

# Internal Audit reports (Items 6, 6a and 7) for Audit and Governance Committee - Tuesday 1 March 2016

## 6. Internal Audit progress report, Quarter 3 2015/16 (Pages 3 - 14)

### Report of the Internal Auditor (now attached)

**Purpose:** to inform the Committee of progress made against the 2015/16 internal audit plan which was approved by Audit and Governance Committee on 23 April 2015.

The following reports were issued with a Moderate opinion for both design and effectiveness of controls and the Executive Summary is provided in this report:

- Budgetary Control and Performance Management
- Enforcement
- Homelessness Prevention

An audit for the DCLG Flood Support Scheme Grant Certification was completed. This is a certification for grant funding received: BDO issued a letter to DCLG confirming no instances of non-compliance were identified

**Recommendation:** The Committee is asked to note the report.

- a) Internal Audit Draft Plan 2016-17 to 2016-19

### Report of the Internal Auditor (to follow)

**Purpose:** to set out the audit plan for 2016 to 2019.

**Recommendation:** The Committee is asked to note the report and agree the operational audit plan for 2016-17 and the strategic plan for 2016-19.

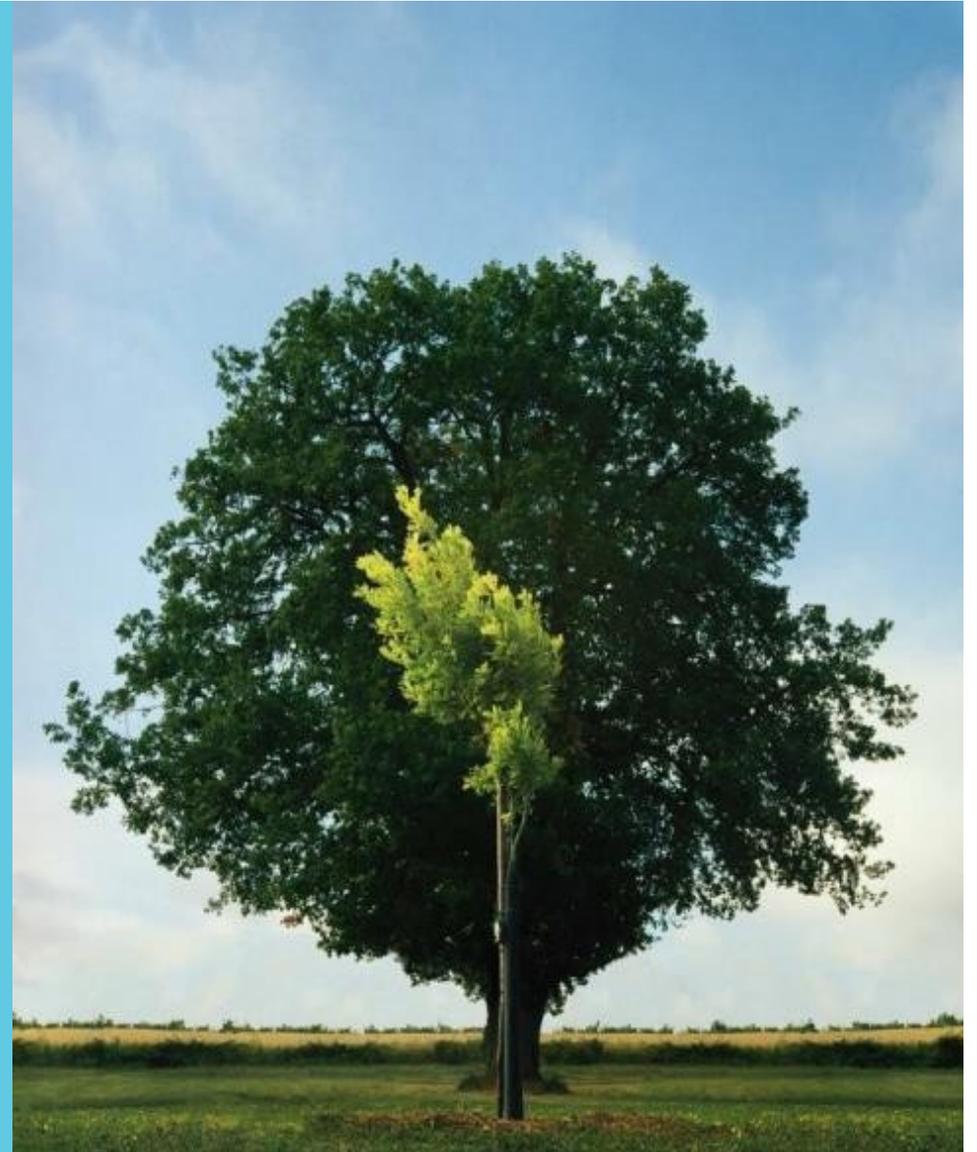
## 7. Internal Audit Follow Up of Recommendations March 2016 Report (Pages 15 - 28)

**Report of the internal auditor (now attached)**

**Purpose:** to inform the Committee of progress on those recommendations raised by Internal Audit which are due for implementation.

**Recommendation:** the Committee are asked to consider and note the report.

**Oxford City Council**  
**INTERNAL AUDIT PROGRESS**  
**REPORT**  
3  
**March 2016**



**FINAL**



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# PROGRESS AGAINST 2015/16 INTERNAL AUDIT PLAN

## Internal Audit

This report is intended to inform the Audit and Governance Committee of progress made against the 2015/16 internal audit plan which was approved by Audit and Governance Committee on 23 April 2015. A summary of progress made against the 2015/16 internal audit plan, the work we have done, together with our assessment of the systems reviewed and can be seen overleaf.

Please note that our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the Audit Sponsor, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in appendix II of this report, and are based on us giving either "substantial", "moderate", "limited" or "no" assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgment when making our overall assessment.

## Work outside of the Internal Audit Plan

We completed the certification for Flood Support Scheme Grant. This is an one-off mandatory certification that must be completed by an independent auditor and this was mandated to be completed by 16 December 2015.

## Overview of 2015/16 work to date

We have completed and finalised the reports for:

- Audit 7. Enforcement
- Audit 8. Homelessness Prevention
- Department for Communities and Local Government (DCLG) Flood Support Scheme Grant Certification.

All reports presented to this Committee have been issued with a Moderate opinion for both design and effectiveness of controls and therefore the Executive Summary has been provided within this Audit Progress Report.

The DCLG Flood Support Scheme Grant Certification was a certification for grant funding received; we issued a letter to DCLG confirming no instances of non-compliance were identified.

## 2016-17 and 2016-19 Audit Plan

We have also issued our draft 2016-17 and 2016-19 Audit Plan for the Audit and Governance Committee's consideration and approval.

# PROGRESS AGAINST 2015/16 INTERNAL AUDIT PLAN

The reviews to be completed for the period 1 October 2015 to 31 March 2016 were agreed at a meeting of Heads of Service on 6 October 2015 which the Internal Audit Manager and Head of Internal Audit attended.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
<b>EFFICIENT, EFFECTIVE COUNCIL</b>								
Audit.1a Accounts Payable	Nigel Kennedy	6	✓	✓	✓	December 2015	Moderate	Limited
Audit.1b Accounts Receivable	Nigel Kennedy	6	✓	✓	✓	December 2015	Moderate	Limited
Audit.2 Finance Systems	Nigel Kennedy	15	✓	✓	✓	December 2015	Moderate	Moderate
Audit.3 SIGMA System	Jo Colwell	7	✓	✓	✓	December 2015	N/A	N/A
Audit.4 Trading Services	Graham Bourton and Jackie Yates	18	✓	✓				
Audit.5 Budgetary Control, Risk Management and Performance	Nigel Kennedy	12	✓	✓	✓			
Audit.6 Finance - Year End Financial Reporting Timetable	Nigel Kennedy	10	✓	Planned for w/c 18 April				
Audit.9 Business Improvement and Technology	Paul Fleming and Helen Bishop	12	✓	Planned for w/c 9 March				
<b>CLEANER, GREENER OXFORD</b>								
Audit.7 Enforcement	Patsy Dell	12	✓	✓	✓	March 2016	Moderate	Moderate

# PROGRESS AGAINST 2015/16 INTERNAL AUDIT PLAN

The below table identifies those audits that were not in the agreed 2015/16 internal audit plan and therefore are those reviews performed by internal audit in addition to the plan.

Name of review	Audit Sponsor	Agreed Days	Planning	Fieldwork	Reporting	Committee Reported to	Assurance	
							Design	Effectiveness
<b>MEETING HOUSING NEEDS</b>								
Pooling of Housing Capital Receipts Grant Certification	Nigel Kennedy	7	✓	✓	✓	December 2015	N/A	N/A
Flood Support Scheme Grant Certification	Nigel Kennedy	5	✓	✓	✓	March 2016	N/A	N/A
HCA Compliance Claim	Nigel Kennedy	7	✓	✓	✓	December 2015	N/A	N/A
Audit.8 Housing and Property: Homelessness Prevention	Dave Scholes and Stephen Clarke	10	✓	✓	✓	March 2016	Moderate	Moderate

# EXECUTIVE SUMMARY – ENFORCEMENT

STRATEGIC OBJECTIVE THIS REVIEW RELATES TO			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)	
<b>Cleaner, Greener Oxford:</b> A cleaner, greener Oxford: in the city centre, in our neighbourhoods and in all public spaces.			High	-
<b>LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)</b>			Medium	4
<b>Design</b>	Moderate	System of internal controls is weakened with system objectives at risk of not being achieved	Low	-
<b>Effectiveness</b>	Moderate	Non-compliance with key procedures and controls places the system objectives at risk	<b>Total number of recommendations: 4</b>	

## OVERVIEW

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Enforcement to provide assurance that enforcement cases are being dealt with in line with the Council's Corporate Enforcement Policy approved in December 2015. See appendix IV for the agreed scope which provides greater detail on our approach to this review.

### During the review we noted the following areas of good practice:

- In December 2015 the Council approved its Corporate Enforcement Policy which now spaces two pages setting out the key principles
- The Council's Uniform system records case information to substantiate the efficiency and proportionality of enforcement action
- Majority of staff are experience and qualified professionals within their area i.e. have a good understanding of legislative requirements

### However we also found the following areas for improvement:

- A separate and more detailed Planning Enforcement Policy is created in line with the guiding principles of the Council's Corporate Enforcement Policy (Detailed Finding 1)
- Ensure that staff adhere to standard operating procedures and expectations during a period of staff change (Detailed Finding 2)
- Consideration should be given for each area and how they can become more proactive; subsequent actions then need to be taken to implement such initiatives (Detailed Finding 3)
- Discussion should consider appropriate KPI's for all enforcement areas and these should then be reported and monitored by the Head of Planning and Regulatory Service at agreed intervals (Detailed Finding 4).

### Conclusion

We have issued four medium recommendations for the areas identified above. As a result we conclude moderate assurance on both the design and operational effectiveness of the controls. To move towards substantial assurance we would expect the service to implement our recommendations and evidence strong joint-working across the various enforcement teams with best practice targeting of enforcement embedded throughout.

# EXECUTIVE SUMMARY – HOMELESSNESS PREVENTION

STRATEGIC OBJECTIVE THIS REVIEW RELATES TO			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)	
<b>Meeting Housing Needs:</b> More affordable, high quality housing in Oxford. This is essential for the vibrancy of the economy and the health and well-being of residents.			High	-
			Medium	3
			Low	1
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			<b>Total number of recommendations: 4</b>	
<b>Design</b>	Moderate	System of internal controls is weakened with system objectives at risk of not being achieved		
<b>Effectiveness</b>	Moderate	Non-compliance with key procedures and controls places the system objectives at risk		

## OVERVIEW

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The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Homelessness Prevention to provide assurance that all homeless and prevention cases are being dealt with appropriately. See appendix 3 for the agreed Terms of Reference which provides detail on the key risks identified this review.

### During the review we noted the following areas of good practice:

- The policies and procedures in place are strong. A detailed manual is available to all staff which provides a comprehensive and up to date guide to all the policies and procedures for the housing needs team and staff training and experience is strong as they are well trained and experienced to handle variance of homelessness prevention cases.
- The procedures in place to assess potential statutory homeless individuals are robust and are very well carried out. From our testing we noted no exceptions to meet legislative requirements and proactively take steps to support homelessness prevention. The Council also has sufficient agreements in place with external organisations in order to provide a sufficient multi-agency approach.
- The Council have set up a Real Lettings initiative and are only one of three Council's outside of London to adopt this property investment fund approach to tackle the issue of lack of suitable and affordable accommodation locally

### However we also found the following areas for improvement:

- A revised action plan should be created for the Homelessness Strategy which should be presented to the Council's Housing Panel; this recommendation was also endorsed by the Housing Scrutiny Panel in September 2015 (Detailed Finding 1)
- The Council website should be reviewed to ensure all appropriate documents are available (Detailed Finding 2)
- Consideration must be taken before 2016 peak period on whether staffing/caseloads could compromise targets (Detailed Finding 3).

### Conclusion

We have issued three medium and one low recommendation for the areas identified above. As a result we conclude moderate assurance on both the design and operational effectiveness of the controls.

# SECTOR UPDATE – TAILORED TO OXFORD CITY COUNCIL

There is unprecedented change in the local government sector with continued reduction in central government funding, greater pressure to deliver local growth and increasing cyber security risks. These all add to the challenging landscape facing local authorities and here we provide a selection of updates tailored to those challenges and opportunities Oxford City Council are presented with.

## SOCIAL MEDIA USAGE IN UK LOCAL GOVERNMENT

What's the update?	BDO released a report on Social Media in December 2015 which found the way local authorities are using it, is evolving. Council's still focus on more 'traditional' social media platforms (with Facebook, Twitter, Youtube and Flickr) being the most popular, but use of alternative platforms, such as Instagram, Snapchat and Whatsapp, is increasing. A survey identified that Council's are missing opportunities to engage on particular platforms and to make best use of social media. Council's need to reflect the platforms used by their users. The study gives examples of Council use of Social media, and the following top tips: <ul style="list-style-type: none"> <li>- Integrate social media platforms to make customers aware that they exist</li> <li>- Use an informal but positive tone</li> <li>- Have a strategy which identifies outcomes, investment needs and KPIs to secure buy in</li> <li>- Make it easy, display all social media options in one logical place</li> <li>- Tailor content to mobiles</li> <li>- Focus on platforms on which you can commit to regular high quality content</li> <li>- Engage customers, such as through posting questions, and holding polls and surveys .</li> </ul>
How does this impact Oxford?	The Council uses Twitter, Instagram, Vine and Facebook and a Social Media Wall; these platforms are regularly updated. Council leaders should recognise social media trends and opportunities, support their use, and diversify the range of platforms used
Where to find out more	<a href="http://www.localgov.co.uk/Survey-respondents-believe-social-media-can-save-local-authorities-money/40030">http://www.localgov.co.uk/Survey-respondents-believe-social-media-can-save-local-authorities-money/40030</a> <a href="http://www.bdo.co.uk/sectors/public-sector/local-government/our-research/social-media-within-local-authorities">http://www.bdo.co.uk/sectors/public-sector/local-government/our-research/social-media-within-local-authorities</a>

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## COMPUTER MALWARE ATTACK ON COUNCIL

What's the update?	Lincolnshire County Council computer systems were closed for 4 days following a malware attack on an IT system. Emails were sent to staff, the attack was triggered when an email was opened and data on affected machines was encrypted. This was a zero day attack, meaning software developers had not previously encountered this particular ransom-ware, and had therefore not developed an anti virus. Emailed attempts at introducing malware are common, this was not thought to be a targeted attack
How does this impact Oxford?	The Council is required to comply with strict data and information security protocols, however the attack on Lincolnshire County Council highlights the speed by which new viruses are developed and therefore the vulnerability of all to attack. Maintenance of effective Business Continuity and Disaster Recovery arrangements, and ensuring all users remain alert to risks, are key to minimising the risk of such an attack. We have included a review within our draft 2016-17 internal audit plan on Cyber Crime.
Where to find out more	<a href="http://www.bbc.co.uk/news/uk-england-lincolnshire-35443434">http://www.bbc.co.uk/news/uk-england-lincolnshire-35443434</a>

## PLANNING APPEAL DECISIONS – FIVE YEAR LAND SUPPLY

What's the update?	Councils are urged to review the impact of appeal decisions relating to the five year land supply. Rushcliffe Council lost a case defending five year land supply calculations, and Swindon accepted it was unable to demonstrate a deliverable supply of housing sites
How does this impact Oxford?	Oxford Council is looking to review its planning policies as it develops a new Local Plan. Learning from the above cases will assist in the plan development
Where to find out more	<a href="http://www.planningresource.co.uk/article/1379744/council-concedes-lack-five-year-housing-land-supply">http://www.planningresource.co.uk/article/1379744/council-concedes-lack-five-year-housing-land-supply</a>

# SECTOR UPDATE – TAILORED TO OXFORD CITY COUNCIL

There is unprecedented change in the local government sector with continued reduction in central government funding, greater pressure to deliver local growth and increasing cyber security risks. These all add to the challenging landscape facing local authorities and here we provide a selection of updates tailored to those challenges and opportunities Oxford City Council are presented with.

## LOCAL GOVERNMENT FINANCE SETTLEMENT – TRANSITIONAL FUNDING

What's the update?	The final Local Government finance settlement was published on 8 February 2016. The Statutory Settlement is for 2016/17, however Indicative figures provide greater certainty by allowing Councils to apply a four year budget (but see note below concerning efficient=cy plans). In addition, transitional funding ensures that no Council moves into a negative grant funding position within the next 3 years, and allowing Band D Council Tax increases will enable some Councils to mitigate some of the additional funding pressures they face
How does this impact Oxford?	Funding reductions will still be a challenge to all Councils, further cost pressures will need to be funded by alternative means such as reductions in local services and increases in Council Tax. The Council will reviewing the budget and Medium Term Financial Strategy on 17 February 2016
Where to find out more	<a href="https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2016-to-2017">https://www.gov.uk/government/speeches/final-local-government-finance-settlement-2016-to-2017</a>

## LOCAL GOVERNMENT FINANCE SETTLEMENT – EFFICIENCY PLANNING

What's the update?	In recognition that offering minimum spending levels each year until 2019/20 would constrain the governments flexibility in dealing with variation in finance, to qualify for four year finance settlements Councils are to be asked to demonstrate that they have plans to improve their efficiency during that period. Councils will need to show how the spending certainty would be of mutual benefit to residents and citizens. Local Authority Medium Term Financial Strategies may be used as a basis for efficiency plans
How does this impact Oxford?	Oxford City Council has published a draft budget recognising reductions in Government Grant and recognising further future reductions. Prudent financial planning and planned efficiency savings are expected to enable the Council to continue to offer quality services. This already planned efficiency activity would support a move towards a four year settlement giver greater certainty. We have included a review within our draft 2016-19 internal audit plan on Budget Setting which includes looking at efficiency generation
Where to find out more	<a href="http://www.publicfinance.co.uk/news/2016/01/clark-confirms-council-efficiency-checks-return-four-year-finance-deals">http://www.publicfinance.co.uk/news/2016/01/clark-confirms-council-efficiency-checks-return-four-year-finance-deals</a>

## ENERGY EFFICIENCY AND RENEWABLE ENERGY

What's the update?	This LGA guide for Councillors and Officers sets out the scale of financial opportunities available from energy efficiency and renewable energy sources. A large number of Councils have begun to realise the potential for energy related savings, but the report identifies further untapped potential
How does this impact Oxford?	Oxford City Council have already achieved success in implementing measures to improve energy efficiency, use of renewable energy, fuel efficiency and waste reduction, and have won an award for sustainability. This report offers additional insight into respective benefits of different energy efficiency and renewable energy opportunities, and provides key questions for Councillors and Senior Officers to consider when determining a strong business case for energy efficiency and renewable energy projects. We have included a review within our draft 2016-17 internal audit plan on Energy Purchasing
Where to find out more	<a href="http://www.publicfinance.co.uk/news/2016/01/clark-confirms-council-efficiency-checks-return-four-year-finance-deals">http://www.publicfinance.co.uk/news/2016/01/clark-confirms-council-efficiency-checks-return-four-year-finance-deals</a>

# APPENDIX I – AUDIT SURVEY DETAILED RESULTS

After each completed review we request that all those involved complete an online survey which captures the auditees views on the internal audit service. The views are captured in the three areas of: audit planning, fieldwork and reporting. The table below details the results of feedback for completed reviews.

	Enforcement	Homelessness Prevention		Flood Grant
Was the Terms of Reference aligned to strategic/departmental risks?	Agree	Agree	Strongly Agree	Agree
Was the timeline of events through to reporting	Agree	Agree	Strongly	Agree
How would you rate our understanding of your business through our input in conversations and correspondence?	3	4	4	3
How would you rate communication with regards to the progress of the audit and, if applicable, any significant issues identified?	3	4	5	4
How would you rate the closedown meeting in terms of discussing and agreeing findings?	3	4	5	4
How would you rate the audits contribution to delivering added value and insightful experiences?	3	4	4	4
Was the final report clear and concise?	Agree	Agree	Agree	Agree
Was agreement with all key stakeholders obtained prior to final distribution?	Agree	Agree	Agree	Agree
Where recommendations were made, were they constructive and practical?	Agree	Agree	Agree	Agree
Did our work add value?	Agree	Agree	Agree	Agree
How would you rate the overall audit experience?	3	4	4	4

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**KEY**

Strongly Disagree, Disagree, Agree, Strongly Agree  
 1 (poor), 2, 3 (average), 4, 5 (exceptional)

# APPENDIX II – DEFINITIONS

The below table sets out the definitions for the assurance levels and recommendation significant we issue in our audits.

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



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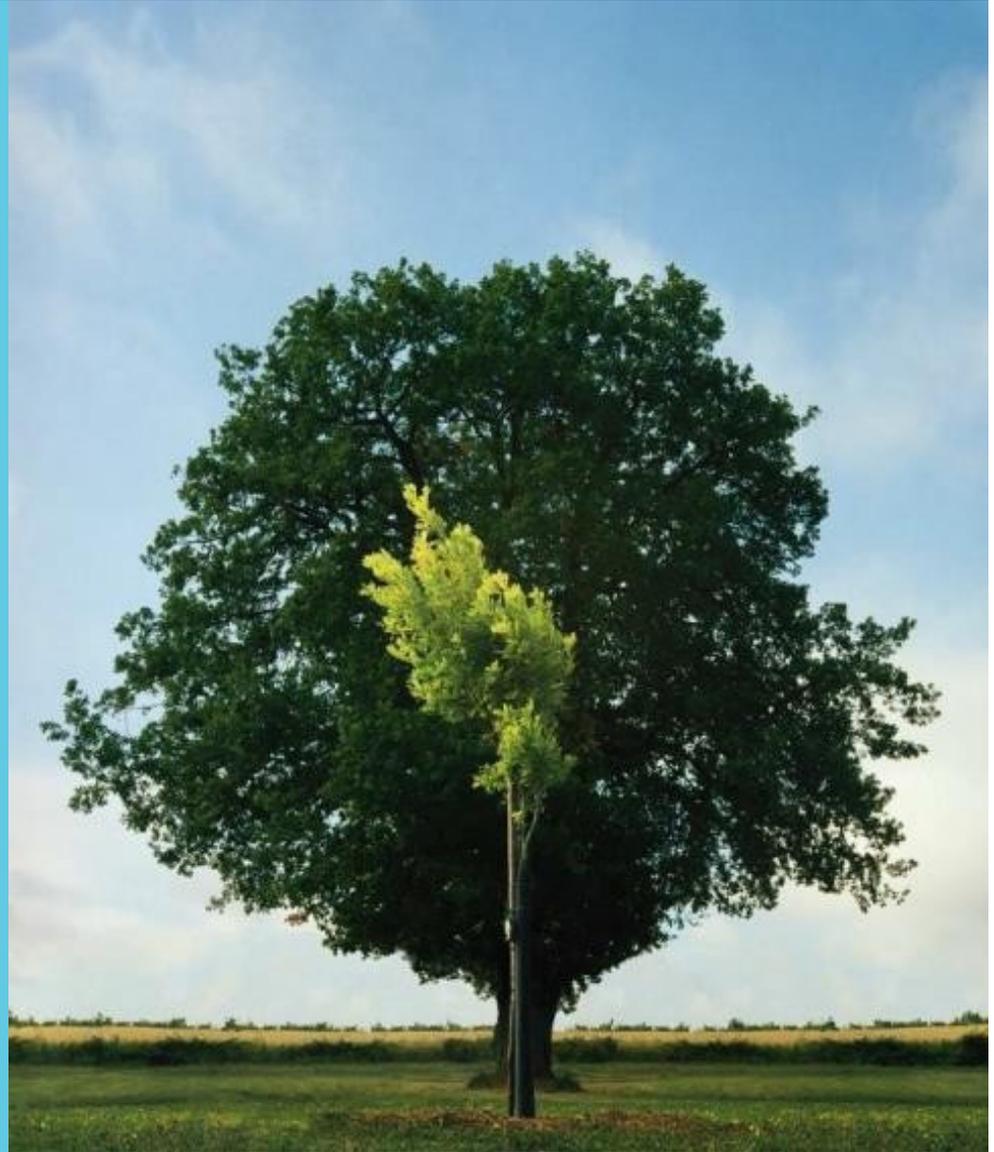
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# OXFORD CITY COUNCIL

## INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

MARCH 2016



# INTRODUCTION AND EXECUTIVE SUMMARY

## Introduction

Ahead of each Audit and Governance Committee we follow-up those recommendations raised by Internal Audit which are due for implementation. We request commentary by responsible officers on the progress to our recommendations and for those High and Medium recommendations due we verify progress to source evidence and conclude either that the recommendation is complete or incomplete.

We have raised 92 recommendations of which 63 were due for implementation at the time of this Audit and Governance Committee.

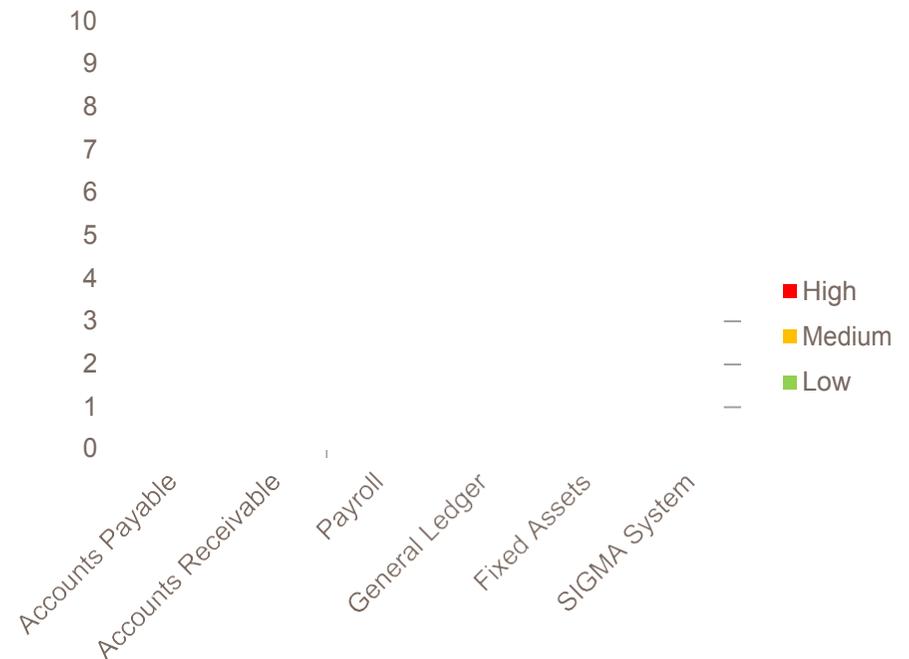
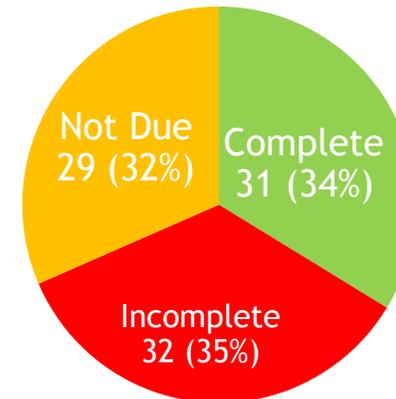
## Executive Summary

Please find below a summary of the 63 recommendations that were due for completion prior to the March Audit and Governance Committee:

### 2015-2016 Recommendations

- 11 High and 13 Medium recommendations have been implemented and can be removed from the Recommendation Tracker
- 17 High and 8 Medium recommendations are not complete and will continue to be followed up until they are complete; these all have revised dates
- 29 recommendations are not yet due. These will be followed up as they become due to ensure they are implemented
- For the 32 incomplete recommendations, 19 of those relate to the SIGMA System which had a later go-live date resulting initial expectations of implementations dates being unachievable

Recommendations summary for quarter 2015/16 in total and by review



# RECOMMENDATIONS COMPLETE

Audit	Recommendation made	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Sigma System	<p>a)When an import to Agresso takes place, an automatic email confirming the successfulupload must be filed onto the Council network by the Energy Management Officer</p> <p>b)If an import fails an Agresso Specialist must review the import error file and email the Energy Management Officer and SIGMA team to detail the reason for import failure within 48 working hours</p>	H	Andrew Sunderland and Stacie Tomkins	Dec-15	<p>a) It was verified that an automatic email went to Andrew Sunderland for uploads which occurred post go-live</p> <p>b) It was verified that automatic emails are being sent when errors occur</p>
Sigma Systems	<p>a)Communication via email and staff briefings should be made from the SIGMA team to budget holders prior to the go live date of how the new processes will operate</p> <p>b)Communication to the post-room via email and staff briefings should be made to ensure all energy invoices are routed to the SIGMA team and not to budget holders</p>	H	Andrew Sunderland, Caroline Wood and Sue Green	Dec-15	<p>a) It was verified that an email was sent on 15/01/16 from Andrew Sunderland</p> <p>b) The post room have been made verbally aware they need to send invoices relating to utilities to finance who in turn send them to the SIGMA team. There have been no issued with this communication this far</p>
Sigma Systems	A timetable should be devised setting out the key processes and controls to be undertaken in any given month prior to the go live date	M	Andrew Sunderland and Tim Martin	Dec-15	A timetable listing the key tasks each week for the remainder of 2016 has been completed. This was viewed with Andrew Sunderland and is being used.

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# RECOMMENDATIONS COMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Accounts Receivables	<p>a)The accounts receivables department should hold monthly management meetings to discuss all issues affecting the accounts receivables department</p> <p>b)Key performance indicators should be considered and formally reported to each monthly meeting</p> <p>c)Given the newness of the monthly meetings, the Council should set out an agenda and timetable of events for each month including:</p> <ul style="list-style-type: none"> <li>•The date the meeting must take place post the previous month's activity</li> <li>•When any responses to actions plans must be responded to by, before a monthly meeting takes place.</li> </ul> <p>d)All issues should be discussed and a monthly action log should be maintained detailing the following key areas:</p> <ul style="list-style-type: none"> <li>•Issue identified</li> <li>•Risk relating to the issue</li> <li>•Action plan to mitigate the risk identified</li> <li>•Severity rating for the level of risk as high, medium or low</li> <li>•Responsible officer to implement the action plan</li> <li>•Due date of the action to be implemented</li> <li>•Due date to follow up the action implemented</li> <li>•The responsible person to oversee the action log.</li> </ul> <p>See appendix III for best practice key performance indicators which should be considered for reporting at the monthly meetings along with an example action log.</p>	H	Damon Venning	Dec-15	<p>a) These meetings have been held since October 2015 with the new Incomes Management Team (IMT). Agendas have now been written with action plans in place. Responsibilities are; Damon Venning - Housing, Neil Markham - Trade Waste, Kevin Lacey - Commercial Rents, Lauren Armstrong - Parks and Sundries. b) KPIs are now produced by IMT on monthly basis and used for monitoring meetings. Aged debt information is sent to all services on monthly basis. c) Separate folder with all meeting information now held on M Drive. d) Verified that this process is in place.</p>

# RECOMMENDATIONS COMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Accounts Receivables	b)All 'request to raise an invoice' forms that come through to the receivables department or are raised through the originator department, must ensure that the individual approving the form is included within the ASL prior to raising an invoice. If an appropriate authoriser has not approved the form, the officer should return the form and seek appropriate approval in line with the ASL	M	Damon Venning	Dec-15	Communications have been sent to all staff responsible for raising and authorising invoices of the correct procedure on 16/12/2015. Internal procedures have been updated and revised, all staff will monitor and reject invoice requests not complying with procedure. We verified this by testing a sample of 3 from January 2016 and forms were completed correctly.
Accounts Receivables	a)A 'request to raise an invoice' form must be raised and approved by separate individuals. This should be the case for both originator departments and the receivables department b)The individual who raises the invoice must ensure to print, sign and date therequest to raise an invoice form c)Upon successful completion of goods and services both the originator departments and the receivables department must ensure to request to raise aninvoice immediately. This process should be clearly emphasised within the financial regulations	H	Damon Venning	Jan-16	a) Communications have been sent to all staff responsible for raising and authorising invoices of the correct procedure on 16/12/2015. Internal procedures have been updated and revised, all staff will monitor and reject invoice requests not complying with procedure. b) Staff, operational managers have been informed of processes and these will form part of information feedback in monitoring meetings (16/12/15) c) Invoice process has been communicated with originator departments to emphasise invoice requests at earliest opportunity of completion of service. (16/12/15)
Accounts Payable	The Management within the accounts payables team should hold a meeting and understand the key management information reports that provide relevant information to ensure effective day to day running of the accounts payables department	M	Caroline Wood	Dec-15	Monthly reports are issued to HoS. A workshop on 21/01/16 was held with service nominees to discuss issues. From this workshop an action plan has been identified and work is progressing to improve performance. Monthly meetings are now held with the AP team to review KPI data.

# RECOMMENDATIONS COMPLETE

Audit	Recommendation made	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Accounts Payable	<p>a)The Management within the accounts payables team should hold a meeting and understand the key management information reports that provide relevant information to ensure effective day to day running of the accounts payables department</p> <p>b)Management should produce these relevant reports on a monthly basis to be formally discussed within a monthly management meeting</p> <p>c)The Council should set out an agenda and timetable of events for each month which sets out the date the meeting must take place post the previous months activity.</p> <p>d)The Head of Service should also attend (or have sight of minutes of) the meeting to understand the underlying issues within the accounts payables department</p>	M	Caroline Wood	Dec-15	(a to d) A workshop was held on 21/1/16 was held with service nominees to discuss issues. From this workshop an action plan has been identified and work is progressing to improve performance. Monthly meetings are now held with the AP team to review KPI data. Email sent to staff including Head of Service with Management information in February 2016
Financial Systems; General Ledger	All cost centre and account code change forms should be retained within a centralised location by individuals within the finance team.	M	Bill Lewis	Dec-15	It was verified that all forms are now kept in a file which is stored in a cupboard within the Finance area. This is locked overnight.

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# RECOMMENDATIONS COMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Original Due Date	Notes on Completion
Financial Systems; General Ledger	<p>a)For each manual journal entry request, a new form must be completed by the individual who has initially raised the manual journal form</p> <p>b)The authorising officer should ensure that all data entered, such as the financial periods, are correct. If these fail to satisfy the conditions, the form should be returned to the individual who initially raised the manual journalrequest</p> <p>c)All manual journal forms mustbe authorised and created on the Agresso system, preferably on the same day of obtaining authorisation by either the Service Line Manager or the Management Accounting Manager</p>	M	Anna Winship	Dec-15	Sample of three selected from January 2016 and it was agreed that the (a to c) were all verified and accurate/complete.
Financial Systems; General Ledger	Academy system reconciliation should be carried out on a weekly basis rather than a monthly basis.	M	Bill Lewis	Dec-15	We verified that weekly reconciliations have been completed from 27.10.2015 to date.
Financial Systems; Payroll	<p>In order to reduce the potential abuse of the expense system, we recommend that:</p> <ul style="list-style-type: none"> <li>•All description should contain sufficient detail for the reviewer to assess whether the expense claim is appropriate or not.</li> </ul> <p>Specific to mileage claim:</p> <ul style="list-style-type: none"> <li>•Individual journeys should not be aggregated</li> <li>•Each journey should be listed separately.</li> </ul>	M	Justin Thorne	Dec-15	We verified via the January 2016 'HR Matters' email which goes to all staff, that it was requested that all expenses are supported by receipts and journey's are individual identified.

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Sigma Systems	The control sheet must be completed and approved by two separate members of the SIGMA team upon any contractual change of rates charged on energy invoices	M	Andrew Sunderland	Dec-15	The backlog of invoices to deal with upon going live was the priority. Therefore there has not been time to check all rates. This will be completed in full in March 2016	Mar-16
Sigma Systems	<p>a)The SIGMA team, in agreement with finance, should set a maximum query error threshold above which the Council would halt payments until resolution is reached – it is expected that this would be between £3,000 and £10,000</p> <p>b)The error threshold should be recorded in writing or a policy document and approved by a representative from the SIGMA team and finance</p> <p>c)The error threshold should be subject to review at least annually to ensure it is set at the correct financial value</p> <p>d)The financial benefits realised from the SIGMA system should be distributed to the SIGMA team, finance and other stakeholders as part of management information agreed.</p>	M	Andrew Sunderland	Dec-15	An SLA has been drafted and is in in the process of receiving approval by Jo Colwell and Nigel Kennedy. a) Set at £3000 with note 3.5 of the draft SLA. b) The value in recorded in the SLA. c) This is noted in the SLA which is due for regular review. d) this is to be started in late February 2016; it has been delayed due to dealing with a backlog if invoices.	Mar-16

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# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Sigma Systems	At least quarterly meetings should be held between the SIGMA team Managers and finance	M	Paul Spencer, Andrew Sunderland and Finance Business Partners	Feb-16	Due to a delayed go-live date from 4 January to 18 January 2016, the first expected meeting will be at the end of March 2016	Mar-16
Sigma Systems	a)A report should be run each week which lists query follow-up dates in date order b)Queries must be followed up no later than the date they become due	H	Andrew Sunderland	Dec-15	Due to a delayed go-live date from 4 January to 18 January 2016 and there is a backlog of invoices to clear which has taken priority; therefore no query reports run as yet. Query reports will be run on a weekly basis when system fully bedded in March 2016	Mar-16
Sigma Systems	a)An evidenced reconciliation must be undertaken within 48 working hours of an Agresso file import and prior to the payment run on Agresso b)The format of the reconciliation template in appendix II should be incorporated into the reconciliation as a minimum c)The reconciliation hard copy should be scanned and sent to the finance team upon completion d)The best practices set out in appendix II should be incorporated into the reconciliation control	H	Andrew Sunderland and Stacie Tomkins	Dec-15	Due to a delayed go-live date from 4 January to 18 January 2016 and there is a backlog of invoices to clear which has taken priority; therefore no reconciliation has been performed as yet. Reconciliations will be run as required when system fully bedded in March 2016	Mar-16

# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Sigma Systems	<p>a)A minimum of three energy invoices across all suppliers should be spot checked per SIGMA export file for the first three months post implementation. See appendix I where we detail the spot checks that should be undertaken and best practices which should be implemented as part of this recommendation</p> <p>b)After three months the SIGMA team in agreement with finance should consider the level of spot-checking that is required per each SIGMA export file</p>	H	Andrew Sunderland and Nathan Kirwan/Paul Spencer	Dec-15	Due to a delayed go-live date from 4 January to 18 January 2016 and there is a backlog of invoices to clear which has taken priority; therefore no spot-checking has been performed as yet. Spot-checking will be performed when system fully bedded in March 2016	Mar-16
Accounts Receivables	<p>a)The requirement to perform Customer Due Diligence (CCD) checks must be communicated to all relevant staff setting out the consequences to the Council of non-compliance with legislation</p> <p>b)The communication regarding CCD to relevant staff must set out how to conduct these checks and where evidence must be retained</p>	M	Damon Venning	Jan-16	It was identified this has not been started	Mar-16
Accounts Receivables	<p>a)The accounts receivable management should reconsider the point at which the accounts receivables team must contact legal enforcement or a civil enforcement company to recover overdue debt. This must in line with the Council's appetite to recover funds using these means and we would expect this consideration to be in line with a set operational plan for debt recovery</p> <p>b)The accounts receivable team should ensure reminder letters are sent at consistent points within the process, including a first reminder one week after the invoice due date</p> <p>c)Receivables officers must be proactive in monitoring overdue debt and ensuring contact is maintained at agreed follow-on dates until the debt is fully recovered</p>	H	Damon Venning	<p>a)Jan-16</p> <p>b)Dec-15</p> <p>c)Jan-16</p>	<p>a) Control for civil recovery currently out; awaiting outcome of this before confirming new arrangements</p> <p>b) 14 and 28 day automation process will be ready by the 7 March</p> <p>c) This has been delayed until new automation is installed; expected to be improved in March 16</p>	May-16

# RECOMMENDATIONS INCOMPLETE

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Payable	<p>e)A monthly action log should be retained detailing the following key areas:</p> <ul style="list-style-type: none"> <li>•Issue identified</li> <li>•Risk relating to the issue</li> <li>•Action plan to mitigate the risk identified</li> <li>•Severity rating for the level of risk as high, medium or low</li> <li>•Responsible officer to implement the action plan</li> <li>•Due date of the action to be implemented</li> <li>•Due date to follow up the action implemented</li> <li>•The responsible person to oversee the action log.</li> </ul> <p>As a measure of good practise we have included a number of KPI to be included within monthly management information reports - see appendix II.</p>	M	Caroline Wood	Dec-15	e) The monthly data was released in February 2016 and therefore action logs are expected to be in place from March 2016 onwards	c) Mar-16

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# RECOMMENDATIONS INCOMPLETE

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Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Progress to Date	Revised Due Date
Accounts Payable	<p>a) DCAL system users should be reminded of the minimum expectations around the narrative to be placed into the system</p> <p>b) Receipts must be kept in an agreed format and location with communication made to set out clearly the procedures required to be followed to retain hard copy receipts to all users</p> <p>c) If approvals are not completed within a timely manner these should be escalated to the Management Accounting Manager</p> <p>d) Individuals that are set up as card holders within the DCAL system should not be able to approve their own transactions</p> <p>As a measure of good practise we have included procurement card controls adopted within other Councils - see appendix I.</p>	H	Caroline Wood	Jan-16	<p>'Purchase Card Scheme Roles' guidance drafted for which includes all responsibilities for staff using procurement cards. This has been delayed as Unions required consultation on this and then it will be signed off by s151 officer</p> <p>a) New guidance will set out minimum expectations</p> <p>b) New guidance will set out minimum expectations. Draft guidance sets out the format and confirms receipts must be held for six years</p> <p>c) New guidance will set out expectations and aim to run a report each second week of the month to review overdue actions</p> <p>d) New guidance will set out minimum expectations</p>	Mar-16

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