

Internal Audit – London Borough of Barnet

Appendix 1



Internal Audit Phase 1 Progress Report

1 April – 30 September 2020



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 2020/21 internal audit plan

1.2.1 Due to the COVID-19 pandemic, the majority of the resources of the Internal Audit function were redeployed to the front line to assist with Council's response. 'Business as usual' delivery of the Internal Audit plan was not possible from April until July, when work continued with completion of outstanding work from the end of 19/20 and COVID response work, as set out in the updated audit plan and cover report, presented to the Committee in July.

1.2.2 We have completed 20 reviews in this period and delivered 41% of our 2020/21 internal audit programme for the year, which is below the 53% target for Q2.

This should be viewed in the context of COVID-19, in that the internal audit team have been redeployed to date for a total of 272 'audit days'. To make up for this, where possible audits have been undertaken by our co-sourced partner PwC where they would normally have been undertaken by the in-house team. Alongside this, the rest of the Council was delivering critical services only for a large proportion of the period under review which had an impact on the internal audits being undertaken.

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

1.2.3 There was one 'limited' assurance reports issued in this period. There were no 'No Assurance' rated reports issued in this period.

- Housing Benefits – Limited Assurance

Further detail is provided in section 2.1 of this report.

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 September 2020 or sooner. We have had discussions with management on the progress made in implementing actions falling due in this period and have sought evidence to support their response.

A total of 17 high priority actions have been followed up in Q2:

9 actions have been confirmed as implemented and 1 has been superseded (59%); and

7 have been partially implemented (41%).

High priority actions: Follow-up Summary	Total	Completed	In progress	Not Implemented	Superseded	
Total Number of Actions	17	9	7	0	1	

1.3.2 We also follow-up a sample of medium priority actions to confirm implementation.

As reported to the Committee in July, during Q1 we confirmed that 12 medium priority actions that have been confirmed as implemented.

A total of 53 medium priority actions have been followed up in Q2:

33 actions have been confirmed as implemented and 9 have been superseded (83% including the actions followed up in Q1);

10 have been partially implemented (15%); and

1 has not been implemented (2%)

Medium priority actions: Follow-up Summary	Total	Completed	In progress	Not Implemented	Superseded	
Total Number of Actions (Q1 and Q2 combined)	65	47	8	0	10	
Total actions followed up in Phase 1 (High and Medium)	82	56	15	0	11	
%		68%	18%	0%	13%	

We have currently confirmed **81%** actions as implemented or superseded, which is below the target of 90%. Progress had been made where possible, taking into consideration the fact that although Internal Audit has effectively resumed 'BAU', other areas of the Council have been focussing on their own response and recovery plans. The outturn should be viewed in the context of services prioritising their response and recovery activity and the ongoing need to focus on the COVID response as we move into the second wave.

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

In the 2019/20 Internal Audit plan we committed to completing our work on the remaining GT actions. A summary of how these areas will now be covered in the 2020/21 plan is below.

GT ref	GT finding	Priority	Status
GT4	Managing access and authorisation rights on IT systems	High	This is linked to the wider Starters, Leavers and Movers (SLaM) project being undertaken at the Council. It will now be taken forward in 2020/21 as part of the Managing Systems Access Rights audit
GT20	Capital Budget Review	Medium	This is being audited as part of our Follow-Ups programme and will also be covered in the Finance Global Design Principles – Budget Monitoring audit

1.5 Recommendations

- That the Audit Committee notes the progress made against our 2020/21 Internal Audit Programme.

2.0 No and Limited Assurance reports issued since the previous meeting

2.1 Housing Benefits – Limited Assurance

Number of recommendations by risk rating				
Critical	High	Medium	Low	Advisory
		7	2	

Background

This review has been undertaken as part of the 2019-20 Internal Audit and Anti-Fraud Strategy and Annual Plan approved by the Council's Audit Committee on 1 May 2019.

This review identified the key controls within Barnet's Housing Benefits systems and processes specifically relating to housing benefits assessments, monitoring and disbursement; and devised an overarching programme of testing to give assurance on the effectiveness of controls.

This review focused on the arrangements in place with the CSG Revenues & Benefits team to monitor and ensure that housing benefits are computed accurately, timely and disbursed to the right people.

Finally, we followed up three audit actions from previous audits in this area and found that two had been implemented and one has been superseded by new actions raised within this current review.

The majority of the fieldwork on this review was completed in January and February 2020. The COVID-19 pandemic led to a delay in being able to complete the fieldwork and clear the queries that arose during the audit.

Summary of findings

This audit has identified seven medium and two low risk findings.

We identified the following medium priority issues as part of the audit:

- **Discretionary Housing payments (DHP) (medium)** - During fieldwork, we identified 15/30 (50%) of cases where applications received were not stamped, dated and signed by member of staff. Although documents are registered in a separate log book on receipt, there is a risk that the process could be manipulated if the documents are not date stamped by a separate officer when they are received. We noted that in another 6/30 (20%), DHP application decisions were not prompt and missed the 15 working-day KPI target; while in 1 case (3%) the application was not signed by the applicant or his/her agent; management had accepted a signed cover letter in place of the signature on the form.
- **Discretionary Housing payments - BACs Analysis (medium)** - During fieldwork, we identified that the BACs return resolution/reconciliation is carried out monthly instead of weekly (manually) and there are no written processes for this. We also noted that the reconciliation statements were not reviewed or signed by a senior officer before being passed to finance for necessary action. Notified improvements to this process will be tested when the recommendations made are followed-up.
- **Overpayments – detection and recoupment (medium)** - During fieldwork, we identified 10/30 (33%) of the overpayments made were due to assessors' errors, out of which two (7%) had no repayment arrangement in place.
- **Overpayments - bad debt write-off (medium)** - During fieldwork, we established that there is no write-off policy and no further action by way of debt recovery agencies or legal action after final notices are issued to debtors. There had been no debts written off for several years (since 2015) until the end of the 2019/20 financial year. The total amount outstanding is £324,589, which is currently awaiting a committee decision (delayed by the COVID19 pandemic) to write this off.
- **Appeal process (medium)** - During fieldwork, we noted two (6%) cases where applications were delayed for between 10 - 42 days before reaching the appeal team after reaching the Council, while in 23 (73%) cases, appeal applications were not acknowledged contrary to KPI BEN 026 which states that the service must reply to all correspondence including emails. There is also a backlog of cases to be dealt with.
- **Benefit Fraud (medium)** - During fieldwork, we identified that access to the fraud reporting electronic register is not restricted. There is a risk that unauthorised changes are made to the spreadsheet. Furthermore, the fraud detecting/reporting team have not had any training from CAFT or any other external body recently to facilitate undertaking their responsibilities. The last training session was in 2017. Potential council tax fraud detected from the NFI reports are not forwarded to the CAFT team for action; neither is there any evidence to establish that overpayments above £2,000 are referred to the DWP.
- **Process and Procedure – access to obsolete documents (medium)** – During fieldwork, we identified that a number of policies had not been reviewed and revised in accordance with the Council's policy. Management subsequently informed us that these had been updated; however, staff had access to old versions as they had not been removed from circulation.

3.0 Progress against plan

The table below represents a summary of the work that we have completed during the period 1st April 2020 to 30th September 2020 or that is currently underway.

Stage	Name of review	Report classification	Total findings	Ratings				
				Critical	High	Medium	Low	Advisory
Phase 1 – 1st April 2020 to 30th September 2020								
Complete	Housing Benefits	Limited	9	-	-	7	2	-
Complete	IT Cost Infrastructure	Reasonable	5	-	-	3	2	-
Complete	Schools Payroll	Reasonable	5	-	-	2	3	-
Complete	Teachers' Pensions	Reasonable	1	-	1	-	-	-
Complete	Non-Schools Payroll	Reasonable	6	-	-	3	3	-
Complete	Adults Restructure – Strategic Risk around Safeguarding	Reasonable	4	-	1	2	-	1
Complete	Trent School	Reasonable	5	-	-	3	2	-
Complete	St Paul's CE NW7	Reasonable	6	-	-	4	2	-
Complete	Akiva School	Reasonable	4	-	-	3	1	-
Complete	General Ledger	Reasonable	5	-	-	4	1	-

Complete	Estates Project Management	Reasonable	7	-	-	3	4	-
Complete	Osidge School	Substantial	2	-	-	1	1	-
Complete	Cambridge Education Assurance Mapping	Advisory	3	-	-	1	-	2
Complete	18-25 Service Budget Monitoring	Advisory	7	-	-	-	-	7
Complete	Pension Administration Follow-up	Partially implemented	-	-	-	-	-	-
Complete	Regulation of Investigatory Powers Act (RIPA) – follow-up of action plan	Partially implemented	2	-	-	-	-	2
Complete	Local Bus Subsidy Grant	N/A						
Complete	Troubled Families – Payment by Results Q1 (June submission)	N/A	1	-	-	1	-	-
Complete	Troubled Families - Payment by Results Q2 September submission	N/A	-	-	-	-	-	-
Complete	Risk Management Framework	N/A	1	-	-	-	-	1
Draft Report	Direct Payments – Data Analytics	TBC						
Draft Report	Land Charges – Data Quality	TBC						
Draft Report	Decision making framework - compliance	TBC						
Draft Report	COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 1)	TBC						
Draft report	Pensions Transition arrangements	TBC						
Fieldwork	Troubled Families - Payment by Results Q4 2019/20	TBC						

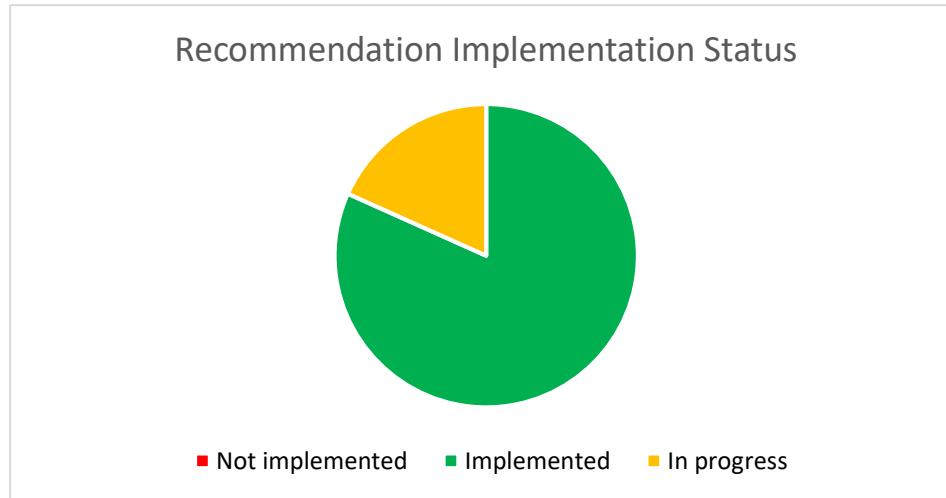
	(March submission – Fieldwork deferred till October due to COVID-19 response).						
Fieldwork	Procurement - compliance with Contract Procedure Rules (CPRs)	TBC					
Fieldwork	Integra Issue Management	TBC					
Fieldwork	Parking - PCN Cancellations	TBC					
Fieldwork	Waste - Health & Safety	TBC					
Fieldwork	Finance Global Design Principles (FGDP) - General Ledger	TBC					
Fieldwork	FGDP - Budget Monitoring	TBC					
Fieldwork	FGDP - Fixed Assets	TBC					
Planning	FGDP - Accounts Payable	TBC					
Planning	FGDP - Accounts Receivable	TBC					
Planning	FGDP - Cash and Bank	TBC					
Planning	Brent Cross Regeneration Project	TBC					
Planning	Highways Health and Safety Deferred to 2020/21 as agreed with the service to enable them to focus on improvement plan	TBC					
Planning	COVID 19 Response and Recovery - Realtime Transaction Analysis (Phase 2)	TBC					
Planning	Cyber Essentials Follow-Up	TBC					
Planning	Barnet Group - Contractual/Governance arrangements - Advisory	TBC					

Planning	Adults Debt Recovery	TBC						
Planning	Schools Audits	TBC						
Planning	CDM Regulations	TBC						
Changes to Published 2020/21 Plan								
Added to Plan	Construction Design and Management (CDM) Regulations Compliance Added at request of Deputy Chief Executive							
Deferred	Transformation - Barnet 2024 Deferred to 2021/22 due to changes in the Project Management function							
Cancelled	Integra New Modules and Interfaces Integra not being used for Asset Management as previously intended by the service							
Cancelled	Pothole Grant Confirmed no pothole grant was awarded in 19/20 and so the audit was not needed.							

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 7 high priority and 8 medium priority actions due by 30th September which were found to be in progress or not implemented. 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	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.	<p>In progress – Limited Progress made</p> <p>Progress is being made with Admission Agreements being sent to a number of new admitted bodies for signing. However, despite chasing Capita for the outstanding data required by the Actuary to calculate employer contribution rates and bond guarantee figures, due to other issues, Capita have not provided this to date. Therefore, progress has not been as expected. The service has asked Capita that they provide the outstanding data before the administration transfers to the West Yorkshire Pension Fund on 1 November 2020.</p> <p>A number of Bond guarantees are close to being put into place, but some employers are struggling to get a bond indemnity due to Covid-19. The service continues to chase and work with employers to obtain these indemnities.</p> <p>Progress has been slow on cessation valuations again due to issues with obtaining information from Capita. The service has asked for the outstanding data to be provided by the end of October.</p> <p>A quarterly report is made to the Pension Fund Committee who are monitoring progress. The Pension Committee report logs in details new cases, closed cases and status of open cases.</p>	Revised: Pensions Manager Originally: Head of Treasury	30/9/2019	4

2	Accounts Receivable - Invoicing processing January 2020	a) All manually loaded spreadsheets must include documented approval by an appropriate authorised person to evidence that the spreadsheet has been independently checked for accuracy, in line with the Financial Regulations requirement that separation of duties must be in place for all financial transactions.	<p>In Progress – Reasonable Progress made</p> <p>New procedure has been drafted and the list of teams using bulk invoicing system has been compiled.</p> <p>3 Teams have been tested out of the planned 8 bulk invoicing processing teams, with no issues noted. This action will be closed after obtaining and testing documentary evidence from the 5 remaining bulk invoicing teams.</p>	a) All invoicing teams across the Council and its partners.	31/1/2020	2
Strategic Director: Deputy Chief Executive						
3	Investing in IT – Lessons Learned (Portfolio and Project Management) May 2019	Non-IT Projects The arrangements for ensuring that there is an appropriate and proportionate level of corporate oversight and	<p>In progress - Reasonable Progress made</p> <p>There is a current review of Corporate Programme Framework which includes IT and Non-IT Projects. This will result in updated Project Management Guidance and templates, better oversight of key projects across the organisation, and regular reports to CMT.</p> <p>The review was paused as a non-essential area of work during CV19. It is due to be re-started</p>	Director of Commercial	30/9/2019	4

		assurance over department-led projects will be considered as part of the broader piece of work that is being undertaken to consider the future role of the corporate centre in ensuring effective cohesion and control across the organisation as a whole.	now that we are returning to BAU, dependent on the availability of resources.			
4	Highways Programme August 2019	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	<p>In progress – Reasonable Progress made</p> <p>As part of our Q3, 2019/20 report we considered that substantial progress had been made against this action with the outstanding item being that work will not be goods receipted before the necessary authorisation is on file.</p> <p>This quarter we noted that three SPIRs payment relating to Highways has been paid:</p> <ol style="list-style-type: none"> 1. Bus Stop Accessibility (£35,720) 2. Golder Green Car Park Survey (£4,267.41) 3. Bus Priority 2017/18 (£5,345.00) <p>We found that the Client Lead has been included into the email from Re asking for the invoices to be goods receipted and that the Lead had approved the payments retrospectively. However, we considered that</p>	Commercial Performance & Dev Manager	31/12/2019	3

		minimum documentation which will be on file to support the payments	<p>the Client Lead should formally approve invoices before they are goods receipted and evidence of this approval should be on file.</p> <p>Further action for full implementation: Work will not be goods receipted by LBB Commercial before the necessary authorisation is on file and the requirements of the Highways SPIRS protocol and the SPIR document have been met.</p> <p>Target date: We will return to confirm status in Q3, 2020/21.</p>			
Strategic Director: Executive Director – Adults and Health						
5	Adults Safeguarding June 2020	3. Management will engage with HR-Learning and Development to devise a system to ensure that training records are tracked and collated	<p>In progress – Reasonable Progress made</p> <p>Management confirmed that they are currently exploring the use of a Learning Management System (LMS) to support monitoring of staff training which will remove the need for spreadsheets and enhance the quality of training records.</p> <p>Revised Target Date: 31 December 2020</p>	Head of Localities, Adults and Health	31/7/2020	1
6	Adults Safeguarding June 2020	5. Management will devise a mechanism to ensure that managers are aware when training requirements set out in action (a) are not being met.	<p>In progress – Reasonable Progress made</p> <p>We noted that management had clearly articulated expectations regarding safeguarding training and this had been communicated to staff within Adults Social Care with managers asked to ensure compliance; however, we noted that currently there was not a process in place to proactively detect where staff had not completed required training and to remind them to do so.</p>	Head of Localities, Adults and Health	31/7/2020	1

Strategic Director: Director of Assurance						
7	Domestic Violence November 2019	<p>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>	In Progress – Reasonable Progress Made <p>The Metropolitan Police Service (MPS) remain unsigned. Although the MPS have declined to sign they have confirmed that having checked they are still within their legal duty to continue to share with us/local authorities whilst they draft and prepare their DSA (Data Sharing Agreements) being refreshed via London Councils (Croydon being the lead authority). LBB have now received a copy of their DA MARAC ISA version and this is being reviewed against the Barnet Community Safety Partnership ISA.</p>	Community Safety Manager with support from Information Strategy Manager	24/1/2020	2

4.2.3 Outstanding medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date	Progress report for Audit Committee 19 October 2020	Status at Q2
1	Accounts Receivable - Invoicing processing	01/01/2020	4d	Premises licensing and gambling	d) Henceforth, the Premises Licensing and Gambling team will be routinely providing authorisation for the AR team to take recovery action against unpaid invoices when the premises ceased trading.	Group Manager: (except action (f), see below)	31/03/2020	<p>Review has been undertaken and new process has been agreed, but no evidence attached.</p> <p>The service is prioritising its COVID enforcement response at the current time.</p>	In Progress – Reasonable Progress made
2	Accounts Receivable - Invoicing processing	01/01/2020	4g	Premises licensing and gambling	g) The Premises Licensing and Gambling team bad debts will be processed for approval in accordance with the Council's Financial Regulations. The team will verify the required	Group Manager: (except action (f), see below)	31/03/2020	<p>The information provided is inadequate to resolve this recommendation.</p> <p>Process in place to verify required approval and produce procedure in accordance with the Council's policy.</p> <p>The service is prioritising its COVID enforcement</p>	In Progress – reasonable Progress made

					approval limits and comply with these.			response at the current time.	
3	Accounts Receivable - Invoicing processing	01/01/2020	5c	Education Welfare Accounts - Cambridge Education	c) Going forward, Education Account Team's credits, bad debts and doubtful debts will be processed for approval in accordance with the Council's Financial Regulations (Fin Reg). The Team will verify the approval limits and comply with the provision of the Fin Reg. If an exception to the Fin Reg is required, this will be documented and approved by senior management and the Director of Finance.	Responsible officer: Finance Manager; Education Welfare Manager	31/03/2020	Schools have been closed from 20th March 2020. Where primary schools were partially reopened for children in Reception, Year 1 and Year 6 from 1 June it was made clear that no penalty would be due if the child did not attend school. To revisit at end of Q3.	In Progress – Unable to implement due to disruption through COVID Pandemic

4	Cash and Bank	21/01/2020	2d	Bank account listing	d) The complete list of the Council's bank accounts will be reviewed to confirm what the accounts are for and whether they are all still needed.	Assistant Finance Manager, Cashbook	01/03/2020	A review of some, but not all, bank accounts had been completed.	Partly implemented – Reasonable progress made
5	Cash and Bank	21/01/2020	7a	Documented Procedures	Cash Book a) Documented procedures will define all responsibilities relating to the bank reconciliation review, including the monitoring of unallocated items and the maximum period for bank transactions to remain unallocated	Assistant Finance Manager, Cashbook	01/03/2020	Documentation provided to us included 1. e-mail trails of the weekly process for clearing unallocated bank items and 2. specific documents showing in detail the process for reconciling, matching and journalising Pay.Net income items for as part of clearance processes. The procedure document "Unallocated Transactions Clearance Procedures – Overview" referred to the weekly unallocated clearing process. A procedure document defining the monthly reconciliation process was outstanding.	Partly implemented – Substantial progress

6	Key Financial System(KFS) General Ledger	29/06/2020	2c	Control Account Reconciliation	2c. An electronic signature approach will be introduced to enable authorisers to sign off / authorise all reviewed reconciliations. The system will be appropriately controlled to ensure that the authoriser's signature would be removed if any further changes were made to the reconciliation after it was authorised	Chief Accountant	30/06/2020	Process in place to implement this. It is confirmed that management is looking at different possibilities because of the cost involved in the implementation. Being taken forward by Finance in the first instance with Internal Controls Board overseeing so that it can become a corporate solution.	In progress – substantial progress
7	Schools' Payroll	29/04/2020	1	Segregation of Duties. If users have multiple system functional roles and/or types, then the operations are exposed to the risk of override of controls and unauthorised transactions.	1. We will review the allocation of system roles among the current users to reduce potential conflicts to a minimum and will identify compensating controls for the conflicts that	Business Manager Carlisle, Capita (left Capita) HR Excellence Manager Capita Employee Solutions	31/05/2020	The review of allocation of system roles has been undertaken as required by the action. However, the user access does not embed segregation of duties. There are officers with more than one role	Partly implemented

					<p>cannot be removed. We will add and remove user access permissions as and when required.</p>			<p>which we would expect to separate:</p> <ul style="list-style-type: none">- officers having HR and Payroll roles- superusers have more than 1 role- Officers having HR and Payroll roles also have Control roles. <p>As a compensating control, we agreed that a new starter report identifying all new starters that had been processed would be circulated to schools monthly for their review. A new starter report had been developed however it did not provide accurate/reliable data owing to report writing issues.</p> <p>Once the report writing issue relating to the new starter report has been resolved, this action will be considered implemented. The report parameters are</p>	
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								being reviewed and will be amended to look back over the last 60 days (at the point it runs). The request is with the Capita IT team and will be rolled out by the November payroll. New target date: 30/11/20	
8	Schools' Payroll	29/04/2020	2	User access termination process effectiveness. If operations run in a context of potential risk of segregation of duties and without a single sign-on policy, then unterminated users increase the exposure to errors and unauthorised transactions.	2. The process agreed with IT will be enforced to ensure that the terminated user's system access is removed immediately. Capita will communicate with IT in advance of the user's final day to ensure that IT have enough time to set up the system to remove the user's access in a timely manner. Capita management will obtain	Business Manager Carlisle, Capita	31/05/2020	We evidenced the process for the prompt deactivation of <u>school staff</u> leavers who had system user access. We were unable to evidence the prompt deactivation of <u>Capita</u> employees – responsible for the Barnet Schools Payroll - who had end user access in the system once they had left Capita. Once we are able to evidence the prompt de-activation of system accounts of Capita employees - responsible for the Barnet Schools payroll -	Partly Implemented

					written confirmation from IT on the termination date that the user account has been closed, along with a system screenshot to support it.			who have left the organisation, we will consider the action implemented. New target date: 30/11/20	
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4.3 Completed actions

4.3.1 During this period we followed up 10 high priority and 57 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: Deputy Chief Executive					
1	Integra Access and Program Change Management (“APCM”) 1 December 2018	<u>SUPERSEDED</u> <u>Logical access controls – joiners, movers and leavers</u> The overall joiners and leavers process will be reviewed, to ensure that all necessary actions are taken upon the joining, moving or leaving the service of employees or contractors. This will be aligned with the different departments prior to roll out.	Assistant Director of HR and OD,	31 August 2019	4
2	Equalities Data – Quality and Analysis November 2018	<u>Data quality and analysis – staff performance reviews</u> 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.	Interim Strategic HR Director, CSG	28 February 2019	5

3	Equalities Data – Quality and Analysis November 2018	Data quality and analysis – mandatory gender pay gap reporting 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.	Strategic HR Lead, LBB	31 March 2019	5
Strategic Director: Director of Finance					
4	Accounts Payable October 2019	Dual authorisation procedure 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.	Responsible Officer: Acting Head of Finance – Projects	31 October 2019	3
5	Teachers Pensions April 2020	Incurred interest for late payments for contributions 1. Barnet and Capita Payroll have agreed to change the process such that payment instructions from Capita Payroll to Barnet Treasury will be based on the returns received from schools using alternative payroll providers. Future delays will only occur should a school not furnish their monthly contribution report on time. The process of reconciling contributions received by LB Barnet with contributions returns will continue but this may take place after the payment has been made to Teachers Pensions. The process will be kept under review to ensure that it achieves the aim of paying reconciled contributions to Teachers Pensions on time.	Head of Finance - Pensions	7 May 2020	-
Strategic Director: Executive Director Adults & Health					
6	Adults Safeguarding June 2020	Safeguarding Training – Training Requirements and Roles who must complete training 1. Management will review the Learning and Development Programme to ensure there is clear list of training requirements including which roles must complete training courses.	Head of Localities, Adults and Health	31 July 2020	-

7	Adults Safeguarding June 2020	Safeguarding Training – Fit for purpose 2. The Safeguarding Level 1 eLearning will be reviewed to ensure it is fit for purpose. As part of the review Management will agree which roles must complete the eLearning and cascade this decision to all relevant managers.	Head of Localities, Adults and Health	31 July 2020	-
8	Adults Safeguarding June 2020	Safeguarding Training – Use of LMS to support monitoring 4. Management will engage with HR – Learning and Development to investigate the use of a Learning Management System to support monitoring of training.	Head of Localities, Adults and Health	31 July 2020	-
9	Adults Safeguarding June 2020	Safeguarding Training – Review of appropriateness of STR06 6. In light of these findings the risk rating for STR06 should be reviewed to ensure it is appropriate.	Director Adults Social Care, Adults and Health	31 July 2020	-
Strategic Director: Executive Director Children & Young People					
10	St Mary's CE Primary January 2020	Payroll The school will obtain written confirmation from the Chair of Governors that he approves the change in hours and pay rise for the Headteachers. This will be available prior to any change being made in the payroll software. The External school finance support officer will have access to the letter to check that the pay change has been entered and processed correctly and in accordance with Governor approval.	School administrator /Headteachers/Governors	31 January 2020	1

4.3.3 Completed medium priority actions

	Audit Title	Audit Date	Ref	Finding	Action	Responsible officer	Due date
1	Banking and Payments Arrangements - Accounts Payable	01/10/2019	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	Responsible officer: Acting Head of Finance – Projects Head of Financial Systems, Capita Head of Counter Fraud Operations)	31/10/2019
2	Banking and Payments Arrangements - Accounts Payable	01/10/2019	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,	Interim Finance Manager, Financial Systems Acting Head of Finance – Projects, liaising with Capita officers where necessary	31/10/2019
3	Banking and Payments Arrangements - Accounts Payable	01/10/2019	App 6.2	Observations from Payments Data Analytics review, February 2019	Council / CSG Finance management will review the observations as a basis for implementing changes in Integra, in current or future versions/updates based on a risk/cost/benefit analysis. Observations which further mitigate fraud risk will be prioritised for assessment.	CSG/LBB AP Business Partner)	31/03/2020

4	Cash and Bank	21/01/2020	1b	Direct debit roles and responsibilities	Direct debits will be reviewed to ensure their ongoing validity. Corporate Finance will provide a report of direct debits to Finance teams in Delivery Units periodically for them to confirm their ongoing validity.	Assistant Finance Manager, Cashbook	03/02/2020
5	Cash and Bank	21/01/2020	2a	Bank account listing	A complete list of all Council bank accounts will be maintained including signatories and who is responsible for the day to day control of those accounts, including the bank reconciliation process.	Assistant Finance Manager, Cashbook	01/03/20
6	Cash and Bank	21/01/2020	2c	Bank account listing	Superseded The signatories list for every banking provider used by the Council will be updated where required and stored centrally.	Assistant Finance Manager, Cashbook	01/03/20
7	Cash and Bank	21/01/2020	2e	Bank account listing	Where required, the contact details for each account will be confirmed and updated (e.g. correct contact names and postal address).	Assistant Finance Manager, Cashbook	01/03/20
8	Cash and Bank	21/01/2020	2f	Bank account listing	The relevant observations from the Accounts Payable Data Analysis review will be taken forward.	Assistant Finance Manager, Cashbook	01/03/2020

9	Cash and Bank	21/01/2020	3a	Cash and bank system access	Integra: a. Finance Business Partners will review Integra access lists monthly to confirm the validity of user access in line with the end user roles and responsibilities, including leavers/movers (LBB and non-LBB staff).	Interim Finance Manager	03/02/2020
10	Cash and Bank	21/01/2020	4a	Bank reconciliation	a. The monthly review of the bank reconciliation will include a review of the level of unreconciled balances by Management. Specifically, unreconciled amounts over 3 months will be monitored to ensure a continuous focus on such transactions for clearance.	Assistant Finance Manager, Cashbook	03/02/2020
11	Cash and Bank	21/01/2020	5a	Cash management administration	a. Independent reconciliations of top requests and Service payments relating to the £10k cash float will be done periodically, for example once a year, possibly on a surprise basis.	Acting Income and Cashier Manager	03/02/2020
12	Cash and Bank	21/01/2020	5b	Cash management administration	b. All Service requests for cash monies/ payments from the £10k float will be made in writing and retained for referral.	Cashier	03/02/2020
13	Cash and Bank	21/01/2020	5c	Cash management administration	c. The sign-off documentation supporting the collection and delivery of asylum seeker pay packets will be retained for referral.	Cashier	03/02/2020

14	Cash and Bank	21/01/2020	6a	Security - Physical access	a. CCTV will be installed in the Colindale ground floor safe office	Assistant Director – Estates Acting Facilities Manager	03/02/2020
15	Cash and Bank	21/01/2020	7b	Documented Procedures	Cash-up and cash/cheque receipting: b) Cash/cheque receipting into Pay360 and cash-up procedures will be updated to record manager review and sign-off of the cash-up documentation and Royal Mail collection arrangements.	Cashier	03/02/2020
16	Accounts Receivable - Invoicing processing	01/01/2020	2.1a	Commercial Rents - CSG Estates	a) The Commercial Rents team will ensure that expired leases and rents are renewed promptly to improve the income and cash flow of the Council.	Head of Property Services & Valuation Property Services Officer	31/03/2020
17	Accounts Receivable - Invoicing processing	01/01/2020	4a	Premises licencing and gambling	a) The Premises Licensing and Gambling team will review its processes in relation to termination and transfer of licences to ensure terminated clients are removed from the database for invoicing immediately. Team to also review last 12 months to ensure these have been actioned.	Group Manager	31/03/2020
18	Accounts Receivable - Invoicing processing	01/01/2020	4c	Premises licencing and gambling	c) The PLG team will raise a call with CST for any further bespoke reports that are required from Integra.	Group Manager	31/03/2020

19	Accounts Receivable - Invoicing processing	01/01/2020	4e	Premises licencing and gambling	e) The Premises Licensing and Gambling team will explore the possibility of setting up direct debits for all its clients/customers to improve the council's income.	Group Manager	31/03/2020
20	Revenue Budget Monitoring	27/03/2020	1a	Revenue cost centre management - cost centre creation and approval	Superseded Integra Finance will ensure that the "LBB Live New Revenue Cost Centre Setup" is signed by both the line manager and Finance Business Partner as evidence of the line manager and Finance Business Partner (FBP) approval.	Management Accountant, Integra Finance (should inappropriate authorised set-up forms be submitted by Finance) Deputy Director of Finance together with all Finance Business Partners	01/05/20
21	Revenue Budget Monitoring	27/03/2020	1b	Revenue cost centre management - cost centre creation and approval	1b. A report has been developed and published by the Finance Systems Team which allows reporting on all new cost centres set up.	Deputy Director of Finance	01/05/2020
22	Revenue Budget Monitoring	27/03/2020	2a	Revenue cost centre management - holding cost centres	2a. In line with the M9 and y/e clearing processes, holding cost centre codes in Integra will /removed as appropriate.	Deputy Chief Finance Officer together with all Finance Business Partners Finance Consultant Finance Manager – Financial Systems	30/06/2020

23	Revenue Budget Monitoring	27/03/2020	3a	Roles and responsibilities - Procedures and training	Superseded 3a. Budget Monitoring training will be completed for roll-out in the Council.	Assistant Director of Finance Head of Finance-Environment, Parking & Corporate Rep	30/06/2020
24	Revenue Budget Monitoring	27/03/2020	3b	Roles and responsibilities - Procedures and training	Superseded 3b. Officers recruited to new roles involving budget monitoring duties will be offered training in the principles of budget monitoring.	Assistant Director of Finance Head of Finance-Environment, Parking & Corporate Rep	30/06/2020
25	Revenue Budget Monitoring	27/03/2020	3c	Roles and responsibilities - Procedures and training	Superseded 3c. The “GT013.1 BP Handbook - October 2018” will be communicated to all new budget managers as part of training.	Assistant Director of Finance Head of Finance-Environment, Parking & Corporate Rep	30/06/2020
26	Revenue Budget Monitoring	27/03/2020	3d	Roles and responsibilities - Procedures and training	Superseded 3d. Finance will engage with HR – Learning and Development to determine a process for identifying new recruits (external/internal) who should attend budget monitoring training.	Assistant Director of Finance Head of Finance-Environment, Parking & Corporate Rep	30/06/2020

27	Revenue Budget Monitoring	27/03/2020	4a	Virements	4a. Finance Business Partners will be reminded to ensure that all virements are authorised appropriately in line with the Constitution, specifically authorisation should only be undertaken by officers at the level specified in the Financial Regulations and if this is not possible then by the relevant officer at a higher level.	Deputy Chief Finance Officer together with all Finance Business Partners Finance Consultant	30/06/2020
28	Capital Budget Review - GT20	22/06/2020	1	Capital Budget Review - GT20 (Outstanding actions from GT review of CPO fraud transferred over to this schedule for easier monitoring)	Superseded Review and revise current capital budget monitoring process (to include frequency and detail of reporting)	Assistant Director of Finance	30/06/2020
29	Non- Schools Payroll	27/04/2020	2	New starters are not added to Core in a timely manner	2. Capita will only be sent the new starter's form once all pre-employment checks have been completed and a start date is agreed between the applicant and the Council. In their role of gatekeeper of HR and payroll processes and compliance, CSG HR will reject any incomplete new starter requests within five days of receipt.	Assistant Director – HR and OD Service Delivery Manager (HR Solutions), Payroll Manager, Belfast	30/04/2020

30	Non- Schools Payroll	27/04/2020	3	Lack of review of new starter's forms	3. In their role of gatekeeper of HR and payroll processes and compliance, Capita HR will query with HR Business Partners any new starter's forms with which there are issues. Forms will not be accepted until valid authorisation has been provided. This includes rejecting forms where approval has been provided by the same staff member acting as finance approver and budget holder.	Service Delivery Manager (HR Solutions) Payroll Manager, Belfast	30/04/2020
31	Key Financial System(KFS) General Ledger	29/06/2020	1a	Feeder System Monitoring	1a. Finance will ensure the list of all the feeder systems and their impact on the GL system is documented and accessible to the team	Finance Manager – Financial Systems	23/06/2020
32	Key Financial System(KFS) General Ledger	29/06/2020	1b	Feeder System Monitoring	1b. Capita will be supplying technical specification documents for the interfaces for Barnet systems team to review and hold on file.	Finance Manager – Financial Systems	23/06/2020
33	Key Financial System(KFS) General Ledger	29/06/2020	2a	Control Account Reconciliation	2a. The Corporate Accounting Team will ensure that all reconciliation statements are reviewed and authorised regularly by senior officers.	Chief Accountant	30/06/2020
34	Key Financial System(KFS) General Ledger	29/06/2020	2b	Control Account Reconciliation	2b. The Corporate Accounting Team will maintain a tracker, to have a complete record of all reconciliations and to ensure these are performed regularly and are appropriately authorised.	Chief Accountant	30/06/2020

35	Key Financial System(KFS) General Ledger	29/06/2020	3	Leaver Access Control	3. Where leavers are not removed from the system promptly, the required action will be escalated to the relevant Director	Assistant Finance Manager	30/06/2020
36	Key Financial System(KFS) General Ledger	29/06/2020	4a	Integra Application Access control	4a. Finance will monitor completion of training by regularly requesting Brightwave system data to this effect and chasing those who have not completed training.	Finance Manager – Financial Systems	30/06/2020
37	Key Financial System(KFS) General Ledger	29/06/2020	4b	Integra Application Access control	4b. Finance will monitor starters to ensure that all new users of Integra complete online or verbal training relevant to their role.	Finance Manager – Financial Systems	30/06/2020
38	Key Financial System(KFS) General Ledger	29/06/2020	4c	Integra Application Access control	4c. The Integra access application form should indicate where verbal instruction has been given in order to comply with the mandatory requirements i.e. to confirm that verbal training has been given.	Finance Manager – Financial Systems	30/06/2020
39	Schools Payroll	29/4/2020	3	Job Descriptions update	3. We will introduce a timetable to regularly update job descriptions.	Business Manager (Capita)	30/6/2020
40	Pension Fund Finance and Investment	July 2019	3a	Collection of strain contributions	a) 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	Service Delivery Manager, CSG Pensions Administration	July 2019

41	Pension Fund Finance and Investment	July 2019	3c	Collection of strain contributions	c) CSG Pensions Finance will implement the process agreed with the Council for collecting strain contributions.	Head of Scheme Finance and Payroll, CSG Pensions Finance	July 2019
42	Banking and Payments Arrangements - Accounts Payable	October 2019	3a	Duplicate Payments	<p>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.</p> <p>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.</p>	Acting Head of Finance – Projects liaising with Head of Financial Systems, Capita	Oct 2019
43	Banking and Payments Arrangements - Accounts Payable	October 2019	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	Oct 2019
44	Banking and Payments Arrangements - Accounts Payable	Oct '19	App 6.1, 1.2	Data Analysis of Payments - matches	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.	Interim Finance Manager, Financial Systems	Oct 2019

45	Banking and Payments Arrangements - Accounts Payable	Oct '19	App 6.1, 2.2	Data Analysis of Payments - matches	<p>AP to confirm that deactivation where appropriate for 146/284 vendors sharing common bank accounts.</p> <p>AP to respond to further request for information from CAFT in relation to two outstanding bank accounts.</p>	Interim Finance Manager, Financial Systems	Oct 2019
46	Cash and Bank	Jan '20	3b	Cash and bank system access	<p>Pay360:</p> <p>b. The use of shared accounts will cease. Users will be provided with their own account so that accountability for activity undertaken in the system is clear.</p>	CSG Technical Support Engineer (Applications)	Feb 2020

47	Cash and Bank	Jan '20	3d	Cash and bank system access	Superseded by General Ledger audit report June 2020 Leaver access management: d. In line with the ongoing action relating to the Grant Thornton review of the Financial Management Relating to Compulsory Purchase Order (CPO) Fraud, (GT4 - Managing access and authorisation rights on IT systems), in conjunction with the HR team, we will develop a process to ensure that IT is informed on a timely basis of any staff / agency workers that are leaving or moving within the Council and / or its partners. This could include a daily/weekly leavers / movers report that is sent to IT on an automated basis for the IT team to action. This will be picked up as part of HR's SLaM (Starters, Leavers and Movers) project.	Management Accountant, Integra Finance, LBB, CSG Technical Support Engineer (Applications)	June 2020
48	Cash and Bank	Jan '20	6b	Security - Physical access	b. Once the CCTV issue has been resolved that consideration be given to whether the EP safe should be moved to Colindale.	Cashier	Feb 2020

49	Integra Access and Program Change Management ("APCM")	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	Jan 2019
50	Integra Access and Program Change Management ("APCM")	Dec '18	3a	Logical access – Segregation of Duties ("SoD")	a) 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 when processing requests for starters and movers. This will be completed as soon as possible and shared with the Director of Finance	Internal Controls Manager, Capita	Jan 2019
51	Treasury Management Compliance with Investment Strategy	Jan '20	1	Internal Process Documents	The Treasury Payment Process document will be updated to reflect staff changes, as a result an up to date list of signatories will be produced.	Head of Finance - Pensions	March 2020

52	Key Financial Controls Council Tax, NNDR and Housing Benefit	01/06/ 2019	HB6	Overpayments	<u>SUPERSEDED</u> As per Housing Benefits 2019/20 audit report: Agreed Action 1. Ensure that appropriate quality checks are done so that accuracy of billing and recovery is maintained. 2. Recommunicate the requirements for housing benefits overpayments to staff, to ensure that the Council's processes are consistently followed. This should include sending initial invoices in a timely manner, and completion of full recovery procedures (where required). 3. Action the exceptions identified in our testing, specifically to ensure that claimants are aware payment is required, and conduct further investigation to recover repayments	Benefits Overpayments Officer, CSG	31/05/2019
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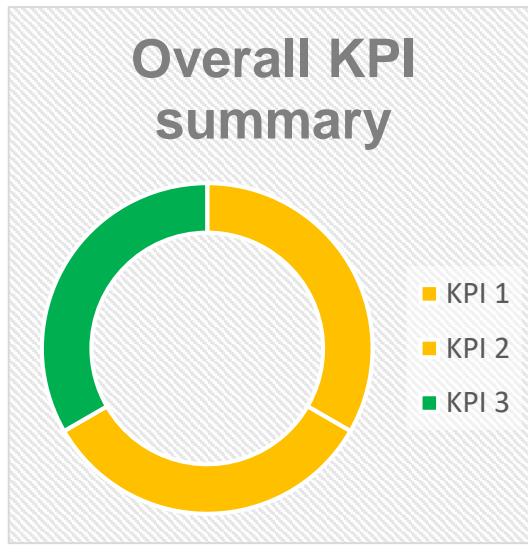
53	Key Financial Controls Council Tax, NNDR and Housing Benefit	01/06/2019	HB9	Housing Benefits - Policies and Procedures	<p><u>SUPERSEDED</u></p> <p>As per Housing Benefits 2019/20 audit report:</p> <p>Agreed Actions</p> <ol style="list-style-type: none"> 1. The Key policy and procedure documents will be reviewed annually to ensure they are line with best practice and or changes in legislation. The Discretionary Housing Payment and Section 13a Policy was reviewed in quarter 4 of 2018/19. A new joined policy was implemented from 01/04/2019 to cover these processes. The overpayment policy will be reviewed by 31/07/2019. 2. Develop and formalise policy and procedures for key controls which are not referred to in existing policy and procedure documents. These should be formally approved and incorporated into the formal review cycle. 	Head of Revenues & Benefits, LBB, Housing Benefit Manager, CSG	31/07/2019
54	Key Financial Controls Accounts Receivable – Debt Management and Collection Debt Management and Collection April 2019	01/04/2019	AR3 i	Bailiff contract	Ensure that the lack of valid current contract with this bailiff is addressed and that the Council's Contract Procedure Rules are adhered to.	Revenues & Benefits Manager	30/09/2019

55	Key Financial Controls Accounts Receivable – Debt Management and Collection Debt Management and Collection April 2019	01/04/ 2019	AR3 ii	As above	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	30/09/2019
56	Cash and Bank	21/01/ 2020	2b	Bank account listing	b) Bank reconciliations will be conducted, documented and appropriately authorised for all bank accounts.	Assistant Finance Manager, Cashbook	01/03/2020

57	Non- Schools Payroll	27/04/2020	1	Sickness absence dates not communicated in a timely manner. If CSG are not informed about employees' sickness absence dates in a timely manner, then employees may be paid an inappropriate amount and in an untimely manner.	1 CSG will reintroduce the written report that details LBB staff responsible for payroll errors in the period at the monthly HR joint management meeting between the Council and Capita, to ensure it is clear which line managers are not providing this information on a timely basis and therefore contributing to the KPI being missed. It is unacceptable that Council line managers are not notifying CSG of the end of staff sickness absences, and for those that are failing to do so, this can then be fed into their own performance reviews. As it is the role of the Council to encourage and educate staff to provide information timely to CSG, a programme of training will be undertaken within the Council on the processes with CSG to cover new starters, leavers, absences (e.g. sickness, maternity) and overtime. A list of participants of the training will be provided to the Council and Capita and this will be updated as processes and staff change to ensure all staff understand the requirements.	Public Sector Account Director Assistant Director – HR and OD	31/07/2020
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Appendices

Appendix A: Key performance indicators (KPIs)



KPI	Target	Results	Comment										
1. % of Plan delivered Narrative: We have not met our target for the end of Q2. This is due to a number of factors, primarily the redeployment of internal audit staff in response to COVID which to date has accounted for 272 lost 'audit days'. To make up for this, where possible audits have been undertaken by our co-sourced partner PwC where they would normally have been undertaken by the in-house team.	53%	41%	Work in progress is incorporated as follows: <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> Applying these %s to work in progress shows that we have delivered 41% of our plan. Up to 25% = Not Achieved 26% - 52% = Partially Achieved 53% = Fully Achieved	Not Started	0%	Planning	20%	Fieldwork	50%	Draft Report	90%	Complete	100%
Not Started	0%												
Planning	20%												
Fieldwork	50%												
Draft Report	90%												
Complete	100%												
2. Verification that at least 90% of Critical and High Risks have been mitigated by management at the time of follow up	90%	81%	0-49% = Not Achieved 50-89% = Partially Achieved 90% = Fully Achieved										
3. Average customer satisfaction score for year to meet or exceed acceptable level for at least 85% of completed surveys	85%	100%	0-49% = Not Achieved 50-84% = Partially Achieved 85% = Fully Achieved										

Assurance Ratings



- Substantial
- Reasonable
- Limited
- No
- Partially Implemented
- N/A

4. % of reports year to date achieving:

•Substantial	N/A	5%
•Reasonable		45%
•Limited		5%
•No Assurance		0%
•Partially Implemented		15%
•N/A		30%