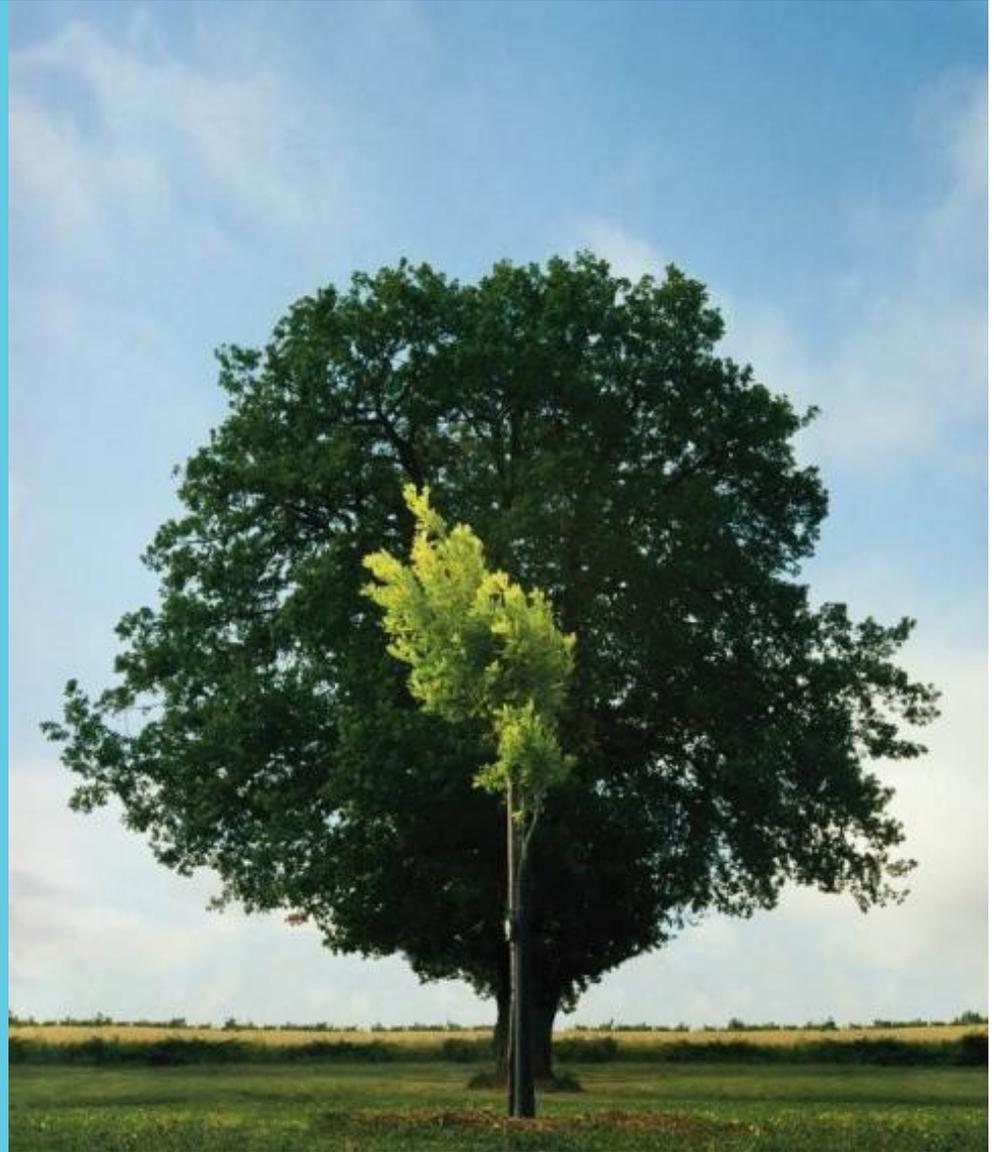


OXFORD CITY COUNCIL

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.

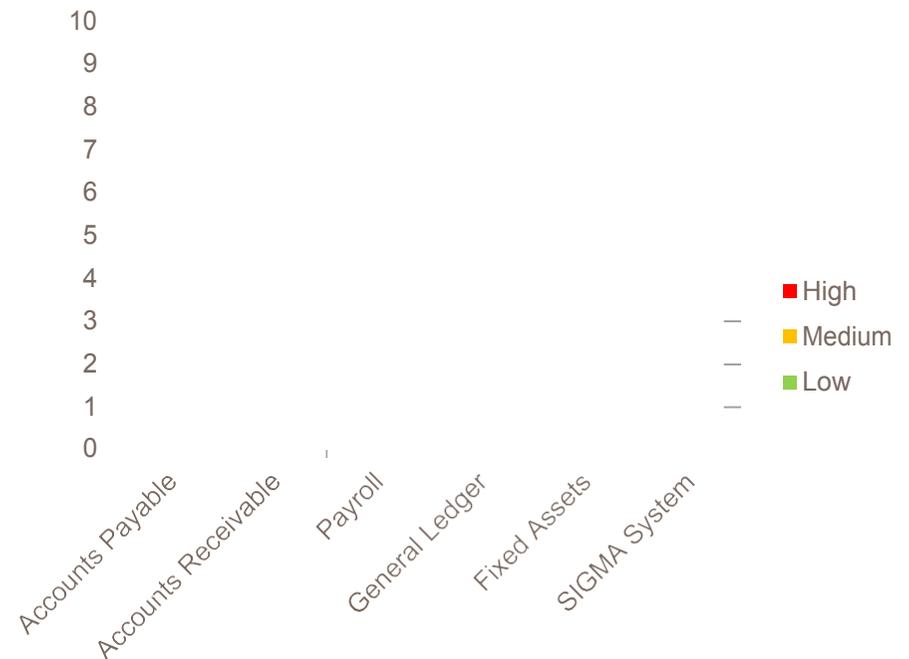
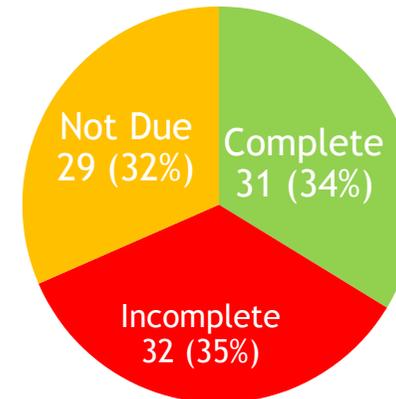
Executive Summary

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.

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"> •The date the meeting must take place post the previous month's activity •When any responses to actions plans must be responded to by, before a monthly meeting takes place. <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"> •Issue identified •Risk relating to the issue •Action plan to mitigate the risk identified •Severity rating for the level of risk as high, medium or low •Responsible officer to implement the action plan •Due date of the action to be implemented •Due date to follow up the action implemented •The responsible person to oversee the action log. <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"> •All description should contain sufficient detail for the reviewer to assess whether the expense claim is appropriate or not. <p>Specific to mileage claim:</p> <ul style="list-style-type: none"> •Individual journeys should not be aggregated •Each journey should be listed separately. 	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"> •Issue identified •Risk relating to the issue •Action plan to mitigate the risk identified •Severity rating for the level of risk as high, medium or low •Responsible officer to implement the action plan •Due date of the action to be implemented •Due date to follow up the action implemented •The responsible person to oversee the action log. <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 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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