delegation and the School's the three-year working budget.</p> <p>b) The School's Scheme of Delegation has been updated to reflect the current working practices within the School, ensuring that there is adequate separation of duties, and specifically to include:</p> <ul style="list-style-type: none"> • That the final budget will be approved by the Governing Body. • A consistent delegation for the approval of expenditure above the Headteacher's delegated limit of £20,000. 	01-Jun-2019	<p>a) Implemented</p> <p>b) Implemented</p> <p>c) Update not requested due to holidays and Covid-19.</p>	TBC

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<ul style="list-style-type: none"> • Delegated responsibility for: <ul style="list-style-type: none"> - Monthly bank reconciliations. - The use, monitoring, authorisation and reconciliation of Commercial and Trade UK card expenditure and the card limits. - Authorisation of staff additional hour timesheets. c) The updated Terms of Reference and Scheme of Delegation documents will be presented to the Governing Body for approval, which will be formally recorded in the corresponding minutes of the meeting. 			