

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Q3 Progress Report 1 October – 30 December 2019



Cross Council Assurance Service

1.0 Summary

1.1 Purpose of this report

1.1.1 We are committed to keeping the Audit Committee up to date with Internal Audit progress and activity throughout the year. This summary has been prepared to update you on our activity since the last meeting of the Audit Committee and to bring to your attention any other matters that are relevant to your responsibilities.

1.2 Progress against the 2019/20 internal audit plan

1.2.1 We have completed 16 reviews in the quarter and delivered 72% of our 2019/20 internal audit programme for the year, which is below the 78% target for Q3. This is due to the restructure within the Internal Audit team and having two vacant posts, one of which was filled in August and the other in September. Embedding new staff and allowing for training and induction has impacted upon delivery of the plan.

Please see Appendix A for further narrative on our performance indicators (PIs).

1.2.2 In line with our reporting protocol with the Audit Committee we present any no assurance or limited assurance reports for discussion. For this Audit Committee, we present the following final reports:

- Mosaic Application Review – Limited Assurance
- Accounts Receivable – Limited Assurance
- Cash and Bank - Limited Assurance

Regarding the Mosaic Application Review, we have followed up during the quarter and have confirmed the high priority actions have already been completed.

See section 2 for further detail on the audit findings and the actions being taken.

1.3 Findings of our Follow Up Work

1.3.1 We have undertaken follow up work on all **high priority actions** with an implementation date of 30th December 2019 or sooner. We have discussed with management the progress made in implementing actions falling due in this period and have sought evidence to support their response. A total of 36 high priority actions have been followed up this quarter:

27 actions have been confirmed as implemented (75%); and

9 have been partially implemented (25%).

| High priority actions: Follow-up Summary | Total | Completed | Substantial progress | Reasonable progress | Limited progress |
|--|-------|-----------|----------------------|---------------------|------------------|
| Total Number of Actions | 36 | 27 | 3 | 5 | 1 |
| Percentage of Actions | | 75% | 8% | 14% | 3% |

Overall, this performance is below the target of 90% and is similar to the performance in Q2, when 78% of actions were confirmed as implemented.

1.3.2 As agreed at the Audit Committee in October, in Q3 we introduced a new approach whereby we also follow-up a sample of medium priority actions to confirm implementation.

A total of 32 medium priority actions have been followed up this quarter:

16 actions have been confirmed as implemented (50%);

15 have been partially implemented (47%); and

1 has not been implemented (3%).

| Medium priority actions: Follow-up Summary | Total | Completed | Substantial progress | Reasonable progress | Limited progress | Not implemented |
|--|-------|-----------|----------------------|---------------------|------------------|-----------------|
| Total Number of Actions | 32 | 16 | 2 | 12 | 1 | 1 |
| Percentage of Actions | | 50% | 6% | 38% | 3% | 3% |

1.3.3 Until we have clear confirmation that the implementation of audit actions is at an appropriate level and that this is sustainable we will maintain the risk rating as 16 against the following risk within the Assurance Group risk register:

AG020 - If audit actions are not implemented this could lead to a deterioration in the council's control environment and result in the Head of Internal Audit providing a Limited Assurance Annual Opinion.

Progress against audit actions is summarised in more detail in Section 4.

1.4 Other Matters

1.4.1 Grant Thornton Review of the Financial Management Relating to Compulsory Purchase Order (CPO) Fraud

During Q3, we have continued to monitor progress against the remaining 'GT actions'.

In the 2019/20 plan we committed to completing our work on these as part of the following reviews. A summary of the status / work completed in Q3 is below:

| GT ref | GT finding | Audit | Status |
|--------|--|---|---|
| GT4 | Managing access and authorisation rights on IT systems | Follow-Up of Integra Access & Program Change Management audit HR Processes (post insourcing) | <p>In Progress</p> <p>Limited progress has been made.</p> <p>As reported to the Audit Committee in Q2, the Starters, Leavers and Movers (SLaM) process is underway as part of HR Transformation.</p> <p>The Council's deployment of Office365 provides an opportunity to use well-proven workflow and collaboration tools to create an efficient and effective SLaM process. The deployment of these tools is already scheduled as part of the IT capital programme. Therefore, at present, this solution is being worked towards with an intended completion date of June 2020.</p> |
| GT20 | Capital Budget Review | Capital Budget Monitoring | <p>In Progress</p> <p>Reasonable progress has been made. There were a number of actions associated with GT20, the status at Q3 is as follows:</p> <p>Agreed Action 1: Capital budget monitoring training will be developed for budget managers. Budget Managers will complete/attend related training where assessed as necessary: Partly Implemented</p> <p>Agreed Action 2: Finance Business Partners (FBPs) will consistently provide capital budget monitors to budget managers for completion within the first 2 days to maximise the time for consideration and completion of forecasts: Implemented</p> |

| | | | | |
|--|--|--|--|--|
| | | | <p>Agreed Action 3: FBPs will ensure that the budgets in Capital Monitors and Integra align: Implemented</p> <p>Agreed Action 4: FBPs will consider the ratio of actual to forecast and the remaining periods to year end as part of their challenge of budget manager forecasts: Partly Implemented</p> <p>Agreed Action 5: The capital budget monitoring training referred to above will include raising awareness of the detrimental impact of forecasting to budget for capital e.g. due to the borrowing costs associated with funding the capital programme: Not Implemented</p> | |
|--|--|--|--|--|

We will continue to report progress against the two outstanding actions, GT4 and GT20, to future meetings of the Audit Committee.

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2019/20 Internal Audit Programme.

2.0 No and Limited Assurance reports issued since the previous meeting

2.1 Mosaic Application Review – Limited Assurance

| Number of recommendations by risk rating | | | | |
|--|------|--------|-----|----------|
| Critical | High | Medium | Low | Advisory |
| - | 1 | 3 | - | - |

Background

Mosaic is used by London Borough of Barnet (the Council) Adult Services as a fully integrated solution for Adult Social Care financial case management. It is designed to support social workers to focus on the service users and their outcomes, providing them with the tools and technology to work innovatively, to assess and understand the service users' needs and to capture these effectively in a single system. The Mosaic system was implemented during April 2017 and has approximately 530 users. The implementation and support of the Mosaic application moved from the vendor Capita, to BetterGov during the second half of 2018. Management did confirm that the project is still in the implementation phases, and the control environment will be developed and enhanced before 'business as usual' is achieved and any actions will be managed through the project.

The purpose of the audit was to review the design and effectiveness of controls in relation to the Mosaic system. The review placed specific emphasis on the processes in place to effectively manage IT General Controls (ITGC).

Summary of Findings

The Council has a number of key controls and processes in place to ensure that users are set up and removed from the system correctly. This includes some key functionalities needed to monitor user activity and protect the system from inappropriate user behaviour. However, the control environment could be strengthened if the Council embeds some more proactive monitoring controls to ensure that the system is being used appropriately, for example: regular user access reviews.

This audit identified **1 high and 3 medium findings**:

- **Generic User Accounts (high risk)** – There are two generic user accounts in use. Following investigation one of these needs to be disabled and the controls in place regarding use of the second should be documented.

- **User Access Reviews (medium risk)** – User access reviews are not performed on a formal periodic basis. We identified two scenarios in our testing where inappropriate access existed (Leavers and Duplicate Accounts) which could have been prevented through the use of a periodic User Access Review.
- **Change Developer Access to Production (medium risk)** - Changes can currently be implemented by the two maintenance and support vendors (BetterGov and Capita) and/or the business systems team within Adults & Health. Users with 'Developer Access' can access both the development and production environments. This applies to vendors and business systems teams. This can increase the risk of unauthorised or inappropriate changes being made to the system.
- **Disclosure & Barring Service (DBS) Checks for new users (medium risk)** – 6/25 new users and movers tested did not have evidence in Mosaic of DBS checks being performed before being given system access. Management confirmed that after reviewing the 6 instances, all the individuals had had DBS checks completed however the box to confirm this had not been ticked within Mosaic.

Appropriate actions were agreed and implemented immediately for the finding with a 'high' risk rating. We have followed-up to confirm implementation of this finding (see section 4).

2.2 Accounts Receivable – Limited Assurance

| Number of recommendations by risk rating | | | | |
|--|------|--------|-----|----------|
| Critical | High | Medium | Low | Advisory |
| - | 1 | 6 | 1 | - |

Background

The Council issues invoices to its customers and clients to collect income for services provided for them. Invoice processing reviews will allow the income of the council to flow in without hindrances as the invoices are produced accurately and on a timely basis. The invoices should be issued at whatever intervals are agreed in the service agreement.

The audit covered arrangements within the Council's central finance team as well as reviewing a sample of invoicing teams across the Council and three of its contracted partners (CSG, Re and Cambridge Education).

Summary of Findings

This audit has identified 1 high, 6 medium and 1 low risk finding.

We identified the following issues as part of the audit:

- **Income Collection manual invoicing (Spreadsheet) Process (high)**: We found within our sample that controls on manually produced invoices (through spreadsheet) are not adequate. The invoices are not checked or authorised by senior officers.
- **Income Collection and Debt Management Guidance (ICDMG) (medium)**: During fieldwork, we noted that most invoicing teams (6/8 (75%) that we tested) are not aware of the ICDMG. We identified that the ICDMG was not version controlled, the date of production, the producer and next review date were not included on the document.
- **Commercial Rents – CSG Estates (medium)**: During fieldwork, we identified 8 expired leases/rent contracts (40%) which had not been renewed. The contract renewal process is slow, we identified that 8 cases (40%) the renewal took between 5 months to 5 years.
- **Commercial Waste – Street Scene (medium)**: Waste contract management controls are not operating effectively; we identified 12 cases (48%) where Business Recycling & Waste Agreement Forms were not counter-signed by LBB.
- **Premises Licensing and Gambling (PLG) - Re (medium)** In the process of the audit we established that 8/15 credits notes issued (53%) were issued to previous holders of licenses who were no longer in control of the premises and had not informed PLG of their change of circumstances, 5/15 (33.3%) were issued to suspended customers; while 2/15 (13%) credit notes were issued to correct duplicated invoices. Additionally, we found that 12 invoices that were supposed to be cancelled in 2017 were still outstanding in Integra as at October 2019. It is also noted that all the AR requests for approval to take recovery action had not been granted. Lastly, we found that the council's debt write-off process was not followed by the team.
- **Education Accounts – Cambridge Education (medium)**: We found three cases (30%) which had no source document for invoices issued. We noted 10 cases (100%) where the old location of the team was on the invoices instead of the new location. We identified that in 100% of the debt write-off process tested, the LBB process was not followed.
- **Document Centre and Mailroom - CSG (medium)**: There is no evidence of adequate separation of duties in the printing process, we identified that whereas there is a good, separate first level security control of ID and password for members of staff printing the invoices, the second level of security is not adequate as the two members of staff use the same code to print.
- **Overpayments – Family Services (low)**: We noted that the overpayments bad debts were due to delay in accessing the necessary information required to enable the team to confirm outstanding invoices and chase them before they become doubtful or bad.

Appropriate actions have been agreed with due dates by the end of March. We will follow-up to confirm implementation and will report back to the Audit Committee.

2.3 Cash and Bank – Limited Assurance

| Number of recommendations by risk rating | | | | |
|--|------|--------|-----|----------|
| Critical | High | Medium | Low | Advisory |
| - | - | 7 | 1 | - |

Background

Cash and Bank covers the:

- receipting of cash/cheques by the Income team;
- movement/transfer/collection of cash and cheques between locations by Royal Mail and Security Collections (SC), the Council's inhouse money courier;
- the secure safekeeping of cash and cheques by Income and Security Collections;
- the management of cash floats and addressing requests for cash from Services, for example for payments to asylum seekers and use at children centres; and
- reconciliation, clearing and processing of bank transactions to Integra, the Council's finance system, to ensure the timely and accurate update of the general ledger by Cash Book.

The Council's Finance team transferred back to the Council from CSG on 1st April 2019. It should be noted that the audit fieldwork coincided with a significant restructure within the Finance team.

Summary of Findings

We have raised seven medium and one low risk rated action as follows:

1. **Direct debits management (medium)**: Roles and responsibilities relating to the management – authorisation and monitoring – of direct debits were unclear at the time of audit fieldwork. For instance, Finance review of direct debits - to ensure their ongoing validity - had not been undertaken since September 2018.

2. **Administration: Complete listing of Bank Accounts (medium):** A complete listing of all Council bank accounts was not maintained centrally for administration purposes. One bank did not have the correct Council contact details.
3. **System access (medium):**
 - a. **Integra, the Council's financial system:** A review of the Integra end user access list showed 2 active accounts for officers who had left, 5 end users that did not require access and 5 officers who had access where this was considered unnecessary given our knowledge of their role in the organisation.
 - b. **PAY360, the Council's Income Management and cash/cheque receipting system:** A review of PAY360 confirmed the use of a shared account at supervisor level which could be used by 7 users in the IT Applications Team. The use of shared accounts is inherently risky owing to the inability to identify the specific officer undertaking processing/updates to the system.
4. **Bank Reconciliation (medium):** The management review and sign-off of the bank reconciliation did not include the review and monitoring of the level of unallocated/unreconciled bank transactions, the monitoring of their resolution and therefore timely processing to the general ledger.
5. **Cash floats and money management (medium):** A £10k cash float held at Colindale. We noted 1/5 instances where the request for cash from the Service was not retained for referral, for example the e-mail request to Income for cash monies. There was no evidence of a periodic reconciliation of float cash top up requests to outgoings over a period and previous confirmed balance.
6. **Physical security – cash offices (medium):** CCTV was not available in the locked room at Colindale where the safe holding the £10k float was held, meaning that there was a lack of visibility of officer activity in the room as would have been expected. Asylum seeker pay packets are also held and collected from the room. We understand that implementation of the CCTV in the room was planned.
7. **Documented procedures (medium):** Document procedures governing key processes were found to exist, however did not include all key aspects of operation.
8. **Cash/receipting (Axis Cash Receipting (ACR)) cash-up (low):** In 1/5 cash up reconciliations tested, it was not signed by the Acting Income and Cashier Manager as evidence of review. We were informed that there was a backlog of manager reviews of cash-up which meant that manager reviews to ensure that cash/cheques receipted matched the supporting documentation including the paying-in slip were not being undertaken on a timely basis, at the time of the cash-up.

Appropriate actions have been agreed with due dates by the end of March. We will follow-up to confirm implementation and will report back to the Audit Committee.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the quarter or that is currently underway.

* During Q3 we have continued to test compliance with the processes introduced as a result of the Grant Thornton Review of the Financial Management Relating to CPO Fraud. Our work on this has been incorporated into the audits marked below with an asterisk. During the quarter we have prioritised confirming the status against the GT actions as opposed to the other scope areas of these reviews.

| Stage | Name of review | Report classification | Total findings | Ratings | | | | |
|------------------|--|-----------------------|----------------|----------|------|--------|-----|----------|
| | | | | Critical | High | Medium | Low | Advisory |
| Quarter 3 | | | | | | | | |
| Complete | Accounts Receivable | Limited | 8 | - | 1 | 6 | 1 | - |
| Complete | Mosaic – Application Review | Limited | 4 | - | 1 | 3 | - | - |
| Complete | Banking & Payment Arrangements - Cash & Bank* | Limited | 8 | - | - | 7 | 1 | - |
| Complete | Domestic Violence | Reasonable | 4 | - | 1 | 2 | 1 | - |
| Complete | Public Health - compliance with grant conditions | Reasonable | 3 | - | - | 3 | - | - |
| Complete | MTFS Assurance Process | Reasonable | 3 | - | - | 2 | 1 | - |
| Complete | Better Care Fund | Reasonable | 3 | - | - | 2 | 1 | - |

| | | | | | | | | |
|--------------|---|-----------------------|---|---|---|---|---|---|
| Complete | Theme Committee Priorities – Benefits Management | Substantial | 3 | - | - | 2 | - | 1 |
| Complete | Follow up of IT Strategy Audit | Partially Implemented | - | - | - | - | - | - |
| Complete | Troubled Families - Payment by Results (September submission) | Claim verified | | | | | | |
| Complete | Brookhill, St Margarets and Hampden Way Nursery | Reasonable | 7 | - | - | 6 | 1 | - |
| Complete | Manorside School | Reasonable | 6 | - | - | 4 | 2 | - |
| Complete | Pavilion PRU | Reasonable | 5 | - | - | 4 | 1 | - |
| Complete | The Annunciation Infant school | Reasonable | 5 | - | - | 4 | 1 | - |
| Complete | Mathilda Marks Kennedy School | Reasonable | 5 | - | - | 4 | 1 | - |
| Complete | Northgate PRU | Reasonable | 7 | - | - | 6 | 1 | - |
| Draft Report | Pension administration follow-up | TBC | | | | | | |
| Draft Report | Family Services Financial Management | TBC | | | | | | |
| Draft Report | Revenue Budget Setting and Monitoring | TBC | | | | | | |
| Draft Report | Capital Budget Monitoring* | TBC | | | | | | |
| Draft Report | Treasury Management | TBC | | | | | | |
| Draft Report | General Data Protection Regulations (GDPR) compliance | TBC | | | | | | |
| Draft Report | Accounts Payable - Follow-Up | TBC | | | | | | |

| | | | | | | | | | |
|--------------|--|-----|--|--|--|--|--|--|--|
| Draft Report | St Mary's (EN4) School | TBC | | | | | | | |
| Draft Report | St Catherine's School | TBC | | | | | | | |
| Draft Report | Foulds School | TBC | | | | | | | |
| Fieldwork | Regulation of Investigatory Powers Act (RIPA) – follow-up of action plan | TBC | | | | | | | |
| Fieldwork | Adults restructure - Strategic risk around Safeguarding | TBC | | | | | | | |
| Fieldwork | Highways Health and Safety | TBC | | | | | | | |
| Fieldwork | Cambridge Education Assurance Mapping | TBC | | | | | | | |
| Fieldwork | HR Processes (post insourcing) | TBC | | | | | | | |
| Fieldwork | General Ledger | TBC | | | | | | | |
| Fieldwork | Procurement - compliance with Contract Procedure Rules (CPRs) | TBC | | | | | | | |
| Fieldwork | Housing Benefits | TBC | | | | | | | |
| Fieldwork | Troubled Families - Payment by Results (January submission) | TBC | | | | | | | |
| Planning | Integra Issue Management | TBC | | | | | | | |
| Planning | Parking PCNs | TBC | | | | | | | |
| Planning | Land Charges – Data Quality Note: Geographic Information Services advisory review merged into this audit | TBC | | | | | | | |

| | | | | | | | | |
|--|---|-----|--|--|--|--|--|--|
| Planning | Data Management Procedures (Cyber) | TBC | | | | | | |
| Planning | Estates Project Management | TBC | | | | | | |
| Planning | Non-Schools Payroll | TBC | | | | | | |
| Planning | Transformation - Barnet 2024 | TBC | | | | | | |
| Planning | Decision making framework - compliance | TBC | | | | | | |
| Planning | IT - Cost Infrastructure | TBC | | | | | | |
| Planning | 18-25 Service Budget Monitoring | TBC | | | | | | |
| Planning | Schools Payroll | TBC | | | | | | |
| Planning | Teachers' Pensions | TBC | | | | | | |
| Changes to the published 2019-20 Internal Audit Plan | | | | | | | | |
| Added to Plan | 18-25 Service Budget Monitoring Added at the request of Family Services | TBC | | | | | | |
| Deferred | Brent Cross – PLACEHOLDER Deferred pending confirmation of scope of the Infrastructure and Projects Authority's audit planned for Q4 | | | | | | | |
| Deferred | Conduct Standards – Compliance Deferred to Q4 as audit to be undertaken by Finance graduate trainee after finance restructure | | | | | | | |
| Deferred | Brexit Preparedness Response / Deep Dive Deferred to Q1 of 2020/21 as agreed with Commercial team | | | | | | | |

| | | | | | | | | | |
|------------------|--|------------|----|---|---|---|---|---|---|
| Merged | Trade Waste Invoicing Merged into Accounts Receivable audit | | | | | | | | |
| Merged | Performance Management Framework Merged into Theme Committee Priorities audit | | | | | | | | |
| Cancelled | Integrated Commissioning for Better Outcomes Cancelled as agreed with Adults & Communities no longer a significant concern; also, a number of other audits providing assurance over Adults (BCF, Mosaic, 18-25, Safeguarding, Direct Payments). | | | | | | | | |
| Cancelled | Public Health Grant – Follow-up Review Cancelled as initial audit report only finalised in Q3 and no high priority actions identified. | | | | | | | | |
| Cancelled | Local Counter-Fraud Hub – review of effectiveness Cancelled as LCFH plans not yet confirmed | | | | | | | | |
| Quarter 2 | | | | | | | | | |
| Complete | Highways Programme | No | 6 | - | 6 | - | - | - | - |
| Complete | Banking & Payment Arrangements – Accounts Payable* | Limited | 7 | - | 2 | 4 | 1 | - | - |
| Complete | St. Michael's Catholic Grammar School | Limited | 10 | - | 1 | 6 | 3 | - | - |
| Complete | Brent Cross Cricklewood – Regeneration - Financial Controls | Reasonable | 5 | - | - | 3 | 2 | - | - |
| Complete | St Theresa's Catholic Primary School | Reasonable | 6 | - | - | 4 | 2 | - | - |
| Complete | Underhill School | Reasonable | 4 | - | - | 3 | 1 | - | - |

| | | | | | | | | |
|----------|--|-----------------------|---|---|---|---|---|---|
| Complete | Private Treaty Agreements (PTAs) Follow-Up | Partially Implemented | - | - | - | - | - | - |
| Complete | Martin School | Substantial | 3 | - | - | 1 | 2 | - |
| Complete | Passenger Transport Service (PTS) Health & Safety | Substantial | 1 | - | - | 1 | - | - |
| Complete | Sunnyfields School | Substantial | 0 | - | - | - | - | - |
| Complete | Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) | Claim Verified | | | | | | |
| Complete | Local Bus Subsidy Grant | Claim Verified | | | | | | |
| Complete | Strategic School Improvement Fund Grant (ADDED TO PLAN) | Claim Verified | | | | | | |

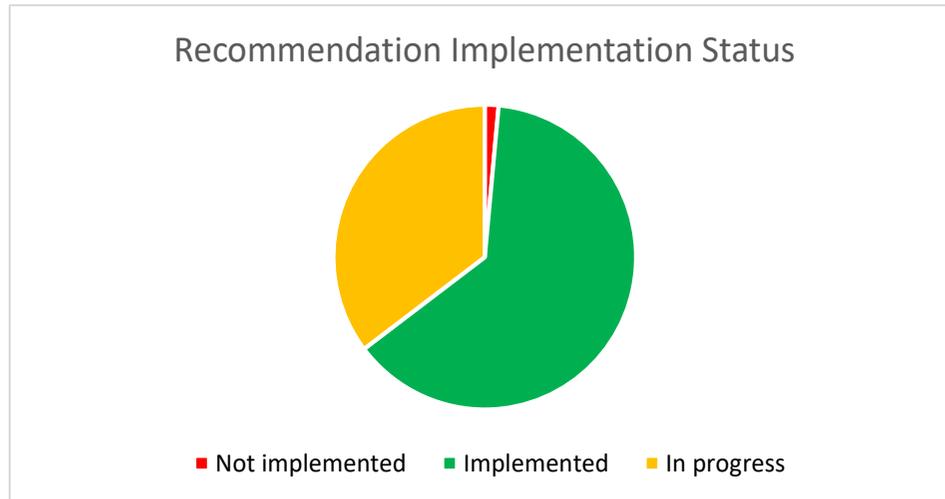
| Stage | Name of review | Report classification | Total findings | Ratings | | | | |
|------------------|-------------------------------------|-----------------------|----------------|----------|------|--------|-----|----------|
| | | | | Critical | High | Medium | Low | Advisory |
| Quarter 1 | | | | | | | | |
| Complete | Pension Fund Finance and Investment | Limited | 4 | - | 2 | 1 | 1 | - |
| Complete | Menorah Foundation School | Limited | 10 | - | 2 | 5 | 3 | - |
| Complete | Hasmoneon Primary School | Limited | 8 | - | 1 | 5 | 2 | - |
| Complete | Disabled Facilities Grant | Reasonable | 6 | - | - | 5 | 1 | - |

| | | | | | | | | |
|----------|--|--------------------------|---|---|---|---|---|---|
| Complete | Re Operational Review follow-up* | Partially Implemented | 1 | - | 1 | - | - | - |
| Complete | Council Tax | Reasonable | 5 | - | - | 3 | 2 | - |
| Complete | Housing Benefit | Reasonable | 3 | - | - | 3 | - | - |
| Complete | National Non-Domestic Rates (NNDR) | Reasonable | 3 | - | - | 1 | 2 | - |
| Complete | Monkfrith School | Reasonable | 7 | - | - | 5 | 2 | - |
| Complete | St. Vincent's Catholic School | Reasonable | 5 | - | - | 2 | 3 | - |
| Complete | Blessed Dominic Catholic School | Substantial | 4 | - | - | 1 | 3 | - |
| Complete | Follow-Up of CFO Financial Controls review* | Partially Implemented | - | - | - | - | - | - |
| Complete | Investing in IT – Lessons Learned (Portfolio and Project Management) | Management letter issued | 3 | - | 3 | - | - | - |
| Complete | General Data Protection Requirements (GDPR) | Management letter issued | 3 | - | - | 3 | - | - |
| Complete | Troubled Families – Payment by Results (June submission) | Claim verified | 1 | - | - | 1 | - | - |

4.0 Follow Up

4.1 Summary

5.1.1 The wheel below demonstrates how many high and medium priority actions due this period have been confirmed as being implemented, in progress or not implemented.



4.2 Outstanding actions

4.2.1 During this period we followed up 9 high priority and 16 medium priority actions due by 31st December which were found to be outstanding. These actions are summarised below

* At the request of the Audit Committee a column has been added to show how many times the action has slipped i.e. not been implemented within the agreed timeframe. The colour key is as follows:

White = 1 (i.e. first time non-implementation being reported)

Amber = 2 (i.e. second time non-implementation being reported)

Red = 3+ (i.e. at least third time non-implementation being reported)

4.2.2 Outstanding high priority actions

| Name of report | Agreed Action | Status (Not Implemented / In Progress) | Owner | Due Date | Slippage* |
|---|--|---|---|--|-----------|
| Strategic Director: Director of Finance | | | | | |
| 1. Pension Fund Finance and Investment July 2019 | Admission agreements, bonds and cessation agreements a) We will promptly complete admission agreements, cessation agreements and renewals of admission bonds for all employers identified in the report to the Pension Fund Committee on 30 May 2019 to minimise risk to the Fund. | In Progress – Reasonable progress made Reasonable progress has been made since the audit and this progress has been reported to the Local Pension Board. In the most recent report to the Pension Fund Committee it was noted that the triennial valuation was being prioritised by the scheme administrator and actuary. Once the triennial valuation is completed management intend to complete outstanding agreements. | Head of Treasury | Target date: 30 September 2019 Revised target date: 30 November 2019 2nd Revised target date: 30 April 2020 | 2 |
| 2. Accounts Payable October 2019 | Authorisation of purchase orders (PO) Capita (non-AP): a(i): A list of purchase orders raised in Integra above £1m will be provided to Council Finance monthly. | In Progress – Reasonable progress made The Head of Finance – Major Projects indicated that the report identifying purchase orders above £1m had been developed and run. The report was meant to be run weekly by the Integra Team and provided to Council Finance for review to confirm that dual authorisation forms had been prepared and saved in Integra. Evidence that the related reporting facility had been completed was provided to Internal Audit. We were informed that the report had been run covering POs above £1m for April and May 2019. We tested a sample of 11 out of 37 POs above £1m from 1 April 2019 to date. We found that dual authorisation forms had not been prepared for 4/11 (36%) of POs greater than £1m. Of 7/11 successes, 5 related to POs raised in April and May 2019 and dual authorisation forms had been prepared for | Responsible officer: Integra team | Target date: 31 October 2019 Revised target date: 30 January 2020 | 1 |

| | | | | | |
|--|--|--|---|---|---|
| | | <p>them, confirming that the reporting facility was operating effectively.</p> <p>The 4 exceptions have been resolved however investigation by Finance and Capita confirmed a more system issue in that the weekly report was not detecting all relevant POs. This was being investigated at the date of the follow-up audit.</p> <p>Further action</p> <p>The issue resulting in the weekly PO report - provided by Capita for Finance review - not identifying all POs above £1m for will be resolved. The revised report will be available from 16th Jan and will be sent on a weekly basis going forward</p> | | | |
| <p>3. Accounts Payable</p> <p>October 2019</p> | <p>Authorisation of purchase orders (PO)</p> <p>Council Finance</p> <p>a(ii): Finance will ensure that the Dual Authorisation form is completed for all POs above £1m on the monthly list. Finance will ensure that the form is completed correctly in line with the Council Constitution and is attached in Integra for referral.</p> | <p>In Progress – Reasonable progress made</p> <p>As above</p> | <p>Responsible officer:</p> <p>Acting Head of Finance – Projects</p> | <p>Target date:</p> <p>31 October 2019</p> <p>Revised target date:</p> <p>30 January 2020</p> | 1 |
| <p>4. Accounts Payable</p> <p>October 2019</p> | <p>Authorisation of purchase orders (PO)</p> <p>Council Finance</p> <p>c. Finance will review the authorisation limits as stated</p> | <p>In Progress - reasonable progress made</p> <p><u>ControCC - Implemented</u></p> | <p>Responsible officer:</p> <p>Acting Head of Finance – Projects</p> | <p>Target date:</p> <p>Implemented (as per management)</p> | 1 |

| | | | | | |
|--|---|---|--|--|----------|
| | <p>in the “Authorising spend - what you need to know” document, governing the authorisation levels of social care management for approving cost commitments in LCS, the Family Services social care system - set in ControCC, the Family Services financial system - to ensure that they are consistent with the Council’s Constitution. Authorisation limits will be updated in ControCC where applicable. A similar exercise will be done confirming that limits for approving cost commitments/care packages in Mosaic for Adults and Communities are in line with the Constitution.</p> | <p>Evidence was provided showing that authorisation limits in ControCC now aligned to the respective authorisation limits in Integra.</p> <p><u>MOSAIC - not implemented</u></p> <p>A review of MOSAIC authorisation settings provided to us for review confirmed that Integra and MOSAIC authorisation levels did not align. Heads of Service could authorise at levels higher than the £181,302 limit set in Integra. The position has been reported to the Service for review.</p> <p><u>Further action</u></p> <p>Authorisation limits will be updated in MOSAIC to ensure that they are consistent with authorisation limits in Integra.</p> | <p>Revised: Business Systems Service Manager, Adults Health and</p> | <p>Revised target date (Mosaic): 15 February 2020</p> | |
| <p>5. Accounts Payable</p> <p>October 2019</p> | <p>Manual upload process AP</p> <p>AP will reject manual upload requests which do not comply with the updated manual upload process above, for example, where officers authorise total payments outside their defined limits.</p> | <p>In Progress - limited progress made</p> <p>We were provided with the manual upload payments made in December 2019 for testing. We tested 3 payments to ensure that they were appropriately authorised in line with the new Manual Upload Payments Process on the Intranet. 2/3 were authorised by officers in excess of their limits. Through discussion with officers in the AP team it became apparent that the wording within the process had been misinterpreted. In our view, this was in part due to changes in staffing and a lack of handover due to short notice periods.</p> <p>Further action</p> | <p>Responsible officer: Accounts Payable Manager, Accounts Payable, CSG</p> | <p>Target date: 31 October 2019</p> <p>Revised target date: 15 February 2020</p> | <p>1</p> |

Internal Audit will confirm compliance with the new process in Q4.

Strategic Director: Deputy Chief Executive

6. Equalities data - quality and analysis

November 2018

Data quality and analysis – staff performance reviews

CSG HR will ensure that analysis of future performance review outcomes is meaningful. A method statement covering the equalities process for 2018/19 performance reviews will be drafted.

In Progress – substantial progress made

As per our progress update for Q2, 2019/20, substantial progress has been made since the audit with the outstanding item being a method statement detailing the analysis which would be undertaken and reported to the Council Management Team.

Management confirmed that LBB HR have been collaborating with colleagues in Public Health to support the data analysis and the generation of the method statement. Work is still currently ongoing to ensure that the results of any analysis is robust, accurate and meaningful.

Further action for full implementation: Analysis including methodology will be presented to CMT once completed

Strategic HR Lead, LBB

Target date:
28 February 2019 i.e. in advance of the 2018/19 performance reviews

Revised deadline:
30 April 2019

2nd Revised deadline:
31 August 2019

3rd Revised deadline:
30 November 2019

4th Revised deadline:
31 March 2020

4

| | | | | | |
|---|--|--|---|--|----------|
| <p>7. Equalities data - quality and analysis</p> <p>November 2018</p> | <p>Data quality and analysis – mandatory gender pay gap reporting</p> <p>LBB HR will seek to amend the data on the public record to reflect the correct median gender pay gap as part of the 2019 reporting cycle.</p> | <p>In progress – substantial progress made</p> <p>We considered that substantial progress has been made against this action with the outstanding items being the final data analysis and seeking to amend the data on the public record.</p> <p>HR confirmed that there have been issues ensuring that the data being supplied to them to complete the analysis is complete and accurate but this has now been resolved. Initial reperformance of the gender pay gap has shown that the results are meaningful and comparable with those generated earlier this year.</p> <p>A verbal update will be given to the Audit Committee.</p> <p>Further work for full implementation:</p> <ul style="list-style-type: none"> - The reperformance will be formally completed using the GapSquare Software and relevant checklists; and - LBB HR will seek to correct the data held on public record. <p>Expected implementation date: 29 February 2020</p> | <p>Strategic HR Lead, LBB</p> | <p>Target date: 31 March 2019</p> <p>Revised target date: 15 June 2019</p> <p>2nd Revised target date: 30 September 2019</p> <p>3rd Revised deadline: 30 November 2019</p> <p>4th Revised deadline: 29 February 2020</p> | <p>4</p> |
| <p>Strategic Director: Executive Director, Environment</p> | | | | | |
| <p>8. Highways Programme</p> <p>August 2019</p> | <p>SPIR Invoice Approvals</p> <p>b) Work will not be goods receipted by LBB Finance before the necessary authorisation is on file as per action (a), Management will clearly define the responsible officers for ensuring that Re Invoice 2s are approved for payment and the minimum</p> | <p>In progress – reasonable progress made</p> <p>We considered reasonable progress had been made against this action.</p> <p>We found that only one Highways SPIRs payment has been made since the time of the audit (£598K) which related to the Local Infrastructure Plan for 2019/20. We found that there was evidence on file of approval from the Interim Strategic Client Lead for Highways as well as LBB Finance and LBB Commercial.</p> | <p>Finance Manager, LBB Commercial Advisor, LBB Strategic Lead Commissioner – Transport and Highways, LBB</p> | <p>Target date: 16 September 2019</p> <p>Revised target date: 31 December 2019</p> <p>2nd Revised Target date</p> | <p>2</p> |

| | | | | | |
|--|---|--|--|---|--|
| | documentation which will be on file to support the payments | <p>We noted that the <i>'Highways Special Projects (SPIRS) Protocol'</i> stated that the Budget Holder (the LBB Client Lead) will be responsible for processing invoices. We noted that this requirement has been met.</p> <p>In line with the <i>'Highways Special Projects (SPIRS) Protocol'</i> we also expected that the TfL submission had been made (paragraph 6.3 states that <i>Payment of fees will be subject to Re completing the portal submission for TFL funding and approval by the Client Lead, and, subject to this, will be as outlined in the DRS contract</i>). Whilst we found that the TfL portal submission had been made on 7 January we noted that this was after the payment has been approved for payments.</p> <p>Whilst the payment had not been made by LBB Finance, we considered that approval should not have been made until the TfL submission had been made and approved by the Client Lead in line with the SPIRS protocol. We were informed that TfL had made changes to the portal's login system and this had meant there were issues accessing the TfL portal.</p> <p>Further action for full implementation: Work will not be goods receipted by LBB Finance before the necessary authorisation is on file and the requirements of the Highways SPIRS protocol and the SPIR document have been met.</p> | | We will return to confirm status on 31 March 2020 | |
|--|---|--|--|---|--|

Strategic Director: Director of Assurance

| | | | | | |
|--|---|---|---|---|----------|
| <p>9. Domestic Violence</p> <p>November 2019</p> | <p>The Community Safety Information Sharing Agreements are out of date and not fit for purpose</p> | <p>In Progress – Substantial progress made</p> <p>Substantial progress has been made. We were informed that approval was given for the new Safer Communities Partnership Board Information Sharing Agreement (ISA)</p> | <p>Community Safety Manager with support from Information</p> | <p>Target date:</p> <p>The existing ISAs will be reviewed with</p> | <p>1</p> |
|--|---|---|---|---|----------|

| | | | | | |
|--|---|--|-------------------------|--|--|
| | <p>a) The Community Safety team will develop the ISA to be sufficient to cover all 12 ISAs within the current Corporate ISR. The IMT will continue to provide guidance to the Community Safety team throughout the process.</p> | <p>2019-2024 at the Barnet Safer Communities Partnership Board (SCPB) on 25 October 2019 as part of the closed meeting. All the service area workstreams that involve the Community Safety Team for the council and partnership crime and disorder functions are now all contained within the 6 workstreams in the new ISA.</p> <p>IMT was involved throughout this process through drafting the ISA and attendance at SCPB meetings to presenting the draft for members comments/ amendments and revising the draft prior to the final document being approved by the Information Strategy Manager.</p> <p>The Community Safety Manager is responsible for obtaining signatories for the new ISA with timetable to obtain all signatories by 31/1/2020 (Stage 1 Responsible authorities (8/11/2019), Stage 2 Cooperating Bodies (10/12/2019) and Stage 3 Working Groups and Delivery Group attendees (31/1/2020)). Evidence was provided of this process and the requests / co-ordination being underway. Stage 1 has been delayed being completed in whole as one of the key signatories awaits their Information Management Team to approve sign off on the finalised document which has had a knock-on effect to then pursue Stage 2 in the original time intended, although all requests are underway.</p> <p>A verbal update will be given at the Audit Committee to confirm whether the action is completed at the Safer Communities Partnership Board on 24 January.</p> | <p>Strategy Manager</p> | <p>immediate effect.</p> <p>The single collective ISA will be reviewed and signed-off at the next Safer Communities Partnership Board meeting, to be held on 24 January 2020.</p> <p>Revised target date (if all signatures not obtained before or at the SPB on 24 January):</p> <p>28th February 2020</p> | |
|--|---|--|-------------------------|--|--|

4.2.3 Outstanding medium priority actions

| | Audit Title | Audit Date | Ref | Finding | Action | Responsible officer | Due date | Progress report for Audit Committee 30 January 2020 | Status at Q3 |
|---|-------------------------------------|------------|-----|------------------------------------|---|--|------------|--|--|
| 1 | Pension Fund Finance and Investment | Jul-19 | 3a | Collection of Strain Contributions | The CSG Pensions Administration team will agree where and to whom invoices relating to strain costs will be sent as part of the retirement process and notify the employer of the final calculated strain cost once the retirement has been agreed. | CSG Pensions Administration | 31/07/2019 | CSG Pensions Administration have updated their procedure document to ensure that employers are notified of the final amount due and that invoices will be raised and issued to the employer. However, we have not been provided evidence to show that this operating in practice. | <u>In Progress – Reasonable progress made</u> |
| 2 | Pension Fund Finance and Investment | Jul-19 | 3c | Collection of Strain Contributions | CSG Pensions Finance will implement the process agreed with the Council for collecting strain contributions. | Head of Scheme Finance and Payroll, CSG Pensions Finance | 31/07/2019 | The process for collecting strain contributions was agreed with the Council on 20 December 2019 and CSG Pensions Administration have implemented this new process. Evidence of implementation will be obtained next quarter. | <u>In progress – Reasonable progress made</u> |

| | | | | | | | | | |
|---|-------------------------|--------|----|--|---|--|------------|---|---|
| | | | | | | | | Prior to the new process being agreed, we have been provided with evidence that CSG Pensions Administration chased invoices outstanding in December 2019. | |
| 3 | Pensions Administration | Jan-18 | 5c | Communication Strategy | The Council will determine how information regarding the Council's pension scheme is presented on its website and the content subsequently updated. | LBB Pensions Consultant | 31/07/2018 | The Council's webpage for LGPS has been significantly updated and now includes guidance to members on the retirement process and on their annual benefit statement. It also contains information for employers. The Council is focused on establishing an independent web site which is expected to go live in Q1 2020. | <u>In Progress – Substantial progress made</u> |
| 4 | Pensions Administration | Jan-18 | 6b | New members and the impact on data quality | We will review records created by the interface between the payroll system and Hartlink to ensure that duplicate entries are resolved before Annual Benefit | Head of Public Sector Pensions, Capita / Head of Business Assurance, CSG Employee Benefits | 30/06/2018 | CSG Pensions Administration plan to implement this action by ensuring all files being loaded through the interface are tested before being loaded to Hartlink. Due to issues with the IT test | <u>In progress – Reasonable progress made</u> |

| | | | | | | | | | |
|---|------------------|--------|----|--------------------|---|---|------------|--|--|
| | | | | | Statements are issued. | | | environment, these tests cannot take place, and thus the files are being loaded manually. CSG Pensions Administration are, instead, reviewing all potential duplicates created through this process and manually updating records to remove duplicates created. Issues with the test environment are expected to be resolved by the end of January 2020. | |
| 5 | Accounts Payable | Oct-19 | 3a | Duplicate Payments | The implementation of software, AP Forensics (APF), will be expedited in line with Council requirements, to identify potentially duplicate payments based on a variety of agreed criteria such as value, name and bank details. The Head of Counter Fraud Operations will be engaged as part of the implementation of the software, as a potential end user of the application. | Acting Head of Finance – Projects liaising with Head of Financial Systems, Capita Head of Counter Fraud Operations (engage with the AP Forensics implementation process as a potential end user of the software) | 31/10/2019 | In Progress - reasonable progress The AP Forensics change request is currently between the two Commercial teams in Council and Capita at present, the start date was estimated as early February 2020. CAFT approval will be required prior to signing off the change request. | <u>In Progress – Reasonable progress made</u> |

| | | | | | | | | | |
|---|------------------|--------|----|--------------------|---|---|------------|--|--|
| 6 | Accounts Payable | Oct-19 | 3b | Duplicate Payments | Processes for identification, escalation and investigation, clarifying roles and responsibilities and the timing of reports will be documented and communicated. | Acting Head of Finance – Projects liaising with Head of Financial Systems, Capita Head of Counter Fraud Operations (engage with the AP Forensics implementation process as a potential end user of the software) | 31/10/2019 | In Progress - reasonable progress The AP Forensics change request is currently between the two Commercial teams in Council and Capita at present, the start date was estimated as early February 2020. CAFT approval will be required prior to signing off the change request. | <u>In Progress – Reasonable progress made</u> |
| 7 | Accounts Payable | Oct-19 | 3c | Duplicate Payments | Pending implementation of APF, Finance will arrange for the download of the last 3 years of Council payments at the Council through AP Forensics software to identify potentially duplicate payments for investigation. | Acting Head of Finance – Projects liaising with Head of Financial Systems, Capita Head of Counter Fraud Operations (engage with the AP Forensics implementation process as a potential end user of the software) | 31/10/2019 | In Progress - reasonable progress The responsible officer indicated that the AP Forensics change request was currently between the two Commercial teams in Council and Capita at present, estimated implementation date February 2020. CAFT approval will be required prior to signing off the change request. Management indicated that when APF is | <u>In Progress – Reasonable progress made</u> |

| | | | | | | | | | |
|---|------------------|--------|---|-----------------------------|--|---|------------|---|--|
| | | | | | | | | <p>implemented, the first system process would be to review all the historical data matches, potentially involving CAFT.</p> <p>This requirement would therefore be addressed in the change request.</p> | |
| 8 | Accounts Payable | Oct-19 | 5 | AP Training and Development | Evidence of AP training and development relevant to AP payment processing will be provided for Internal Audit review. AP management will review current training plans and will respond with a proposal for review | Accounts Payable Manager, Accounts Payable, CSG Accounts Payable Team Leader, CSG | 31/10/2019 | <p>In Progress - Limited Progress AP have verbally updated Internal Audit as to how they communicate new AP processes to the AP team. This is done on an ongoing basis in team meetings and one to one discussions with AP team members as necessary, including where processes specific to Barnet may differ/deviate from the standard processes covering all their clients.</p> <p>Evidence is to be provided, for example team meeting dates / notes and how training needs relating to AP processes have been</p> | <p><u>In Progress – Limited progress made</u></p> |

| | | | | | | | | | |
|---|------------------|--------|----|--------------------------|--|---|------------|--|--|
| | | | | | | | | identified and addressed. A verbal update will be given at Audit Committee. | |
| 9 | Accounts Payable | Oct-19 | 6c | Documented AP Procedures | Finance will engage with the relevant Capita teams to produce flowcharts mapping all Integra interfaces with other systems, for example, Mosaic and ControCC and defining related operation, | Acting Head of Finance – Projects, liaising with Capita officers where necessary. | 31/10/2019 | <p>In Progress – Substantial progress</p> <p>We reviewed the Interface file provided by Capita, Interface_Catalog_v38. The spreadsheet provided a detailed statement of the interfaces which referred to systems interfacing with Integra</p> <p>However, the spreadsheet appeared out of date as it:</p> <ul style="list-style-type: none"> - did not refer to MOSAIC, instead referred to SWIFT - referred to an Office Depot interface, a supplier no longer used by the Council - referred to a ResourceLink interface which we understood had been replaced by I- | <p><u>In Progress – Substantial progress made</u></p> |

| | | | | | | | | | |
|----|------------------|--------|------------|--|---|---|------------|--|---|
| | | | | | | | | <p>Trent in Schools.</p> <p>The Head of Finance – Projects in the Council had also escalated the outstanding position to Capita to expedite completion, resolution by Capita was in progress at 8/1/2020.</p> <p>Further action:</p> <p>An up to date Assurance map of all systems interfacing with Integra will drafted and communicated to Finance</p> | |
| 10 | Accounts Payable | Oct-19 | App 6, 1.2 | Payments Data Analytics Matching Exercise (PDAME) - Multiple Vendors Receiving Payments into Common Accounts | AP to resolve for deletion, where applicable, the remaining 52 matches. AP to respond to further request for information from CAFT in relation to the one outstanding bank account. | Accounts Payable Manager, Accounts Payable, CSG | 01/10/2019 | <p>Partly implemented (reasonable)</p> <p><u>52 matches - partly implemented</u></p> <p>The 52 matches were investigated by Capita. None of the matches were considered suspicious, relating to:</p> <ul style="list-style-type: none"> - duplicate vendors and - social care clients who shared the bank details of the payroll provider, a practice common for | <p><u>In Progress – Reasonable progress made</u></p> |

direct payments.

We tested 4 of the duplicate vendor matches to ensure that they had been removed from the Vendor Master list in Integra. We found that 3/4 duplicate vendors were still active on the Integra Vendor Master list. The action is therefore considered partly implemented as duplicate vendors still remain active in Integra.

Investigation of shared bank account by 3 suppliers - implemented

The investigation by CAFT/CSG of the bank account shared by 3 vendors was completed and confirmed the validity of the position. The position was not regarded as suspicious as the vendors had been subject to factoring exercise, collection ceded to the same finance company who in turn became the

| | | | | | | | | |
|--|--|--|--|--|--|--|---|--|
| | | | | | | | <p>common recipient of each payment, hence the common bank account. The position had been confirmed/validated by CAFT in the relevant Service in the Council.</p> <p>Further action:</p> <p>Duplicate vendors within the 52 matches will be reviewed by LBB Finance and appropriate instruction given to AP to de-activate or merge in Integra (as appropriate) following confirmation with the Service that uses the supplier. LBB Finance will also issue clear instruction to the Service areas in question to ensure they are prepared & ready to use the correct supplier.</p> <p>Deadline: 15 February 2019</p> | |
|--|--|--|--|--|--|--|---|--|

| | | | | | | | | | |
|----|------------------|--------|------------|--|--|--|------------|--|--|
| 11 | Accounts Payable | Oct-19 | App 6, 2.2 | PDAME - Multiple Vendors Sharing a Common Bank Account | AP to confirm that deactivation where appropriate for 146/284 vendors sharing common bank accounts. AP to respond to further request for information from CAFT in relation to two outstanding bank accounts. | Accounts Payable Manager, Accounts Payable, CSG Revised: In consultation with LBB Finance Manager, Financial Systems | 01/10/2019 | <p>Partly implemented (reasonable progress)</p> <p><u>Deactivation of 146/284 matches where necessary (partly implemented)</u></p> <p>Capita confirmed a review of the 146/284 vendors. There were no suspicious matches, some related to social care clients who shared the bank account of the care home in which they all resided or shared the bank account details of the same payroll provider, a practice which is not uncommon in the social care industry and the others relating to vendors with similar names, duplicate suppliers.</p> <p>We checked a sample of 4 of 32 matches - above - relating to duplicate vendors to test whether one vendor had been de-activated. The duplicate vendor was still active in the Integra Master list in 3/4</p> | <u>In Progress – Reasonable progress made</u> |
|----|------------------|--------|------------|--|--|--|------------|--|--|

| | | | | | | | | |
|--|--|--|--|--|--|--|---|--|
| | | | | | | | <p>matches - See "2. Test tab". Specifically, for this action relating to the 146/284 vendors, there was no evidence of duplicate vendors being de-activated in Integra where this was considered necessary.</p> <p><u>Investigation of the 8 suppliers paid across 2 bank accounts (implemented)</u></p> <p>Capita and CAFT investigated the position with the relevant Council Service. There was no evidence of suspicious activity. 6 of the vendors shared the care homes bank account, a practice not uncommon in the social care industry. For 2 of the vendors the payments were confirmed as valid however the payment of one service user had been made to duplicate vendor account with the bank details of another service user. CAFT have communicated this to</p> | |
|--|--|--|--|--|--|--|---|--|

the Service for resolution. The duplicate vendor account still existed on the Vendor Master list. This had been communicated to the Service for resolution/confirmation.

This action is therefore considered partly implemented.

Further action:

Duplicate vendors will be reviewed by LBB Finance and appropriate instruction given to AP to de-activate or merge in Integra (as appropriate) following confirmation with the Service that uses the supplier, where applicable. Specifically, the vendor account 15844400 with the incorrect bank account number will be de-activated following confirmation from the Service.

| | | | | | | | | | |
|----|--|--------|----|---|---|-----------------------------------|------------|---|--|
| | | | | | | | | LBB Finance will also issue clear instruction to the Service areas in question to ensure they are prepared & ready to use the correct supplier. Deadline: 15 February 2019 | |
| 12 | Integra Access and Program Change Management | Dec-18 | 2a | Governance – Assurance over the operating effectiveness of access and change management controls over Integra as a hosted service | CLPS will consult with the Council / Deputy S151 and agree on an approach to provide the Council with evidence that CLPS perform ongoing monitoring of the activities outsourced to CIBS in particular that logical access and change management controls over Integra continue to operate effectively on an ongoing basis throughout the financial year. | Head of Financial Systems, Capita | 31/01/2019 | Evidence was requested of engagement / consultation between CLPS and the Director of Finance. This evidence had not been provided to us for review. The Deputy Director of Finance has agreed to pursue this. | <u>Not Implemented</u> |
| 13 | Integra Access and Program Change Management | Dec-18 | 3a | Logical access – Segregation of Duties (“SoD”) | CSG are currently in the process of performing a review of potential SoD conflicts, and will create a list of incompatible/prohibited combinations of user groups for use by CST | Internal Controls Manager, Capita | 31/01/2019 | CSG provided a list of suggested incompatible Integra user groups in March 2019. Evidence has been requested of engagement / | <u>In Progress – Reasonable progress made</u> |

| | | | | | | | | | |
|----|-------------------|--------|----|--|--|--|-------------|---|--|
| | | | | | when processing requests for starters and movers. This will be completed as soon as possible and shared with the Director of Finance | | | consultation between CSG and the Director of Finance to confirm if this resulted in CST applying these rules when processing requests for starters and movers. This evidence had not been provided to us for review. The Deputy Director of Finance has agreed to take this forward. | |
| 14 | Domestic Violence | Nov-19 | 2a | The Community Safety team does not currently have an Information Management Governance Group | We will reinstate an IMGG as soon as possible. | Assistant Director, Community Safety & Regulatory Services | Immediately | The Director of Assurance has confirmed that the Assurance IMGG will be relaunched, which will now include Community Safety, as this service transferred to Assurance on 18th November 2019. The Director of Assurance confirmed that the first meeting will be in January/February 2020, at which point the appointed Chair will re-establish communication between the | <u>In Progress – Reasonable progress made</u> |

| | | | | | | | | | |
|----|--|--------|-----|--|---|--|-------------|--|--|
| | | | | | | | | Community Safety team and the Information Management Team. | |
| 15 | Domestic Violence | Nov-19 | 2b | The Community Safety team does not currently have an Information Management Governance Group | The appointed Chair will re-establish communication between the Community Safety team and the Information Management Team. | Assistant Director, Community Safety & Regulatory Services | Immediately | As above | <u>In Progress – Reasonable progress made</u> |
| 16 | Accounts Receivable - Debt Management and Collection | Apr-19 | AR3 | Third Party Debt Collections | 1. Ensure that the lack of valid current contract with this bailiff is addressed and that the Council's Contract Procedure Rules are adhered to. 2. Communicate and reinforce the requirements for third party debt collection, including where initial recovery attempts made by the bailiff and the Council are not successful, to ensure that follow up procedures are performed, or the debt is written off if required. | Revenues & Benefits Manager | 30-Sep-19 | In Progress - Reasonable Progress Made The responsible officer reported progress as follows: Contract in place but not signed. High level consultation is expected to take place between Finance and Legal services to resolve some issues before final implementation. | In Progress – Reasonable progress made |

4.3 Completed actions

4.3.1 During this period we followed up 27 high priority and 16 medium priority actions which are deemed to have been implemented, superseded or closed. These are listed below:

4.3.2 Completed high priority actions

| Name of report | Agreed Action | Owner | Due Date | Slippage* |
|---|---|--|--|-----------|
| Strategic Director: Director of Finance | | | | |
| 1. Accounts Payable October 2019 | Authorisation of purchase orders (PO) Council Finance b(i): Finance will ensure that expenditure with Staples, the supplier replacing Office Depot, is set up in Integra to follow the standard PO route, so the 3-way match of PO, Goods Receipt and invoice, with purchase order approval in Integra in line with the Financial Scheme of Delegation. | Responsible officer: Acting Head of Finance – Projects | Target date: 31 October 2019 | - |
| 2. Accounts Payable October 2019 | Authorisation of purchase orders (PO) Accounts Payable (AP) b(ii): Thereafter, Staples invoices will be released for payment following the standard PO route, the 3-way match of invoice, goods receipt and PO. | Responsible officer: Accounts Payable Manager, Accounts Payable, CSG | Target date: 31 October 2019 | - |
| 3. Accounts Payable October 2019 | Manual upload process Council Finance a.(i)The Manual upload process will be reviewed and updated to ensure clarity over when this approach is permissible for payments, so which payments may follow the manual upload process. | Responsible officer: - Acting Head of Finance – Projects | Target date: 31 October 2019 | - |
| 4. Accounts Payable October 2019 | Manual upload process (ii)The process document will be kept up to date. The related authorisation sheet will be reviewed, updated and provided to AP on a quarterly basis as a minimum. AP will be notified of changes to the | Responsible officer: - Acting Head of Finance – Projects | Target date: 31 October 2019 | - |

| | | | | |
|---|---|--|--|---|
| | authorisations immediately, for example, where Finance become aware that authorising officers have left the Council. | | | |
| 5. Accounts Payable October 2019 | Manual upload process (iii)The Manual upload process document will emphasize that authorising officer limits must align with the <u>total</u> value of the manual upload payment, referring specifically to the <u>situation</u> where the manual upload is broken down into various payments across more than one budget manager and cost centre. | Responsible officer: Acting Head of Finance – Projects | Target date: 31 October 2019 | - |
| Strategic Director: Deputy Chief Executive | | | | |
| 6. Re 2018/19 Follow up of 2016/17 Operational Review May 2019 | Policies & Procedures b) Re will then ensure that appropriate procedure documents, with appropriate version control, are generated for these activities and retained within the BMS database. | Operations Director, Re | Target date: 31 July 2019 Revised target date: 31 December 2019 | 1 |
| Strategic Director: Executive Director for Environment | | | | |
| 7. Highways Programme August 2019 | Initiation of Highways Special Projects d) The Council will update the log currently held by the Commercial team to ensure it includes a breakdown of payments made against each Highways SPIR. This will provide a clear log which details: - Highways SPIRs in the process of being written; - Highways SPIRs which have been approved; and - A breakdown of payments made against each Highways SPIR. and will be included within the papers presented to the Contract Management Meeting as a standing agenda item so that SPIR progress can be tracked and monitored. | Commercial Advisor, LBB Strategic Lead Commissioner – Transport and Highways, LBB Finance Manager, LBB | Target date: 16 September 2019 Revised target date: 31 December 2019 | 1 |

| | | | | |
|--|---|--|--|----------|
| <p>8. Highways Programme</p> <p>August 2019</p> | <p>Quality of SPIRs documents</p> <p>c) Management will review any payments made against HW051 (relating to works approved at Local Area Committees in October, November and December 2017) and take appropriate action should payments have been made above agreed at the Area Committees (£64,850)</p> | <p>Strategic Lead Commissioner – Transport and Highways, LBB</p> | <p>Target date: 16 September 2019.</p> <p>Revised target date: 31 October 2019</p> | <p>1</p> |
| <p>Strategic Director: Director of Assurance</p> | | | | |
| <p>9. Domestic Violence</p> <p>November 2019</p> | <p>The Community Safety Information Sharing Agreements are out of date and not fit for purpose</p> <p>b) We will review the existing ISAs so that data shared with partner organisations is not in breach of relevant data protection legislation.</p> | <p>Community Safety Manager with support from Information Strategy Manager</p> | <p>Target date:</p> <p>The existing ISAs will be reviewed with immediate effect.</p> <p>The single collective ISA will be reviewed and signed-off at the next Safer Communities Partnership Board meeting, to be held on 24 January 2020.</p> | <p>-</p> |

| | | | | |
|--|--|--|--|----------|
| <p>10. Domestic Violence</p> <p>November 2019</p> | <p>The Community Safety Information Sharing Agreements are out of date and not fit for purpose</p> <p>c) Community Safety will engage with IMT early on, as required by Council policy, as this will involve contracts and information sharing.</p> | <p>Community Safety Manager with support from Information Strategy Manager</p> | <p>Target date:</p> <p>The existing ISAs will be reviewed with immediate effect.</p> <p>The single collective ISA will be reviewed and signed-off at the next Safer Communities Partnership Board meeting, to be held on 24 January 2020.</p> | <p>-</p> |
| <p>Strategic Director: Executive Director for Adults & Health</p> | | | | |
| <p>11. Mosaic Application Review</p> <p>December 2019</p> | <p>Generic User Accounts</p> <p>We will disable and/or remove both the UAT Administrator and CoreLogic accounts.</p> | <p>Business Systems Team Manager</p> | <p>Completed</p> | <p>-</p> |
| <p>12. Mosaic Application Review</p> <p>December 2019</p> | <p>Generic User Accounts</p> <p>We will monitor user activity for generic accounts.</p> | <p>Business Systems Team Manager</p> | <p>Completed</p> | <p>-</p> |
| <p>13. Mosaic Application Review</p> <p>December 2019</p> | <p>Generic User Accounts</p> <p>We will update the user access process documentation to reflect third party access to the application.</p> | <p>Business Systems Team Manager</p> | <p>Completed</p> | <p>-</p> |
| <p>Strategic Director: Executive Director for Children & Young People</p> | | | | |

| | | | | |
|---|---|---|--|----------|
| <p>14. Menorah Foundation June 2019</p> | <p>Banking and Petty Cash a) The school will immediately complete a revised Notice of Authorised signatories form for approval by the Governing Body which will be sent to the Local authority.</p> | <p>School Business Manager/ Headteacher/Governors</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>15. Menorah Foundation June 2019</p> | <p>Banking and Petty Cash b) The school will refer to Section 1.2 of the Financial Guide for schools and ensure that sufficient members of staff are included to allow for separation of duties, allow for absences, and ensure that the authorised signatories for cheque signing/BACs authorisation are reflected on the Bank Mandate.</p> | <p>School Business Manager/ Headteacher/Governors</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>16. Menorah Foundation June 2019</p> | <p>Banking and Petty Cash c) The ability for the school business manager to be the sole authoriser of electronic payments will be removed to embed segregation of duties in payments processes and ensure separate review/challenge and approval of all payments. Section 4 of the Financial Guide for schools gives more guidance on Internal Financial Control.</p> | <p>School Business Manager/ Headteacher/Governors</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>17. Menorah Foundation June 2019</p> | <p>Purchasing a) The School will ensure that a clear separation of duties is introduced to ensure that the same officer is not responsible for authorising the purchase order, invoice and cheque/payment for the same purchase.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>18. Menorah Foundation June 2019</p> | <p>Purchasing b) The school will ensure that a purchase order is raised for all relevant goods and services and this is approved by an authorised signatory. This expenditure will be recorded as a commitment to the school in a manner which allows the amount of committed expenditure to be accurately calculated to ensure optimal budget monitoring. An audit trail will be available which allows an item to be traced through from ordering through to payment of the invoice.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |

| | | | | |
|--|---|---|--|----------|
| <p>19. Menorah Foundation</p> <p>June 2019</p> | <p>Purchasing</p> <p>c) The School Business Manager will clearly initial in the rubber stamp grid on the invoice that the invoice has been checked for accuracy of quantity, price and calculation against the original order.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>20. Menorah Foundation</p> <p>June 2019</p> | <p>Purchasing</p> <p>d) All goods and services will be checked against a delivery note, for quality and quantity. The check will be recorded (signed for) on the delivery note.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>21. Menorah Foundation</p> <p>June 2019</p> | <p>Purchasing</p> <p>e) The school will approve a debit card policy and use of the school debit card to ensure that all purchases are reviewed and executed in accordance with requirements as approved within the School's Financial Management and Procedures Policy, ensuring at all times that a separation of duties exists between purchase order request, purchase order approval and online payment by debit card, sufficient budget is available, a record is kept of delivery to the school and that approved purchase orders and debit card authorisation forms are retained for each purchase for independent review and scrutiny where necessary. VAT will not be claimed without a confirmed VAT receipt. Expenditure incurred by the Headteacher using the school debit card will be countersigned by the Chair of Governors.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>22. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>a) The school will immediately define roles and responsibilities for recording, checking and banking income from catering. This will include review of income by staff independent of the Catering team to comply with the Financial Guide for schools.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>23. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>b) All staff with financial responsibility will sign a declaration of interest form, and job roles will be allocated according to disclosure.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |

| | | | | |
|--|--|---|--|----------|
| <p>24. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>c) The system of credit for staff members will be documented and regular reports will be presented to the school business manager for authorisation and retention.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>25. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>d) Accounting records will be brought up to date and outstanding VAT will be paid to HMRC.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>26. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>e) The school will conduct a value for money exercise on Catering provided by the school. Any shortfall in Catering income which is a cost to the school budget will be reported to Governors at termly finance committee meetings.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |
| <p>27. St. Michael's Catholic Grammar</p> <p>July 2019</p> | <p>Banking and Petty Cash</p> <p>f) If the move to a cashless catering system is to go ahead in the next month – the school will immediately notify parents, pupils and staff, so that all users of the canteen are able to obtain a meal when the system is installed. Roles and responsibilities will include levels of debt which may be incurred before debt recovery procedures are brought into effect. Governor approval of the new system will be documented.</p> | <p>School Business Manager/ Headteacher</p> | <p>Target date: Immediately</p> | <p>-</p> |

4.3.3 Completed medium priority actions

| | Audit Title | Audit Date | Ref | Finding | Action | Responsible officer | Due date |
|---|-----------------------------------|-------------------|------------|------------------------------------|---|---|-----------------|
| 1 | Pension Fund Finance & Investment | Jul-19 | 3b | Collection of Strain Contributions | The Council will agree when and how often CSG will pursue outstanding amounts and at what stage the Council will be informed and take action against the employer. | Head of Treasury | 31/07/2019 |
| 2 | Pension Fund Finance & Investment | Jul-19 | 3d | Collection of Strain Contributions | CSG will provide monthly reports to the Council on the collection of strain contributions including an analysis of ageing of outstanding debt and current status of aged debts. | Head of Scheme Finance and Payroll, CSG Pensions Finance | 31/07/2019 |
| 3 | Pension Fund Finance & Investment | Jul-19 | 3e | Collection of Strain Contributions | An age analysis of strain cost debtors will be included in quarterly reports to the Pension Fund Committee | Head of Treasury | 31/12/2019 |
| 4 | Accounts Payable | Oct-19 | 4 | Missing invoice | The availability of supplier invoices in Integra will be monitored as part of AP reconciliation audit processes. Supplier invoices will be attached in Integra in all cases, where applicable. AP will reject payments where no invoice has been provided and refer them back to the Service. | Accounts Payable Manager, Accounts Payable, CSG | 31/10/2019 |
| 5 | Accounts Payable | Oct-19 | 6a | Documented AP Procedures | a. All AP procedures will be reviewed, updated and communicated to the relevant finance officers. The Frequently Asked Questions (FAQ) document referring to AP payment arrangements will be finalised and published. | Acting Head of Finance – Projects, liaising with Capita officers where necessary. | 31/10/2019 |

| | | | | | | | |
|----|------------------|--------|------------|---|--|---|------------|
| 6 | Accounts Payable | Oct-19 | 6b | Documented AP Procedures | AP process documents no longer relevant will be removed from the Intranet. | Acting Head of Finance – Projects, liaising with Capita officers where necessary. | 31/10/2019 |
| 7 | Accounts Payable | Oct-19 | App 6, 2.1 | PDAME - Amendments to Supplier Bank Details | AP to confirm that changes to bank details for 9/13 suppliers are correct in Integra. | Accounts Payable Manager, Accounts Payable, CSG Revised: Head of Counter Fraud Operations | 1/10/2019 |
| 8 | Accounts Payable | Oct-19 | App 6, 4.1 | PDAME - One Time Vendors (OTVs) Receiving More than One Payment | AP to confirm which matches have been set up as suppliers and escalate related suspicious activity to CAFT where applicable. | Accounts Payable Manager, Accounts Payable, CSG Revised: Head of Counter Fraud Operations | 01/10/2019 |
| 9 | Accounts Payable | Oct-19 | App 6, 4.2 | PDAME - One Time Vendors Receiving Payments into Multiple Bank Accounts | AP to complete the review of 52 matches | Accounts Payable Manager, Accounts Payable, CSG Revised: Head of Counter Fraud Operations | 01/10/2019 |
| 10 | Accounts Payable | Oct-19 | App 6, 4.3 | PDAME - One Time Vendors Receiving Payments into Common Accounts | AP to complete the review of remaining 13 bank accounts and escalate any suspicions to CAFT. | Accounts Payable Manager, Accounts Payable, CSG Revised: Head of Counter Fraud Operations | 01/10/2019 |

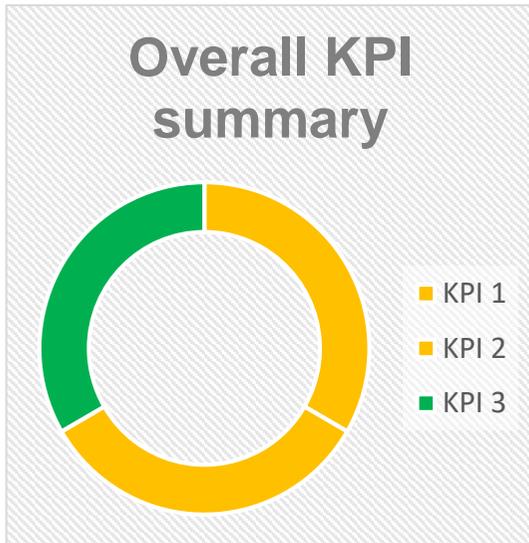
| | | | | | | | |
|----|---------------------------|--------|----|---|---|------------------------------|------------|
| 11 | Private Treaty Agreements | Jan-19 | 1c | CPO Master Schedules | LBB Finance will review and approve the updated procedure documents. | Deputy Director of Finance | 10/05/2019 |
| 12 | Private Treaty Agreements | Jan-19 | 2a | West Hendon - Delegated Powers Reports used to support property acquisition | All future DPRs written to support CHAPS payments will include all requirements listed within Regeneration CPO Payments Process v1.0 known at the time of writing including: - A clear list of all the individual potential properties to be acquired as part of the transaction for which approval is sought; - The delegated decision(s) and a reference to any relevant DPRs previously issued; - A reference back to the original Council committee decision where consent was given to acquire properties for the purposes of regeneration; - The relevant CPO phases; - The address of the property to be acquired; - The market value where known; - The total compensation if compensation is applicable where known; - The make-up of the compensation amount where known; - Confirmation of the sums payable for VAT, Surveyor fees and Legal fees where known; - The budget provision for the phase and the budget description; - A copy of the public DPR (or exempt DPR where applicable); - Any enclosures attached with the report; and - The arrangements for cost recovery of acquisition from the Developer; Section A of the DPR checklist will be completed | Regeneration PMO Manager, Re | 30/03/2019 |

| | | | | | | | |
|----|-------------------------------|--------|----|---|---|--|------------------|
| | | | | | and held on file. This will also apply to when DPRs are updated or reissued. | | |
| 13 | Private Treaty Agreements | Jan-19 | 3e | Policies and Procedures | LBB Finance will review and approve the updated procedure documents. | Deputy Director of Finance | 30/04/2019 |
| 14 | Domestic Violence | Nov-19 | 3a | Lack of supporting documentation - placement and co-location of IDVAs | We will provide the supporting documentation (most recent IDVA contract and PowerPoint slides showing how the Council approached the IDVA co-locations) to the Internal Audit team. | Assistant Director, Community Safety & Regulatory Services | 22-Nov-19 |
| 15 | St Michael's Catholic Grammar | Jul-19 | 2b | Governance - Credit card policy | The school will approve a credit card policy. | School Business Manager/ Headteacher/Governing Body | Autumn Term 2019 |

| | | | | | | | |
|----|--|--------|---------|----------------------|--|-----------------------------|-----------|
| 16 | Accounts Receivable - Debt Management and Collection | Apr-19 | AR 2 | Aged Debt Monitoring | <ol style="list-style-type: none"> 1. Review the monthly aged debt reporting process. In conjunction with departmental budget managers, update and amend the format of the aged debt report to ensure that it is sufficiently detailed to allow service areas to conduct effective review and follow up of aged debt balances. 2. Develop and implement a process to ensure that departmental budget managers have completed debt monitoring and follow up procedures. This may include responding to the monthly aged debt report with details of follow up procedures undertaken and (where required), actions to be taken to recover aged debt. 3. Review existing aged debt balances to establish whether further debt recovery processes can be carried out, or whether write off of debt is required (particularly for debt which is older than two years). | Revenues & Benefits Manager | 30-Sep-19 |
|----|--|--------|---------|----------------------|--|-----------------------------|-----------|

Appendices

Appendix A: Key performance indicators (KPIs)



KEY:

Fully Achieved

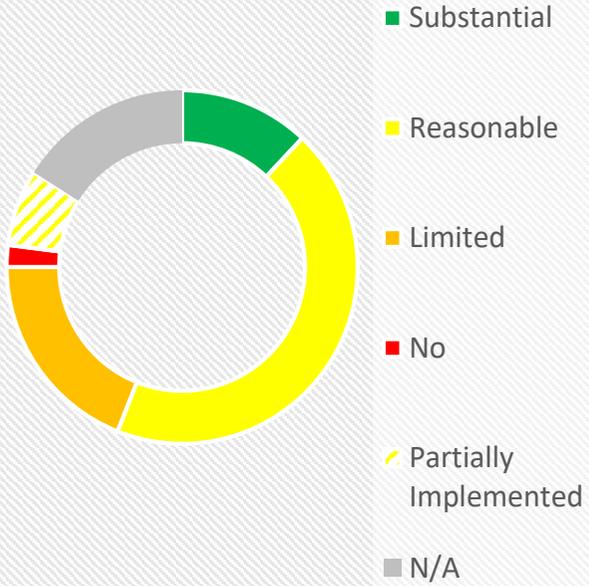
Partially Achieved

Not Achieved



| KPI | Target | Results | Comment | | | | | | | | | | |
|--|--------|---------|---|-------------|----|----------|-----|-----------|-----|--------------|-----|----------|------|
| <p>1. % of Plan delivered</p> <p>Narrative:</p> | 78% | 72% | <p>Work in progress is incorporated as follows:</p> <table border="1"> <tr> <td>Not Started</td> <td>0%</td> </tr> <tr> <td>Planning</td> <td>20%</td> </tr> <tr> <td>Fieldwork</td> <td>50%</td> </tr> <tr> <td>Draft Report</td> <td>90%</td> </tr> <tr> <td>Complete</td> <td>100%</td> </tr> </table> <p>Applying these %s to work in progress shows that we have delivered 69% of our plan.</p> <p>Up to 49% = Not Achieved 50% - 77% = Partially Achieved 78% = Fully Achieved</p> | Not Started | 0% | Planning | 20% | Fieldwork | 50% | Draft Report | 90% | Complete | 100% |
| Not Started | 0% | | | | | | | | | | | | |
| Planning | 20% | | | | | | | | | | | | |
| Fieldwork | 50% | | | | | | | | | | | | |
| Draft Report | 90% | | | | | | | | | | | | |
| Complete | 100% | | | | | | | | | | | | |
| <p>2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up</p> | 90% | 75% | <p>0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved</p> | | | | | | | | | | |
| <p>3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys</p> | 85% | 100% | <p>0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved</p> | | | | | | | | | | |

Assurance Ratings



| | | | |
|---|------------|---|--|
| <p>4. % of reports year to date achieving:</p> <ul style="list-style-type: none"> •Substantial •Reasonable •Limited •No Assurance •Partially Implemented •N/A | <p>N/A</p> | <p>12%</p> <p>44%</p> <p>19%</p> <p>2%</p> <p>7%</p> <p>16%</p> | |
|---|------------|---|--|