

London Borough of Enfield

General Purposes Committee

14 January 2021

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. 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 17 December 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
2. Progress has been made in delivering the 2020/21 Internal Audit plan, with 90% of reviews having commenced. Of these, 34% have been finalised. This compares to 89% commencement and 31% completion in December 2019. Work on starting the 2020/21 audit plan was delayed due to the impacts of Covid-19.
3. Whilst we continue to make progress in delivering the plan, it should be noted that a risk remains of not having sufficient assurance work on which to base the annual Head of Internal Audit opinion. This is being reported to, and monitored by, the Assurance Board. We will continue to update the Committee on this risk. In view of the current progress rate, we are optimistic this risk won't materialise.
4. Since the audit plan was agreed by the General Purposes Committee in July 2020, 16 audits have been cancelled and three further audits have been added to the plan.
5. 17 audits have been completed since the start of the year. 11 were grant certifications or management letters and therefore an assurance opinion was not given. Of the six remaining audits, one was given *Substantial* assurance, three *Reasonable* assurance, and two *Limited* assurance.

6. With the support of the Assurance Board, there has been a substantial improvement in the implementation of agreed actions over recent months. Tracking of agreed actions arising from internal audit work has confirmed that as at 17 December 2020, the implementation rate for high risk actions (on a 12 month rolling basis) is 83% and for medium risk actions is 85%. A summary of overdue high risk and medium risk audit actions at 17 December 2020 is also presented.
7. Following successful Risk Management training in October 2020, a programme of Risk Management training is being developed. To improve the visibility and reporting of risks across the Council, an initiative to update all Departmental, Director and Service risk registers and to load these onto Pentana, a risk management and performance reporting tool, is currently being undertaken.

Proposal

8. 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 17 December 2020 and the key themes and outcomes arising from this work
 - provide feedback on the contents of this report

Reason for Proposal

9. 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 Plan

Good Homes in Well-Connected Neighbourhoods

10. 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.

Safe, Healthy and Confident Communities

11. 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.

An Economy that Works for Everyone

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

Background

13. 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.
14. 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.
15. The Internal Audit Plan for 2020/21 was submitted to and agreed by the General Purposes Committee on 23 July 2020.
16. This report summarises the work completed by the Audit and Risk Management Service between 1 April 2020 and 17 December 2020.

Main Considerations for the Council

17. 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.
18. The Audit and Risk Management Service supports management in the identification and mitigation of risks as part of its work.

Safeguarding Implications

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

Public Health Implications

20. Whilst the risk registers are produced to identify risks to Public Health (among other issues) and enable preventative action to be undertaken, there are no Public Health implications arising directly from this update from the Audit and Risk Management Service.

Equalities Impact of the Proposal

21. 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

22. 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

23. 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.
24. 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

25. N/A

Financial Implications

26. 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’.
27. 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:
28. 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.
29. 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.

30. 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

31. 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)).

32. 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.

33. 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.

34. 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.

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

Workforce Implications

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

Property Implications

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

Other Implications

38. N/A

Options Considered

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

Conclusions

40. 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 17 December 2020 and the key themes and outcomes arising from this work
- provide feedback on the contents of this report

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Appendices

Annex A: Audit and Risk Management Service Progress Update

Background Papers

None



**Audit and Risk Management Service
Progress Update
December 2020**

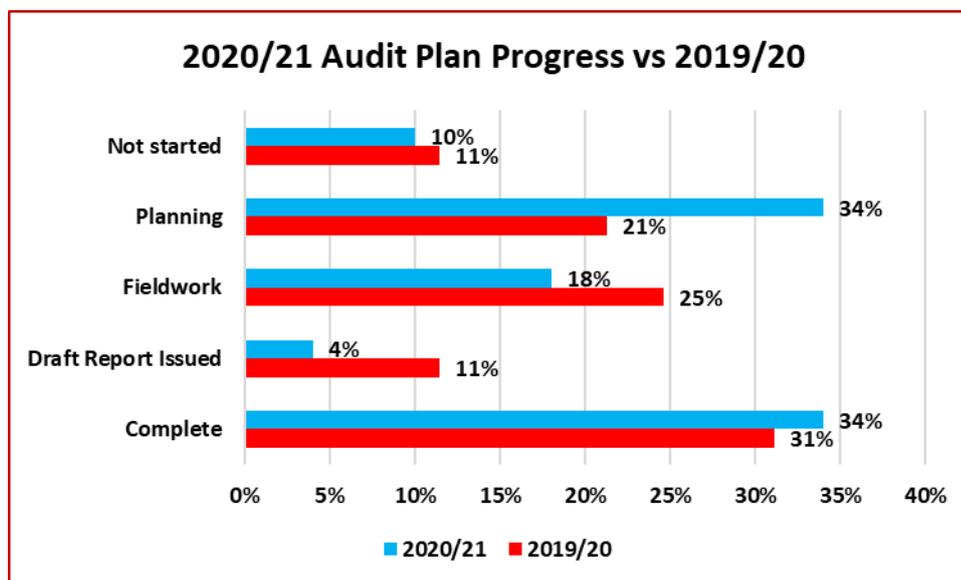
Internal Audit

During the period 1 April 2020 to 17 December 2020, the Internal Audit team has commenced 45 assignments (90% of the current plan) of which 17 (34%) have been completed. For the same period in 2019, 54 audits (89%) had commenced and 25 (31%) had been completed.

The five audits not started for 2020/21 are all grant certifications, which are not yet due.

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.

Whilst we continue to make progress in delivering the plan, it should be noted that a risk remains of not having sufficient assurance work on which to base the annual Head of Internal Audit opinion. This is being reported to, and monitored by, the Assurance Board and we will continue to update the Committee on this risk. In view of the current rate of progress, we are optimistic that this risk won't materialise.

Changes to the 2020/21 Internal Audit Plan

Since internal audit plan was approved by the General Purposes Committee in July 2020, 16 audits have been cancelled and three audits have been added.

The cancelled audits are:

Table 1: Cancelled Audits

Department	Audit	Reason for Cancellation
Cross Cutting	Procurement Social Value	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Cross Cutting	Organisational Development	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Chief Executive	Energetik	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Chief Executive	Members' Ethics	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Resources	Web content Accessibility Guidelines 2.1 (WCAG 2.1)	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Resources	Digitalisation	Defer to 2021/22. Agreed at Assurance Board 6 th November.
People	Disproportionality in Out of Court Disposals	Defer to 2021/22. Agreed at Assurance Board 6 th November.
People	St Paul's CE Primary School	Defer to 2021/22. Agreed at Assurance Board 6 th November.
People	St Ignatius College	Defer to 2021/22. Agreed at Assurance Board 6 th November.
People	Bush Hill Park Primary School	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Place	Capital Works and Building Control	Agreed with management to defer to 2021/22. Interim assurance will be presented to the Assurance Board during 2020/21.
Place	Housing Compliance - Safety Checks and Management of Lift Maintenance	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Place	Meridian Water – Contract Management	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Place	Housing repairs and maintenance	Defer to 2021/22. Agreed at Assurance Board 6 th November.
Place	Local Transport Capital Funding	No longer a requirement for the grant to be audited
LATC	HGL – Lettings Agency	Defer to 2021/22. Agreed at Assurance Board 6 th November.

The additional audits are:

Table 2: Additional Audits

Department	Audit
Resources	Enfield Stands Together
Resources	Consultants Payments Review
People	Enfield County School for Girls – Schools Direct Grant Certification

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

Completed Audits

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

Table 3: Completed Audits at 17 December 2020

Department	Title	Assurance Level
People	Unregulated Placements	LIMITED
People	Mental Health – AMHP Service	LIMITED
Resources	Council Tax	REASONABLE
People - Schools	Starks Field Primary School	REASONABLE
Resources	National Non-Domestic Rates (NNDR)	REASONABLE
LATC	HGL – Property Services Purchasing	SUBSTANTIAL
Cross Cutting	Adult Social Care/Financial Assessments - Follow Up	N/A – Management Letter
Chief Executive's	Mayor's Accounts	N/A – Management Letter
Place	BEGIN Grant	N/A- Grant Certification
Place	Bus Service Operators Grant	N/A- Grant Certification
People	Troubled Families Grant - June	N/A – Grant Certification
People	Troubled Families Grant - July	N/A – Grant Certification
People	Troubled Families Grant - September	N/A – Grant Certification
People	Troubled Families Grant - October	N/A – Grant Certification
Resources	Enfield Stands Together – Just Giving	N/A – Management Letter
Resources	IT Software Procurement	N/A – Management Letter
Resources	Consultants Payments Review	N/A – Management Letter

One audit with a *Limited* assurance opinion has been issued since the last meeting. The following summary from the audit report briefly explains the reasoning behind the *Limited* assurance opinion:

Mental Health – AMHP Service

Generally, the control environment within the AMHP Service was operating well, but some control weaknesses were identified. Due to the nature of the Service and the four medium risks highlighted, this resulted in an overall *Limited* assurance opinion.

This review identified four medium risk and three low risk findings.

The following *medium risk* findings were identified:

- Although data sharing agreements were found to be in place, we were unable to determine whether they were compatible with the arrangements outlined in the Enfield Strategic Partnership information sharing protocol. This specific protocol was referred to in an out of date Section 75 Agreement, signed in 2016, to enable to AMHP Service to share confidential information with other agencies securely.
- The absence of an up to date, complete and consistent AMHP Service 'Practice Procedures and Guidance Protocol' manual.
- Improvements are required to the approval and re-approval processes, including ensuring a formal record is held to evidence panel decision making.
- Referral records that are maintained do not evidence that the statutory requirement for acknowledging referrals within four hours is being met and there is inconsistency in how the reading of patients' rights is recorded.

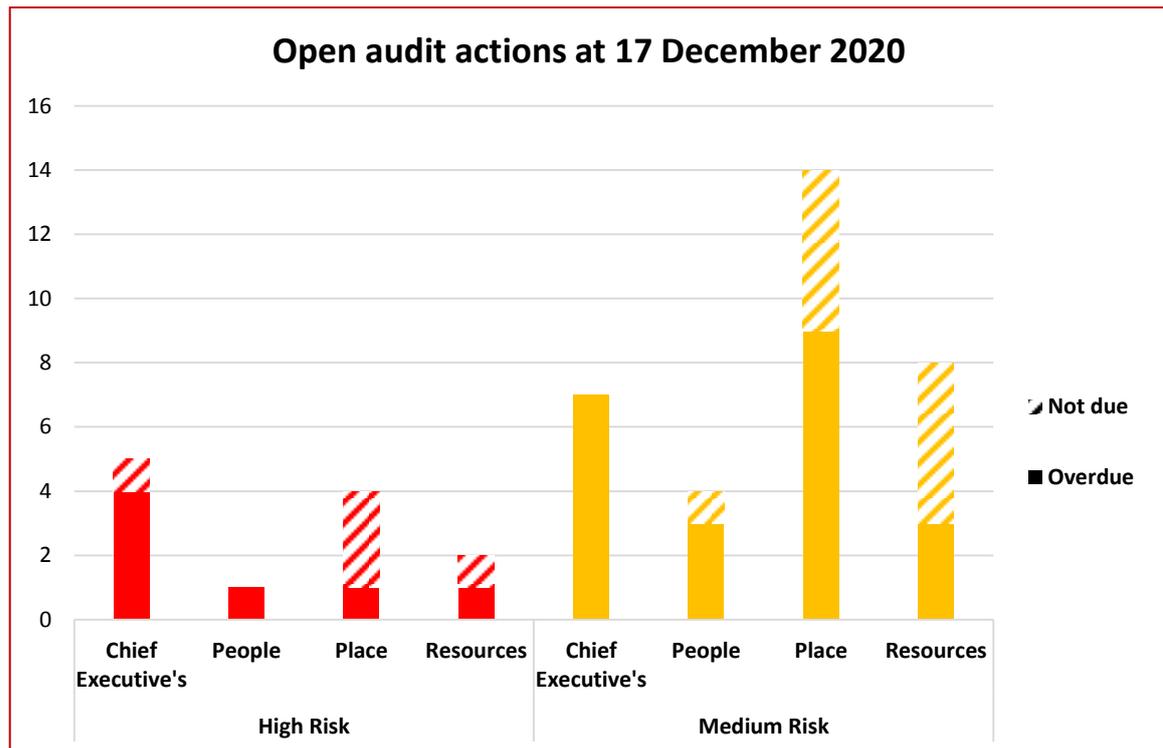
Corporate Audit Actions Implementation

The Internal Audit and Risk Management teams are responsible for tracking managers' progress with the implementation of internal audit actions.

As at 17 December 2020, the implementation rate (12 month rolling basis) for high risk actions is 83% and for medium risk actions is 85%.

Of the 47 actions identified from the work of Internal Audit on Corporate audits that remained open, 10 high risk and 22 medium risk actions were not fully implemented by their original due date and are, therefore, classified as overdue. Overdue actions are shown by the solid coloured part in the graph below.

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



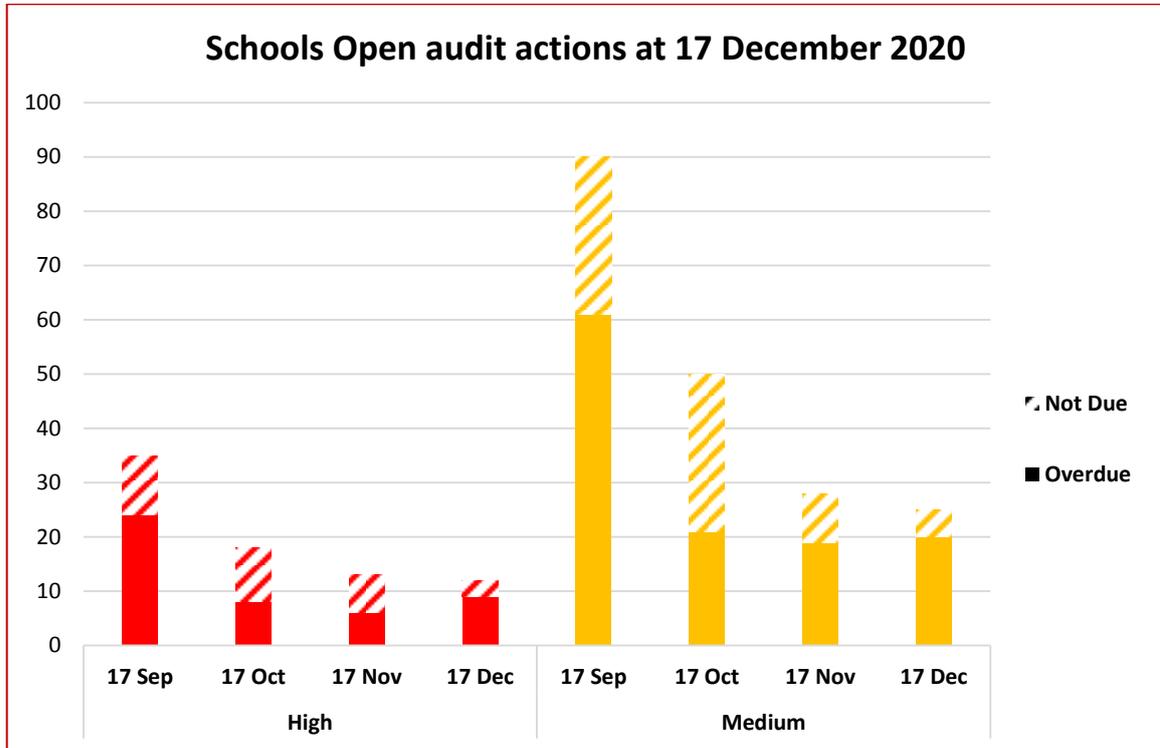
Details of the overdue Corporate high-risk actions are provided in **Appendix B**.

Of the 22 medium risk overdue actions, 9 have been overdue by more than one year and details of these are provided in **Appendix C**.

The Assurance Board continues to review the progress of action implementation including holding supplementary meetings to focus on specific areas. Outstanding actions are currently at the lowest level they have been in the last three years, with recent trends indicating an improvement in implementing actions on time.

Schools' Actions Implementation

As can be seen from the following chart, schools continue to make progress with action implementation. Open and overdue actions have continued to reduce in the last few months.



Internal Audit Quality Assessment

The performance of the Internal Audit service for 2020/21 to 17 December 2020 is shown in the following table:

Table 4: Internal Audit Quality Assurance Measures

KPI / Quality Metric	Target	Actual
Days from end of fieldwork to issue of draft report	15	11
Days from receipt of management comments to issue of final report	10	4
Level of satisfaction score with audit work	80%	95%
% of the audit plan delivered to draft report stage	95% (by 31 March)	38%

Risk Management

Everybody's a Risk Manager

As part of our ongoing efforts to embed risk management across the Council, we delivered an extended virtual introductory Risk Management course (12 hour course, over four sessions) via an external trainer in October 2020. We had previously run the course as a face to face event over 2 days in March 2020 with 18 attendees.

The course was well attended with over 50 delegates from across all area of the Council. The trainer commented on the high level of engagement from the delegates throughout the course.

In light of the positive feedback received and our ongoing plans to embed Risk Management within the organisation, the Assurance Board has endorsed our proposal for the development of Risk Management training that will be rolled out for all staff. This will include a programme of training applicable to different levels with the Council, a mandatory video for new starters and more advanced training for senior officers.

Offering this course to all staff will enhance the risk profile of the Council and will be viewed positively by insurers when they are considering renewal premiums. To our knowledge no other London Council offers an extended programme such as this for all staff.

As the Corporate, Covid-19 and Brexit Risk Registers are now well established, we are now ensuring robust supporting risk registers are in place. To this, we have tasked leaders with updating their Department, Director and Service level risk registers and sending these to us by 31 December 2020. We will then centrally collate the risk registers on Pentana, a risk management and performance reporting tool used by the Council. This will allow greater transparency of the risks in all areas of the Council, allow us to provide challenge to those risk registers and improve reporting of the risks identified.

2020/21 Audit Plan Status

Department	Title	Audit Status
Chief Executives	Legal	Planning
Chief Executives	Mayors Accounts	Completed
Chief Executives	Members Ethics	Deferred to 2021/22
Chief Executives	Recruitment	Planning
Chief Executives	IR35 Follow Up	Planning
Chief Executives	Organisational Development	Deferred to 2021/22
Chief Executives	Energetik	Deferred to 2021/22
Cross Cutting	Schools Financial Monitoring	Draft Report Issued
Cross Cutting	Adult Social Care/Financial Assessments - Follow Up	Completed
Cross Cutting	Contract Management Follow Up	Planning
Cross Cutting	Remote Working – IT	Fieldwork
People	Troubled Families Grant Claims – May	Cancelled
People	Troubled Families Grant Claims – June	Completed
People	Troubled Families Grant Claims – July	Completed
People	Troubled Families Grant Claims – August	Cancelled
People	Troubled Families Grant Claims – September	Completed
People	Troubled Families Grant Claims – October	Completed
People	Troubled Families Grant Claims – November	Fieldwork
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	Deferred to 2021/22
People	Mental Health - AMHP Service	Completed
People	Eclipse	Planning
People	West Grove Primary School	Planning
People	Oaktree School	Draft Report Issued
People	Starks Field Primary School	Completed
People	Broomfield Secondary School	Fieldwork
People	George Spicer Primary School	Planning
People	St Paul's CE Primary School	Deferred to 2021/22
People	Hazelwood Schools	Planning
People	St Ignatius College	Deferred to 2021/22
People	Bush Hill Park Primary School	Deferred to 2021/22

Department	Title	Audit Status
People	St Ignatius College and St Anne's Catholic High School for Girls - Joint Procurement	Planning
People	Enfield County School for Girls – Grant Certification	Fieldwork
Place	BEGIN Grant	Completed
Place	Cleaning Service	Fieldwork
Place	Housing Repairs and Maintenance	Deferred to 2021/22
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	No longer required
Place	Capital Works and Building Control	Deferred to 2021/22
Place	Housing Compliance - Safety Checks and Management of Lift Maintenance	Deferred to 2021/22
Place	Meridian Water - Procurement Strategy	Planning
Place	Climate Change	Planning
Place	Meridian Water – Contract Management	Deferred to 2021/22
Resources	General Ledger Follow Up	Planning
Resources	Pre-Paid and Purchase Cards	Planning
Resources	Accounts Payable	Planning
Resources	Council Tax	Completed
Resources	National Non-Domestic Rates (NNDR)	Completed
Resources	Treasury Management	Fieldwork
Resources	Supplier Resilience	Fieldwork
Resources	Web Content Accessibility Guidelines 2.1 (WAGC 2.1)	Deferred to 2021/22
Resources	Cloud Management – IT	Fieldwork
Resources	Cyber Security – IT	Planning
Resources	Digitalisation – IT	Deferred to 2021/22
Resources	IT Software Procurement	Completed
Resources	Local Authority Test and Trace Service Support Grant	Not started
Resources	Enfield Stands Together – JustGiving	Completed
Resources	Procurement Social Value	Deferred to 2021/22
Resources	Consultants Payments Review	Completed
LATC	HGL - Lettings Agency	Deferred to 2021/22
LATC	HGL - Property Services Purchasing	Completed

Appendix B: Overdue High Risk Actions

Chief Executives

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Equalities	Policy and Action Plan- Governance	<p>a) The Equality, Diversity and Inclusion Policy will be updated to include the Council's equalities objectives prior to its presentation to Cabinet for approval.</p> <p>b) A detailed action plan will be developed and made available to all staff, so they are clear about their responsibilities in embedding the Equalities Act in their day to day duties.</p> <p>c) The Board will review and update both documents regularly and changes will be communicated to staff.</p>	31-Oct-2020	<p>Update October 2020</p> <p>A) The draft Equality, Diversity & Inclusion Policy includes 6 proposed equalities objectives, which demonstrate specific areas where we are tackling inequality. The policy will be presented to Full Council for approval on the 28th January 2021.</p> <p>B) In the draft policy, it makes clear that it is the responsibility of all staff to tackle inequality and advance equality, diversity and inclusion. An action plan is being developed for the 6 proposed equalities objectives. This plan has been created in partnership between the Corporate Strategy Service and service leads for each objective. This plan makes clear the actions which must be taken to achieve the objective and identifies lead officers for each objective. The plan will be finalised when we have the final objectives, following the consultation period which will end the 13th of December. Both the Corporate and Members Equalities Boards have been regularly involved in the development of the draft Equality, Diversity and Inclusion Policy and have suggested actions to achieve the proposed objectives, as part of the development of an action plan. The draft policy has been published for consultation with all staff, who as part of their feedback have been asked to suggest actions to achieve the proposed objectives. Once the final policy is approved by full Council, this will be communicated to all staff.</p>	01-Feb-2021

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Equalities	Monitoring & Reporting - Governance	<p>a) External Reporting In accordance with Section 153 of the Equality Act: - Information will be published annually on how the Council is fulfilling its Equality Duty; - One or more equalities objectives will be agreed and published; - The Council will review the Equality webpage and ensure that out of date documents are removed and repopulated with current information. Going forward this will be reviewed regularly to ensure staff, residents and other interested parties are kept informed.</p> <p>b) Internal Reporting - An agreed set of performance indicators will be developed and used to monitor performance. This will be approved and regularly monitored by the Board. - Requirements for monitoring and reporting will be included in the Equality, Diversity and Inclusion Policy.</p>	30-Sep-2020	<p>Update October 2020</p> <p>A) An annual report is published each year on how Enfield Council is fulfilling its Equality Duty, under s153, on the website. Once the new equalities policy has been approved by Full Council in January, the policy will be published on the internet. Subsequently, the previous equalities policy and objectives will be removed. The website will continue to be regularly reviewed by the Corporate Strategy Service and Corporate Equalities Board.</p> <p>In the draft Equalities Policy, we state that the Corporate Equalities Board will review progress made towards achieving our equalities objectives annually. In the action plan, we have included measures of success and the Corporate Equalities Board will review progress against these measures of success.</p>	01-Feb-2021
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</p>	31-Mar-2020	<p>Update November 2020</p> <p>DS Update: As part of the restructure of IT, the new Digital Services will now continue to use Service Now as it's ITSM tool. That provides the opportunity to review the process on the existing platform, and we are currently developing a plan to update broken journeys and reporting to fit the new service. That includes a joint Council review of the Starter/Leaver workflow and journey it now takes with HR, DS, FM and Payroll. Amending the due date needs to be done with Human Resources as the owner.</p> <p>Update June 2020</p>	TBC

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>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>		<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. 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 2020 but has been delayed due to Covid-19.</p> <p>As a result of these delays and the urgency to review the Leavers process in light of the increased Remote Working, ICT are undertaking additional short and medium terms actions to mitigate the risks. The ICT Risk Register and ICT Work Programme will be updated to reflect this.</p>	
Part Owned Company Audit Follow Up	Investor Level Monitoring of Management Information	1. The upcoming Shareholder Board Terms of Reference review will include consideration of the Board's role in overseeing partially owned companies. Amendments will be recommended to Cabinet to approve. Each company will be	31-May-2020	<p>Update November 2020</p> <p>Part 1 complete as of this week. Part 2 - Regulatory review – was awaiting state aid advice which has now come in so this can be completed in the next few weeks</p>	31-Dec-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>required to report quarterly on the base template currently utilised for wholly owned companies. Governance Principles will require this to be written into Shareholder Agreements for future ventures.</p> <p>2. Regulatory compliance will be monitored for all companies on a pre-determined regular basis by theme (e.g. Teckal compliance for all companies, State Aid compliance for all companies, etc). These items will be added to the Shareholder Board forward work plan.</p>		<p>Update, September 2020 Cabinet timetables were thrown out by Coronavirus and as such this is still outstanding. Performance monitoring will incorporate Montagu LLP as of this quarter. Advice from Monitoring Officer is that Regulatory Review will only need to go to Cabinet if there are any issues identified, if not it will be reported to the Monitoring Officer for his information. New dates for these are 31st October for monitoring reports, and 31st December for regulatory review.</p>	

Place

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Meridian Water – Consultancy Spend	Unclear Supplier Due Diligence Requirements during the Procurement Process	<p>1) The Procurement Manual due to accompany the recently updated and approved Contract Procedure Rules will include the requirement to conduct supplier due diligence: • Ensuring due diligence is flexed based on value and risk of each procurement. • Clearly identifying the activities / checks that must be performed (or reference a separate document where these are listed). • Mandating ongoing supplier due diligence checks are performed and that evidence of supplier due diligence will be maintained on the LTP.</p> <p>2) Consideration will also be given to</p>	31-Oct-2020	<p>Update Nov 2020 Parts 1 & 2</p> <p>Both actions have been implemented – Procurement Manual has been issued.</p> <p>Update October 2020 Parts 4</p> <p>Meridian Water Programme Director leads the department Procurement Board and new systems and processes in place. HIF contractor procurement this was done. Complete</p> <p>Update September 2020</p>	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>expanding the types of due diligence required beyond financial and legal.</p> <p>3) The Record of Decision, Operational DAR etc. templates will be updated to reflect the updated supplier due diligence requirements noted above (including ensuring evidence of sign-off from the individual performing the due diligence check is recorded); and,</p> <p>4) The Meridian Water team will ensure that supplier due diligence is carried out at the procurement stage and also as part of continuous contract monitoring post contract award.</p>		<p>The current Procurement Manual and the new revised manual (to accompany the new CPRs) that accompany the CPR's has guidance incorporated regarding supplier financial due diligence.</p> <p>This includes considerations as follows:</p> <ul style="list-style-type: none"> • Ensuring due diligence is flexed based on value and risk of each procurement. • Clearly identifying the activities / checks that must be performed (A check list is in development – speak to P&C Hub if you need to do this). • Mandating ongoing supplier due diligence checks are performed and that evidence of supplier due diligence will be maintained on the LTP. <p>2) The guidance also recommends that due-diligence is undertaken in a manner that is proportionate.</p> <p>As the guidance sits outside of the CPRs it can be revised and updated to provide additional guidance accordingly.</p> <p>4) We will work with Corporate procurement and Finance colleagues to identify a consistent approach to due diligence and identify thresholds but balance these against the needs to deliver local social value through a local supply chain. RAG Green HIF Example on the attached. (Implemented)</p>	

Resources

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
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: • Roles and responsibilities of all relevant officers and departments; • Process flowcharts for key GL processes; • A suspense account procedure; • Month-end/Quarterly reporting timetables; • Reconciliations; • Chart of Accounts update</p>	30-Jun-2020	<p>November 2020 Follow up audit Terms of Reference issued, fieldwork to commence in January.</p> <p>October 2020, meeting between Internal Audit and Finance Financial Regulations have been updated and evidence will be sent</p> <p>Update, September 2020 1. Financial Regulations Updated and General Ledger procedures will be reviewed post External Audit. 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. Balance Sheet codes are reconciled quarterly. Work already underway to reduce suspense (holding codes), alongside internal recharges and gradually remove over next year.</p>	31-Oct-2020
General Ledger (SAP)	Inadequate review of suspense and control accounts	<p>1. We will review SAP and ensure we have a complete listing of all suspense accounts.</p> <p>2. We will review all suspense accounts in SAP and take steps to reduce these to ensure only the minimum necessary are retained.</p> <p>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).</p>	31-May-2020	<p>November 2020 Follow up audit Terms of Reference issued, fieldwork to commence in January.</p> <p>October 2020, meeting between Internal Audit and Finance Further evidence to be provided.</p> <p>Update, September 2020 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.</p>	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		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).		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 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. Melissa to produce a report and with Gareth review at Finance Manager's meeting. Procedure notes to be produced post External Audit.	
General Ledger (SAP)	Inadequate reconciliations of feeder systems and balance sheet codes	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 quarterly basis. These reconciliations will be approved by named appropriate managers.	31-May-2020	November 2020 Follow up audit Terms of Reference issued, fieldwork to commence in January. October 2020, meeting between Internal Audit and Finance Reconciliations completed to September. New procedures will be in place for next month. Melissa to forward document. Update, September 2020 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
General Ledger (SAP)	Inadequate segregation of duties and lack of supporting documentation	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	30-Jun-2020	November 2020 Follow up audit Terms of Reference issued, fieldwork to commence in January. October 2020, meeting between Internal Audit and Finance	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		<p>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>		<p>Absoft have confirmed this is possible. Melissa to confirm outcome of further conversation with Absoft and provide update.</p> <p>Update, September 2020 Instruct Absoft to produce new journal template. Gareth and Michael to set up meeting. 2. Evidentiary pack on what constitutes good evidence for a journal. (needs circulating by Melissa). All June 30 and September 30 reconciliations to be produce by end for Sept 30 and Oct 31. 3. Need to create new responsibilities in SAP to split out the roles and delete existing responsibilities. - Michael to produce in 2020/21.</p>	
Payroll	Lack of payroll reconciliations	We will perform monthly reconciliations between the Payroll system and General Ledger. Any differences identified will be resolved in a timely manner. The reconciliation will be reviewed and signed off by management.	30-Sep-2020	<p>November 2020 To be covered in the GL follow up audit, fieldwork to commence in January.</p> <p>Update, September 2020 Will be included in quarterly reconciliation list and subject to same timings of production.</p>	30-Sep-2020

APPENDIX C: 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	<p>Update November 2020</p> <p>We have full end to end RFF process. However, this is being updated as ARIS have taken on more RFF activities recently to cover more areas.</p> <p>Update August 2020</p> <p>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.</p>	TBC
Request for Funding – end to end process	Performance monitoring and management information – Control design	<p>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.</p> <p>b. Mitigating controls will be considered to support the process before systems are changed, such as creating a central log of all RFFs created.</p>	01-Dec-2017	<p>Update November 2020</p> <p>It was hoped that Controcc will be providing Performance Monitoring stats however, Controcc is no longer going Live. Reports cannot be run from Neptune as Neptune does not support this functionality. However, ARIS are working on a spreadsheet to monitor performance of RFFs and other financial tasks undertaken by ARIS.</p> <p>Update August 2020</p> <p>a. Not competed due to it being a ContrOCC outstanding action</p> <p>b. Mitigating controls will be considered to support the process before systems are changed, such as creating a central log of all RFFs created.</p>	TBC

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	<p>Update Assurance Board, 9 December 2020</p> <p>A paper is due to next Assurance Board, setting out the costs related to Broomfield House.</p> <p>Update Assurance Board, 1 July 2020</p> <p>Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off. Agreed date moved to 31 October 2020.</p>	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	<p>Update Assurance Board, 9 December 2020</p> <p>A paper is due to next Assurance Board, setting out the costs related to Broomfield House.</p> <p>Update Assurance Board, 1 July 2020</p> <p>Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off. Agreed date moved to 31 October 2020.</p>	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	<p>Update Assurance Board, 9 December 2020</p> <p>A paper is due to next Assurance Board, setting out the costs related to Broomfield House.</p> <p>Update Assurance Board, 1 July 2020</p> <p>Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off. Agreed date moved to 31 October 2020.</p>	31-Oct-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
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, 9 December 2020 A paper is due to next Assurance Board, setting out the costs related to Broomfield House. Update Assurance Board, 1 July 2020 Aiming for the Cabinet report in the Autumn (30 October) and comms strategy to close these actions off. Agreed date moved to 31 October 2020.	31-Oct-2020

Resources

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
Compliance with GDPR	A lack of a centralised view of the retention and disposal of paper records	1. Perform a gap analysis of the Corporate Records Managers responsibilities with respect to record retention across all areas of the business. This should be followed by addressing the gaps in responsibilities and assigning stakeholders for each service area. 2. Assess the benefits of centralising versus decentralising the ownership of paper records disposal. Following that, the current retention roles and responsibilities should be updated to reflect that decision.	31-Aug-2019	Update November 2020 The retention schedule and policy are being reviewed by the Digital Services Information Governance Team/ DPO, and the Records Manager, and a draft to be presented at next IGB meeting 27November 2020. This will address the digitising and on- going storage of paper records, and disposal en masse by 31st December 2020. The Print Strategy is under review (in light of remote working and less use) that is being informed by the Build the Change Programme, which is also adapting to which spaces and buildings are in use and in what order. Once that is finalised before Xmas - we will then revisit the SharePoint project including the digitising of paper and	31-Dec-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
				<p>will use the policies at IGB to underpin this. We will confirm the Print strategy Review completion date (the SharePoint Programme estimated completion date is 31st March 2021)</p> <p>The Data Quality policy was completed and implemented October 2020.</p>	
Compliance with GDPR	A lack of GDPR safeguards on all relevant systems and data duplication	<ol style="list-style-type: none"> Review results of system assessments to ensure: <ul style="list-style-type: none"> All systems within the Council are captured A proportionate action plan is designed and implemented for each relevant system. Review the existing Data Privacy Impact Assessment (DPIA) to ensure a GDPR safeguard assessment is triggered for new and updated systems. Design and implement a process to search for existing vendors in the archive before creating a duplicate record. 	30-Jun-2019	<p>Update November 2020</p> <p>Existing Data Privacy Impact Assessment is being reviewed, privacy by design training developed and will be rolled out to managers first. Awareness via corporate comms and tips of the day.</p>	31-Dec-2020
Compliance with GDPR	A lack of employee awareness of data retention responsibilities	<ol style="list-style-type: none"> Design and implement an annual refresher-training course to remind all Council employees of their data retention obligations. Design and implement assurance activities, such as random spot-checks and/or audits, on the Council's data retention procedures 	31-Aug-2019	<p>Update November 2020</p> <p>Action 2 Physical spot checks- currently not being undertaken due to COVID and staff mainly working from home. At the beginning of the 2020 spot checks were being carried out by DPO.</p> <p>System spot checks - DS Security and Information</p>	31-Dec-2020

Audit Name	Finding Title	Agreed Action	Original Due Date	Update	Revised Target Date
		to ensure employees are implementing procedures according to the Records Management Policy.		<p>Governance teams do carry out spot checks of various systems. The policy is currently being reviewed and will be covered within the Clear Desk and Clear Screen policy, which will cover both physical and system spot checks. This policy will be sent to IGB and implemented by Dec 31st</p> <p>Update October 2020</p> <p>Action 1 is complete. Data retention is included in the annual e-learning mandatory GDPR course. The full data retention schedule document is also available on iLearn. Quarterly reports are shared with key stakeholders on a quarterly basis. Learning information updates have been and will continue to be shared on an ongoing basis across the Council using a variety of media platforms. L&OD will continue to work with ICT Information Governance to ensure Data retention and GDPR learning is kept up to date.</p>	