

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

24 JULY 2018

Title:

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

[Wards Affected: ALL]

Summary and purpose:

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

How this report relates to the Council's Corporate Priorities:

Internal Audit work contributes to the safeguarding of assets against loss and waste and for identifying other value or money issues.

Financial Implications:

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

Legal Implications:

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

Introduction

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.

Annexe 1 provides the current position on recommendations due for completion at the end of the month after the date of the Audit Committee.

2. Recommendations relate to the control environment and hence contribute to the overall governance and risk management of the Council and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

Recommendation

It is recommended that the Committee considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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ANNEXE 1

Audit Recommendations overdue or due within the end of the month after the AC




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Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed


Head of Service Vickers, Peter

Action Code & Description	IA18/21.005 Final Payment Process	We noted three Final Accounts threshold 4 contracts closed since January 2017. Reviewing these we confirmed that the final account amount was subject to Officer scrutiny and review. Through review of the Agresso approval workflow we confirmed that an appropriate budget holder approved the payment within the system, however we could not confirm any independent review of the final account figure by anyone external to the team. There is a risk that final account figures or payments could be miscalculated and missed without adequate review. This can lead to an adverse affect on cash flow.	Exit Meeting Date	10-Apr-2018
			Due Date	30-Jun-2018
Audit Report Code and Description		IA18/21 Contract Final Accounts		
Agreed Action		<p>The Council will implement a formal review of the final payment process for large contracts where stage payments have been made. This will include as a minimum:</p> <ul style="list-style-type: none"> -The sign off process by a member of staff independent of the team which the contract sits within; - Sign off to be completed prior to the final account payment; - Guidance on when to deliver the contract to legal for retention (where applicable); <p>and</p> <p>The target timeframe to complete this from the date final account from contractor is received.</p> <p>The Head of Finance is of the opinion that this is the responsibility of the Service Managers to ensure that payments in relation to contract are accurate and that retention of funds are accurately recorded and released at the appropriate time.</p>		
Status		Overdue	Progress	0%
Head of Service	Peter Vickers			
All Notes				

Action Code & Description	IA18/26.002 Outstanding Reconciliation Items	<p>We reviewed the August 2017 to January 2018 monthly Bank (main account and payment accounts), Creditors and Debtors reconciliations and the October 2017 to January 2018 VAT reconciliations, and identified:</p> <p>- There are currently 16 reconciling items within the January 2018 Main Bank Account reconciliation, three are cashbook items and 13 are statement items dating back to April 2017 and amount to just under £10,000.</p> <p>By not clearing these items in a timely manner, the Council is at risk of not resolving errors or unrecorded transactions.</p>	Exit Meeting Date	19-Jun-2018		
			Due Date	31-Jul-2018		
Audit Report Code and Description		IA18/26 Reconciliations				
Agreed Action		<p>The Council will work towards reconciling the outstanding reconciling items that date back to April 2017 from the Main Bank Account reconciliation.</p> <p>The formal handover for the responsibility for the payment reconciliation supported by detailed process notes should now be completed.</p> <p>Requires Senior Accountant to document the work or supervise an Accounts Assistant to complete this.</p>				
Status		In Progress	Progress	90%	Head of Service	Peter Vickers
All Notes	Bank rec has been signed off at year end with a few items from Apr 2017 outstanding. Will update with progress				19-Jun-2018	

Head of Service Wagstaff, Hugh

Action Code & Description	IA18/24.004 Audit Trails	<p>Upon attempting to test our sample of ten properties to confirm that Orchard and Keystone are updated accurately and in a timely manner following the notification from the Legal / Development Team of the change, we found that in most instances, the audit trails on the system were not of an adequate standard in their current format and we therefore were unable to verify when the systems were updated to reflect any changes.</p> <p>Property details were also not fully completed for all ten properties sampled on either of the Keystone or Orchard systems. Due to there not being a set procedure note in place confirming the specific information the Asset Team / Data Administrators need to receive to be able to update the relevant systems in full, we could not confirm whether the property information on the systems reviewed at the time of the audit was complete or not. We did however confirm that the data that was present on both systems at the time of the audit, such as the UPRN and Gazetteer number, matched for all ten properties sampled.</p> <p>If the Orchard and Keystone systems do not have adequate audit trail functions, there is a risk that unauthorised changes could be made to the system and senior management / system owners would be unaware.</p> <p>Without the specific information the Asset</p>	Exit Meeting Date	15-Mar-2018
			Due Date	30-Jul-2018

		Team / Data Administrators need to receive to be able to update the relevant systems to reflect a sale, purchase or new builds accurately and in full being documented in a policy / procedural document, there is a risk that planned maintenance and depreciation schedules are being calculated and undertaken inaccurately.		
Audit Report Code and Description		IA18/24 Addition and Removal of Housing Properties		
Agreed Action		The Council will work with their software providers to explore audit trails on both Orchard and Keystone systems become more robust and user-friendly. Action raised at 2.1.1 re documenting the specific information the Asset Team / Data Administrators need to receive to be able to update the relevant systems to reflect a sale, purchase or new build accurately and in full.		
Status		In Progress	Progress	50%
Head of Service	Hugh Wagstaff			
All Notes	We are working with Keystone on this one. I have worked with one of their technicians but we could not find a robust way to provide the requested data. I cannot at the moment confirm any timescale as they need to investigate whether there is any demand from other clients. If there is it may be added to their development schedule. Email from David Thompson on update			21-Jun-2018

