

Appendix 1 - GT Recommendations tracker

Action Plan (appendix A GT report)

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
1	Scheme of Delegation for Growth and Development	We recommend that the Scheme of Delegation for Growth and Development is updated to reflect current role descriptions and specifically to include Regeneration team members currently omitted. Current definitions of financial roles and responsibilities across the organisation should be revisited to make sure they remain fit for purpose and provide for robust governance	High, immediate	Re to provide proposal on delegations/authorisations for agreement by S151 officer/LBB. CSG to update financial delegations (see GT8 and 9).	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
2	Integra system authorisers	We recommend that the listed budget holder authorisers on the Integra system be reviewed and controls put in place to ensure the list is kept up to date.	High, immediate	Review and validate listed budget holders and budget managers on Integra, making changes where required based on updated Schemes of financial delegation/authorisation (see GT9). Put in place controls to ensure the lists of financial authorisers and Integra are kept up-to-date.	Testing completed and recommendation closed - no significant issues noted.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
4	Managing access and authorisation rights on IT systems	<p>IT system controls have been set up on Integra and supporting systems such as Bankline, that determine the level of access that individual users can have to financial systems and the ability to authorise transactions. These permissions have also historically been used for manual processes, such as a CHAPs payment request, to determine if the individual is the budget holder. The effectiveness of these controls is dependent on systems being kept up to date for starters/leavers and transfers. A failure in this control could lead to inappropriate individuals having control of budgets and authorisation to request or authorise journals and payments.</p> <p>We noted a potential weakness in controls to ensure that any changes made to access rights and authorisation levels for IT systems, are appropriate to the individual's role, e.g. following a change in role or for starters and leavers. We recommend that additional controls be introduced to mitigate this risk.</p>	High, immediate	CSG to develop and implement additional control measures to ensure access rights and authorisation levels on Integra are correct for all staff, include for starters, leavers and movers.	<p>An updated access and authorisation rights procedures document went live on 18 July 2018, however as reported to November Audit Committee, this had not been widely embedded into normal business operations for Integra at the time of testing.</p> <p>As proposed to the November Audit Committee, further audit follow-up work will be completed in Q4 to confirm compliance within Integra against the new 'Managing Access and Authorisation Rights for IT systems v1.02' and to confirm that the process for removing Leavers from Integra has been effectively re-designed.</p>	Partly Implemented
10	Master schedule of CPO payments in progress	Re should provide evidence that a master schedule of CPOs is in place for all regeneration projects, which should be used for cross checking payments made.	High, immediate	Re to provide monthly schedule of CPO transactions to CSG Finance, along with formal supporting documentation (such as final valuation report) and ensure this process is documented.	Testing completed and recommendation closed - no significant issues noted.	Implemented
11	Process for reclaiming cost of CPO	We recommend that Re are asked to provide explanation of the process for reclaiming the cost of CPO payments from developers and matching these to payments made.	High, immediate	as per recommendation	Testing completed and recommendation closed - no significant issues noted.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
12	Potentially fraudulent transactions and invoices to Developers	There is a significant risk that invoices raised to developers from cost centres 11541 and 11362 include costs that are associated with the potentially fraudulent transactions identified. We recommend a detailed investigation of these cost centres to ascertain if inappropriate amounts have been invoiced and potentially reimbursed by developers.	High, immediate	CSG to reconcile the fraudulent transactions against developer invoices. Significant risk, but small chance.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
15	BACS Process for new suppliers	We recommend that the BACS process be reviewed for the adequacy of controls over new suppliers where there is no purchase order (such as E-form payments).	High, immediate	CSG to review process for one time vendors, propose improvements and implement.	This action is currently rated as Not Implemented due to no assurance having yet been obtained over the operating effectiveness of the associated controls in place. Transaction listings were requested from Accounts Payable to allow Internal Audit to verify the operating effectiveness of new controls in place for one time vendors, however there were delays in the appropriate listings being provided and as a result it has not yet been possible to carry out the planned testing. Prior to Audit Committee Internal Audit will undertake testing against the agreed processes in place, review evidence and discuss with Capita; subject to the outcome of that testing, the rating will be reviewed. Verbal update to be provided.	Not implemented
17	Process note for Journals	We recommend that a the development of a process note for Journal processing and its dissemination to staff. This should include a checklist for the officer processing the journal, to ensure that adequate explanation for the journal has been provided along with robust, preferably supporting evidence, preferably from 3 rd parties.	High, immediate	Expand journal template to include a guidance note and communicate to all CSG finance staff and other relevant officers. Remind CSG staff of the supporting documentation and approval that must be in place before journals are entered and approved.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
21	Capital budgets	We recommend that all capital budgets are recorded on the Integra general ledger system and that opportunities are explored to use the BDM system to improve the ability of budget holders to access up to date information on capital budgets.	High, immediate	Record all capital budgets on the General Ledger in Integra and determine a process to keep them up-to-date. Propose and subsequently implement a budget monitoring solution (which may be Integra) that provides budgets holders and managers with up-to-date information on capital budgets and supports effective budget monitoring.	While cost centres for capital budgets are on Integra, capital budgets are not held on BDM and discussions are ongoing around how to improve the ability of budget holders to access up to date information on capital budgets. This action, GT21, was previously reported as green when Regeneration was reviewed. Upon review of other capital budgets across the Council and partners, this has now been changed to partly implemented.	Partly Implemented
27	Documented procedures for regeneration projects.	Part A Clarification should be sought and evidence provided from Re management on the existence of: a) formal documented processes and controls that apply to all regeneration projects (including but not limited to CPO related aspects), and the extent to which these vary for each project. In addition: Part B Re management should provide information on and evidence that training of staff in regard to these procedures at induction and Part C in terms of ongoing CPD and risk management has taken place, and the means by which they ensure that project managers are adhering to the agreed processes.	High, immediate	A) and B) Re to produce documents detailing the monthly process of managing and reporting the finances of regeneration projects. Re to ensure that the updated CHAPS and BACS payments introduced into the finance processes are referenced in any process changes and in the flowchart. C)Re to provide evidence that procedures outlined in GT1a are incorporated into ongoing CPD.	Testing completed and recommendation closed - no significant issues noted.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
3	Specific levels for authorisers on Integra	It is not clear that budget holders with authority to request payments held on the Integra General Ledger system, have been set authorisation limits for the value of transactions that are fully consistent with their role. This could lead to individuals being able to authorise payment for inappropriately large sums. We recommend that the list of individual authorisation levels for the value of transactions, be reviewed for appropriateness.	Medium	Review authorisation levels and provide proposed Financial Scheme of Delegation/ Financial Authorisation Schemes to the S151 officer, working closely with LBB and strategic partners. Ensure this is implemented on Integra (links to GT8).	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
5	Compliance with new Treasury Payment Procedure	We recommend that the new Treasury Payment Procedure be tested for compliance after a suitable period	Medium	LBB Internal Audit to test revised process in September 2018.	Testing completed and recommendation closed - no significant issues noted.	Implemented
6	Direct requests for payment from legal advisors	We note that the process for the West Hendon regeneration project indicates that the instruction to make the CHAPS payment should come directly from the solicitors to the Barnet CSG Treasury Team. In some cases these requests appear to have been forwarded by the Regeneration Manager. We recommend that this separation of duties be considered for all CPO transactions.	Medium	Re to document proposed process for CHAPS instructions (including documents to be sent) and agree with CSG and LBB. This action incorporates GT5.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
7	Adequate evidence for transactions	We recommend the development of a guidance note or checklist for Re managers, to help them ensure that the required evidence is included with a CHAPS payment request	Medium	Re to produce guidance note. Links to GT1.	Testing completed and recommendation closed - no significant issues noted.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
8	Supervisory checks within Re	We recommend that appropriate supervisory checks be put in place by Re for all projects, prior to the issue of requests for payment by CHAPs being issued to the CSG Treasury Team.	Medium	Re to document management oversight within Re for all projects prior to CHAPs being issued.	Testing completed and recommendation closed - no significant issues noted.	Implemented
9	Dual signatories for Authorisation	Under the new Treasury Payment Procedure the approved authorisers have been reviewed and defined, however we note that the new requirement for a dual signature for all Payments includes provision that 'best endeavour' will be made to make sure that there is one signatory from each of Barnet Council and CSG. In our view, this creates uncertainty which could undermine the control and it may be better to base this requirement on specific authorisation levels for all payments.	Medium	Best endeavours' to be removed from Treasury Payment Procedure which will be amended to require one signatory from each of Barnet Council and CSG;	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
13	Accounting for Private Treaty Acquisitions (PTA) and Compulsory Purchase Orders (CPO)	a) The accounting implications of PTA/CPO transactions managed through regeneration related control accounts should be reviewed to ensure that transactions associated with PTA/CPO purchases are appropriately accounted for in the Council's financial statements, particularly in regard to capital accounting and the balance sheet. b) In addition, we recommend the CSG Finance team reconciles the Authority's Asset Register with the Atrium valuation system to ensure all acquired assets have been accounted for in line with the recommended value where title has passed to the Authority.	Medium	a) IA to review use of control accounts and IA to review 17/18 accounts b) CSG to propose alternative response to the GT proposal to reconcile the asset register with the Atrium Valuation system, which will be reviewed for acceptability by LBB/GT	Testing completed and recommendation closed - no significant issues noted.	Implemented
14	CIL, S106 Payments and Private Treaty Agreements	We recommend that the process for processing CIL, S106 payments and Private Treaty Agreements be reviewed for the adequacy of controls and the prevention of fraud, including scrutiny of specific transactions.	Medium	Carry out recommendations from the Internal audit review of CIL and S106. Internal Audit to include coverage of PTAs when conducting follow-up review of CIL and S106	PTAs audit exit meeting 17/1/19, once report is agreed and issued as final this will move to Green.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
16	Duplicate banking details	The Masterfile supporting the BACS payment process does not automatically identify and flag payments made to different suppliers/recipients that had the same bank account number. There was also no manual control in place to identify BACS and CHAPS payments made to different suppliers which had the same bank accounts. We recommend that this control be considered as an addition to the new Treasury Payment Procedure.	Medium	Put in place controls to identify BACS and CHAPS payments made to different suppliers with the same bank accounts and update the Treasury Payment Procedure accordingly. Any exceptions need to be clearly documented and assurance provided around the controls relating to those processes.	The recommendation as written does not reflect the fact that CHAPS and BACS payments are processed differently. CHAPS payees are not set up as suppliers within Integra, whereas BACS payees should be set up as suppliers unless they are processed as one-time vendors. We have completed testing for CHAPS payments and are satisfied that the action is Implemented for these types of payments. However, for BACS payments our testing is still ongoing (see also GT15). Audit will review further evidence and discuss with Capita.	Partly Implemented
18	Journal request templates	We recommend that journal processing be reviewed further to ensure that Integra journal request templates are properly completed and that there is evidence of a robust review and approval process.	Medium	Review ongoing implementation of actions from GT31.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
19	Role of finance business partners	We found that in a number of cases, finance business partners supporting Re had not challenged a number of unusual balances on control accounts and movements on cost centres. This could be due to the level of knowledge they had around the service and the activity that was being reviewed, for example, new costs accumulating on the control account for a project that was substantially complete. We recommend that finance business partners be equipped to take a more active role in confirming that movements on budgets and control accounts are consistent with the underlying activity, ensuring that appropriate monthly monitoring reports are being sent to budget holders.	Medium	a)Clearly document the role and expectations of Finance Business Partners (including levels of support and challenge to service areas) and the level of skills, knowledge and experience required. Agree this with LBB. b)Develop and implement learning and development plans for Finance Business Partners as individuals and a group to equip them to take a more active role in line with the agreed role/expectations, ensuring they have an understanding of the business that enables them to effectively support and challenge c) Ensure Finance Business Partners are providing levels of support and challenge in line with agreed role/expectations	Internal Audit work ongoing, outcome to be reported to next Audit Committee	TBC

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
20	Capital budget review	We recommend that the budget monitoring process for capital schemes be reviewed to determine if additional and proportionate review controls could be implemented to improve the ability of finance business partners and senior management to detect unexpected variations.	Medium	Review and revise current capital budget monitoring process (to include frequency and detail of reporting see GT16).	Internal Audit work ongoing, outcome to be reported to next Audit Committee	TBC
22	Capital budget monitoring information	We recommend that more regular and detailed capital monitoring reports be made available to budget holders to improve their ability to detect unexpected variances.	Medium	Provide more regular and detailed capital monitoring reports (links to GT14).	Internal Audit work ongoing, outcome to be reported to next Audit Committee	TBC
23	Roles and responsibilities for capital budget monitoring	We recommend that the respective responsibilities of Re, CSG and Barnet Council in regard to Capital budget monitoring are reviewed and more clearly defined.	Medium	CSG to propose respective responsibilities for capital budget monitoring (working with LBB and strategic partners to develop and agree) and document these.	Internal Audit work ongoing, outcome to be reported to next Audit Committee	TBC
24	Monitoring of Control accounts	We recommend that balances held on control accounts under the indemnity agreements, are included in the budget monitoring information and in the GROB highlight report. This should include narrative on variances against a zero budget provided by budget holders and validated by business partners.	Medium	Enhance monthly reporting to include control account balances and accounting treatment, and ensure this is understood by Finance Business Partners and budget managers and holders.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
25	Control accounts	The policy of using of control accounts for recording PTA/CPO transactions should be reviewed. We recognise that this can be a legitimate and useful method of accounting in some circumstances, but there is a risk that comparatively large income and expenditure transactions are not accounted for with sufficient transparency. The lack of a specific budget against which accumulated costs and income can be measured can also serve to reduce the organisation's ability to monitor transactions.	Medium	Policy of using control accounts for recording PTA/CPO transactions to be reviewed	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
26	Principle Development Agreement (PDA) Caps and Budget Monitoring	In order to manage the risk of accumulating unbudgeted liabilities on Regeneration cost centres, we recommend that expenditure against the PDA cap is reflected in the budget monitoring process for relevant cost centres, and forecast overspends against the cap are reported to business partners as part of the monthly cycle, and to GROB if the balances become significant an may require an adjustment to the budget.	Medium	Re to provide documentation about what is to be reported to Business partners and GROB going forward in respect of PDA caps and subsequently implement.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
28	Supervision of regeneration managers	We recommend that Re take steps to ensure that Regeneration Managers are subject to closer supervision within Re to ensure that projects are being properly executed and to provide assurance on business continuity. Specifically, we recommend that Re re-instates a Head of Regeneration Role or a satisfactory equivalent, to whom all regeneration managers report, and who has overall responsibility for all regeneration schemes within Re.	Medium	Re to provide management oversight proposal to ensure that projects are being properly executed and to provide assurance on business continuity.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
29	Communication and training of staff	We recommend that key lessons learned from this review be communicated to relevant staff involved in financial processing across Re, CSG and Barnet Council and incorporated into existing training programmes. This should emphasise the importance of meeting standards of professional ethics and behaviour set out by the professional accountancy bodies, particularly in regard to fraud prevention and cover financial skills for budget holders.	Medium	Develop communications and training plan across CSG, RE and LBB, with particular focus on ethics and professional standards and financial skills, and rollout.	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
30	Developing the ToR	We recommend that during the stakeholder engagement to develop the ToR for the Key Financial Systems review, greater rigour should be applied to: <ul style="list-style-type: none"> • making sure that all required stakeholders engage fully in the process • understanding the process to be tested, in order to identify key risks • ensuring that the design of controls mitigates all key risks identified • ensuring that planned audit tests adequately interrogate the controls 	Medium	a) Obtain explicit agreement from S151 Officer to updated audit approach b) year 1 - full review/systems documentation to be completed for all KFS	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented
31	Weighting Risks in testing	We recommend that, during internal audit sample selection, greater consideration is given to weighting the sample towards those transactions that are potentially higher risk, either inherently (such as unusual or high value items) or as a result of a more complex process, for example, CHAPs payments requested from outside of the Treasury Team.	Medium	a) Incorporate approach immediately on all audits e.g. 'Integra - GL' and 'Banking and Payment Arrangements' b) Update Audit Manual to better reflect this requirement c) provide training to team on this point at next IA meeting	Implementation confirmed and recommendation closed at November Audit Committee.	Implemented

GT Rec No	Recomm	Recommendation detail	Priority	Action	31st Jan Audit Committee comments	31st Jan Audit Committee Testing Status
-----------	--------	-----------------------	----------	--------	-----------------------------------	---

GT Further Work Appendix B

32	Review of cost centres and fraudulent transactions	Further work will be required to confirm the destination of the fraud within the Council's accounts. The proposed next steps are as follows : a) investigation of the cost centres to which elements of the fraud from year 1 might have been transferred, including a review of year end reconciliations for these cost centres b) Review of transaction reports provided for the whole of year 2 for cost centre 3 and cost centred 4 in order to ascertain whether fraudulent payments remained ion these cost centres or have been reallocated c) interrogations of transactions within cost centre 2 during years 1 and 2, using information provided by Re	High, immediate	Agreed per recommendation - CSG to perform the analyses and GT to review on completion	Director of Finance response: It was reported previously that the way in which the fraudulent transactions for which the Individual has been successfully prosecuted have been successfully traced through the Council's books and records but that some further limited work remained to be carried out on a line by line basis. The recommendation has now been actioned and a detailed working paper drawn up that evidences the audit trail of the fraud. In my view as Section 151 officer, there remains no work that has not been carried out that poses an additional risk to the Council in excess of any risks that remain even within a control frame work that is fit for purpose. GT response: We can confirm that additional work has been carried out by CSG in line with our recommendation, to a level of detail that has enabled the Council to come to a view in regard to further risks	Implemented
----	--	---	-----------------	--	--	-------------