

Governance, Risk and Best Value Committee

10.00am, Tuesday 28 August 2018

External audit review of internal financial controls, 2017/18

Item number	7.6
Report number	
Executive/routine	Executive
Wards	n/a
Council Commitments	n/a

Executive Summary

As an integral part of the annual audit cycle, the external auditor requires to assess the effectiveness of the Council's internal control framework in preventing material misstatement within its financial statements. This process involves documentation of the Council's key financial systems and the principal controls within these and then sample-testing their effectiveness.

This report presents the main findings of the 2017/18 review, concluding that, while opportunities for further improvement exist and that there is a need, in some cases, to embed previous recommendations, the controls assessed are considered to be well-designed.

External audit review of internal financial controls, 2017/18

1. Recommendations

- 1.1 Members of the Governance, Risk and Best Value Committee are requested to note:
 - 1.1.1 the findings of the 2017/18 external review of the effectiveness of the Council's internal controls; and
 - 1.1.2 that a further update on progress in implementation of the improvement actions will be provided to the Committee in January 2019.

2. Background

- 2.1 Section 95 of the Local Government (Scotland) Act 1973 requires local authorities to make arrangements for the proper administration of their financial affairs and to designate an officer to have responsibility for these arrangements. The Head of Finance is the appointed Section 95 Officer for the Council and therefore has overarching responsibility to maintain a sound system of internal control.
- 2.2 As an integral part of the annual audit cycle, the external auditor requires to assess the effectiveness of the Council's internal control framework in preventing material misstatement within its financial statements. This involves documentation of the Council's key financial systems and the principal controls within these and then sample-testing their effectiveness.

3. Main report

- 3.1 The majority of the fieldwork and financial systems testing was undertaken between March and June 2018. The key areas examined are set out on pages 3 and 4 of the report. Members will note that some elements of the audit work are, at the time of writing, on-going and any resulting recommendations in these areas will be reported to members in due course.
- 3.2 For those systems falling within the scope of testing, Scott-Moncrieff's conclusion is that these controls form part of a key control framework that is well-designed, with no significant deficiencies in their design, implementation or operation.

- 3.3 A number of opportunities for improvement have nonetheless been identified and these are listed in Section 3 of the external audit report, alongside the Council's response and an indication of the corresponding timescales within which actions to address any outstanding issues raised will be undertaken. These actions in the main comprise recommended improvements to the evidencing of independent review, enhancement of existing access controls and maintenance of comprehensive procedural documentation. There is, however, also a need to embed effectively previous audit recommendations and this will be a focus of particular attention and monitored alongside the complementary action plan developed in respect of relevant internal audit actions.
- 3.4 A progress update will be provided to the Committee in January 2019, by which time it is anticipated that the majority of recommendations will have been fully implemented.
- 3.5 Members of the Committee will be aware of other on-going, complementary work focused upon further strengthening aspects of the Council's internal framework. Internal audit and risk management arrangements continue to identify areas for improvement and arrangements are in place to monitor implementation of identified actions and lessons learned Council-wide.

4. Measures of success

- 4.1 Improvements to the system of internal control are intended to ensure that assets are safeguarded, transactions properly authorised and recorded and material errors or irregularities either prevented or detected timeously.

5. Financial impact

- 5.1 While there is no specific direct financial impact resulting from the report's contents, enhancements to the effectiveness of the Council's systems of internal control form an essential part of improved governance arrangements.

6. Risk, policy, compliance and governance impact

- 6.1 Improvements to the internal control framework form an integral part of strengthening the wider governance arrangements within the Council.

7. Equalities impact

- 7.1 There are no direct equalities impacts as a result of this report.

8. Sustainability impact

- 8.1 There is no direct sustainability, climate change adaptation or sustainable development impact arising from the report's contents.

9. Consultation and engagement

- 9.1 There is no direct relevance to the report's contents.

10. Background reading/external references

- 10.1 None

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11. Appendices

Appendix 1 – City of Edinburgh Council Review of Internal Controls, 2017/18



Scott-Moncrieff
business advisers and accountants

City of Edinburgh Council

Review of internal financial controls
For the year ended 31 March 2018

August 2018

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Introduction

Introduction

1. This report concludes our 2017/18 audit of the Council's key financial systems and internal financial controls.

Scope of our audit

2. Auditors are required to carry out the audit of financial statements in accordance with International Standards on Auditing (UK) (ISAs (UK)). To comply with the requirements of the ISAs (UK) we consider the Council's key accounting systems and internal financial controls and determine whether these are designed and operate in such a way as to prevent material misstatements in the financial statements.
3. Our approach includes documenting the processes and key internal financial controls within the Council's key financial systems and performing walkthrough testing to confirm our understanding of those systems. For certain systems we also test a sample of internal financial controls to establish whether they provide adequate assurance to support the preparation of the financial statements.

Reporting to those charged with governance

4. Audited bodies are responsible for developing and implementing effective systems of internal control as well as financial, operational and compliance controls.
5. ISAs (UK) require us to report promptly any material weaknesses in the design or operation of internal financial controls which have come to our attention.
6. A material weakness in internal control is a deficiency which could adversely affect the Council's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.
7. This report has been prepared to communicate the findings of our audit to those charged with governance. We have agreed with the Council that these communications will be through the Governance Risk and Best Value Committee.
8. Any weaknesses or risks identified are only those that have come to our attention during

our normal audit work, and may not be all that exist. Communication in this report of matters arising from the audit or of risks or weaknesses does not absolve the Council of its responsibility to address the issues raised and to maintain an adequate system of control.

9. As required under the Code of Audit Practice, this report will be published on Audit Scotland's website: www.audit-scotland.gov.uk.

Feedback

10. We always welcome feedback on the quality of our audit work and associated outputs. Please access the following link to provide comments: <https://www.surveymonkey.co.uk/r/S2SPZBX>
11. We would like to thank management and staff who have been involved in our work for their co-operation and assistance during our audit visits.



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Summary of findings

Summary of findings

12. We are pleased to report that our audit work did not identify any significant deficiencies in the design, implementation or operation of internal financial controls over the Council's key financial systems. We consider these systems to be well designed. However, we identified a number of areas with scope for improvement which, if addressed, would further strengthen the system of internal financial control. Our findings and recommendations are included in section 3 (Action plan).
13. As part of our audit we have considered progress made by the Council in implementing the recommendations raised in our 2016/17 report; "Review of the Council's internal financial controls". Of the seven recommendations made, we found that four have implemented, two have been partially implemented and one has yet to be implemented.

Key financial systems

14. Through the course of our audit we identify what we consider to be the Council's key financial systems. For each key financial system our approach includes documenting the processes and key internal financial controls and performing walkthrough testing to confirm our understanding.
15. The table below provides an overview of the key financial systems which we have, or will, consider during the course of our 2017/18 audit of the financial statements. For those systems for which our audit work is now complete, further details of our findings and recommendations are included in section 3 (Action plan).

Key financial area	Audit work completed	Audit conclusion ¹
Council tax	✓	We did not identify any significant deficiencies in the design, implementation or operation of internal financial controls.
Cash receipting and banking	✓	We did not identify any significant deficiencies in the design, implementation or operation of internal financial controls.
Financial ledger	In progress	Work on this key financial area will be completed in August 2018.
Housing rents	In progress	Work on this key financial area will be completed in August 2018.
Members remuneration and expenses	In progress	Work on this key financial area will be completed in August 2018.
Non domestic rates	✓	We did not identify any significant deficiencies in the design, implementation or operation of internal financial controls.
Payroll	✓	We identified 1 area with scope for improvement; <ul style="list-style-type: none"> • Starter file reviews (spot checks) <p style="text-align: right;"><i>Action plan point 1</i></p>

¹ Our conclusions over the adequacy of the design, implementation and operation of key financial controls are based on the understanding that the system of wider complementary controls in place throughout the Council are well designed and operating effectively. We have not assessed the adequacy of these controls.

Key financial area	Audit work completed	Audit conclusion ¹
PPE	✓	<p>We identified 2 areas with scope for improvement as follows;</p> <ul style="list-style-type: none"> • Procedures • Access rights to the fixed asset register <p><i>Action plan point 2</i></p>
Revenue expenditure	✓	<p>We identified 3 areas with scope for improvement as follows;</p> <ul style="list-style-type: none"> • Scheme of delegation • Review of manual inputs • Review of variance reports <p><i>Action plan point 3</i></p>
Sundry Income	In progress	Work on this key financial area will be completed in August 2018.
Treasury management	✓	We did not identify any significant deficiencies in the design, implementation or operation of internal financial controls.

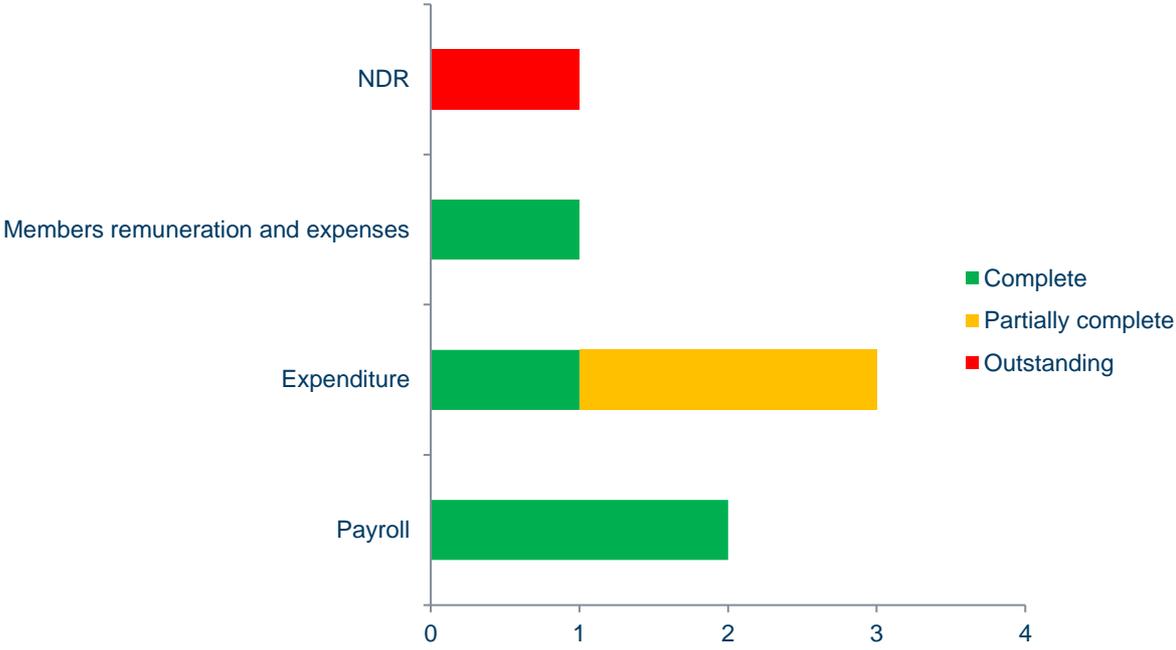
Follow up of prior year audit recommendations

16. Exhibit 1 illustrates the status of the Council's progress in implementing the recommendations we raised in our 2016/17 report "Review of internal financial controls". It should be noted that the agreed deadline for the implementation of each recommendation has now passed.
17. We have confirmed completion of the remaining four recommendations. Though our follow up work we noted that in some cases, despite actions being deemed to be complete by management, we were unable to obtain sufficient evidence to conclude that they have been implemented. Further details are given in section 3 (Action Plan).

18. We perform our follow up work after the target implementation dates to allow us to determine whether the recommendations have not only been implemented but continue to be applied. Through our review we found that this is not always the case and that some staff were unaware whether a recommendation had been implemented or not.
19. In order for the Council to derive the most added value from the audit recommendations, these should be communicated, implemented and sustained within the service area/s.

Action plan point 4

Exhibit 1: Status of implementation of prior year audit recommendations



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Action plan

Action plan

Our action plan details the control weaknesses and opportunities for improvement that we have identified during our audit.

It should be noted that the weaknesses identified in this report are only those that have come to our attention during the course of our normal audit work. The audit cannot be expected to detect all errors, weaknesses or opportunities for improvements in management arrangements that may exist. The weaknesses or risks identified are only those which have come to our attention during our normal audit work, and may not be all that exist. Communication of the matters arising from the audit of the annual accounts or of risks or weaknesses does not absolve management from its responsibility to address the issues raised and to maintain an adequate system of control.

Action plan grading structure

To assist the Council in assessing the significance of the issues raised and prioritising the action required to address them, the recommendations have been rated. Our rating structure has aligned to the structure/terminology used by internal audit.

The rating structure is summarised as follows:

Finding rating	Assessment rationale
Critical	A finding that could have a: <ul style="list-style-type: none"> • Critical impact on operational performance; or • Critical monetary or financial statement impact; or • Critical breach in laws and regulations that could result in material fines or consequences; or • Critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: <ul style="list-style-type: none"> • Significant impact on operational performance; or • Significant monetary or financial statement impact; or • Significant breach in laws and regulations resulting in significant fines and consequences; or • Significant impact on the reputation or brand of the organisation.
Medium	A finding that could have a: <ul style="list-style-type: none"> • Moderate impact on operational performance; or • Moderate monetary or financial statement impact; or • Moderate breach in laws and regulations resulting in fines and consequences; or • Moderate impact on the reputation or brand of the organisation.
Low	A finding that could have a: <ul style="list-style-type: none"> • Minor impact on the organisation's operational performance ; or • Minor monetary or financial statement impact; or • Minor breach in laws and regulations with limited consequences; or • Minor impact on the reputation of the organisation.
Advisory	<ul style="list-style-type: none"> • A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

2017/18 findings

During our 2017/18 review of internal financial controls we identified a total of seven areas in which improvements could be made. Details of the issues identified, the associated risk to the Council and our audit recommendation are given below.

1. Payroll

During our review we performed controls testing over the starters and leavers process. Through this work we identified the following issues;

- In 8 out of 30 new starters tested there was no new starter form completed (new starters tested included supply, fixed term and permanent employees);
- In 11 out of 30 leavers tested the leaver form had not been appropriately approved;
- In one instance the incorrect start date had been entered to the system and this resulted in the employee being overpaid by 3 months.

Weaknesses in internal controls over the payroll system may lead to the overpayment of staff and increase the risk of fraud.

These findings will be taken into account when designing and performing our substantive audit testing over the payroll costs in the draft financial statements.

Rating	Issue & Recommendation	Management Comments
Medium	<p>1.1 Starter file reviews</p> <p>Following internal audit recommendations on the new starters' process, management committed to performing spot checks on new starter files.</p> <p>During our interim review carried out between March and April 2018, we were unable to evidence that this control was operational. Further testing was carried out in August 2018 which confirmed that these checks are now being performed on a monthly basis.</p> <p>There is a risk that errors in the creation of a new starter file are not being identified and acted upon accordingly.</p> <p>Spot checks on new starter files should continue to be performed and documented.</p>	<p>Post payroll running we can evidence that new start onboarding files are sample-checked against iTrent to ensure data quality is maintained. Errors are logged, feedback is given and additional training/advice carried out as a result of findings. A pre-payroll running check was also introduced on specific input that generates payment to employees to reduce error rates that contributed to manual payments or overpayments.</p> <p>Different processes exist for supply and probationer starters. These employees can start in various ways and as such they may not have a nominated candidate form from source.</p> <p>Since the audit in March/April 2018, we have improved system processes and also our internal checks are stricter.</p> <p>Responsible Officer: People Support Manager</p> <p>Completion Date: Completed</p>

2. PPE

Rating	Issue & Recommendation	Management Comments
<p style="text-align: center;">Medium</p>	<p>2.1 Procedures</p> <p>During our review we noted that there were no documented procedures in place over the following;</p> <ul style="list-style-type: none"> • Processing of additions and disposals; • Posting of year end capital journals; • Preparing and posting monthly depreciation charges; • Revaluations; • Review of capitalised refurbishment costs <p>There is a risk that procedures followed for each of these processes are not in line with requirements or fit for purpose.</p> <p>In particular we noted through discussion with a number of teams within the Council that the procedures followed for the processing and recording of disposals are inconsistent in a number of cases. There is therefore the additional risk that the Council is unaware of assets which have been disposed of in the year. This could lead to inaccurate year end validation returns and potential overstatement of property, plant and equipment within the annual accounts.</p> <p>The Council should ensure that procedures are documented for areas noted above. Sufficient oversight should also be put in place to ensure that these are consistently applied by all staff.</p>	<p>Formal procedure notes in each of the areas identified will be produced as part of a wider refresh of all relevant documentation. These notes will be developed in consultation with the services affected, with training provided where required, and their on-going applicability regularly reviewed.</p> <p>Responsible Officer: Senior Accountant, Capital and Major Projects Team, Finance</p> <p>Completion Date: February 2019</p>
<p style="text-align: center;">Medium</p>	<p>2.2 Access rights to fixed asset register</p> <p>Fixed Asset Registers (FARs) are stored on the Council network; however the FARs and/or folders in which they are saved are not password protected. There is a risk that FARs are exposed to potentially unauthorised and/or inappropriate manipulation of asset data.</p> <p>We recommend that FARs are password protected to mitigate the risk of unauthorised and/or inappropriate manipulation of data.</p>	<p>The majority of registers (by value) are already password-protected but those that are not will have these applied going forward.</p> <p>Responsible Officer: Senior Accountant, Capital and Major Projects Team, Finance</p> <p>Completion Date: September 2018</p>

3. Revenue expenditure

During our audit we documented the following systems (in the context of purchasing for the Council):

- Oracle – General operating expenditure
- Swift (H&SC) and (FSC) - Payments to care homes and foster carers
- Tranman - Supplier payments for fleet hires, fleet maintenance, and fleet purchases
- CFATS Telford - City development costing system to commission/pay subcontractors

Rating	Issue & Recommendation	Management Comments
Medium	<p>3.1 Scheme of delegation</p> <p>Through our review we noted that there is no formal scheme of delegation in place for the authorisation of payment requests made to the Swift (H&SC) system.</p> <p>There is a risk that suppliers are added to the system who are not authorised for payment.</p> <p>A scheme of delegation or similar should be put in place that allows finance to be able to confirm the identity of the social worker and payment values which they are able to authorise.</p>	<p>The Social Care Finance (SCF) team rejects payment requests which are not authorised.</p> <p>A list of recognised approvers/values will be confirmed with sector teams (Customer to progress).</p> <p>The Business Support Team will maintain changes to the list (leavers and movers) and the SCF team (Customer) will support a yearly review.</p> <p>Responsible Officer: SCF Team Manager</p> <p>Completion Date: October 2018</p>
Medium	<p>3.2 Review of manual inputs</p> <p>There is no secondary review performed over client service and payment details that are manually entered into the Swift (H&SC) system.</p> <p>There is a risk that there is an error in the client commitment details entered onto Swift and that this leads to an inaccurate or invalid payment being made.</p> <p>Periodic spot checks should be performed over all manually input data and prices.</p>	<p>Business Support staff process the invoices and another Business Support staff member will validate before completing.</p> <p>A sample checking regime will be implemented by the SCF team to give further assurance.</p> <p>Responsible Officer: SCF Team Manager</p> <p>Completion Date: October 2018</p>
Medium	<p>3.3 Review of variance reports</p> <p>Invoices entered into Swift (H&SC) for payment are reconciled with the</p>	<p>Liaison with the service takes place prior to release of payment - where there has</p>

3. Revenue expenditure

	<p>commitment details held in the system for each client and a variance report is produced. Following investigation of variances the reason for amendments are entered into the system.</p> <p>No secondary review of variance reports is performed and therefore there is an increased risk of inappropriate or unauthorised payments being made.</p>	<p>been no appropriate verification, the invoice is rejected from the payment run until this is resolved. These payments remain on a suspended file until corrected and released by the Payments Team.</p> <p>Secondary review of the variance report was previously ceased but will be re-started via the Business Support team.</p> <p>Responsible Officer: SCF Team Manager</p> <p>Completion Date: October 2018</p>
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4. Implementation of audit recommendations

Rating	Issue & Recommendation	Management Comments
Medium	<p>In order for our audit outputs to be of most benefit to the Council it is essential that audit recommendations agreed with management are implemented in accordance with set timescales. It is equally important that the implementation of the recommendations is sustained throughout the organisation and that all members of staff affected by any change in processes are made aware of the changes.</p> <p>Throughout our follow up of audit recommendations we have identified that in some cases actions are not continuing to be implemented or communicated with staff.</p> <p>There is an opportunity for the Council to derive greater added value from the audit process through more robust implementation of actions.</p> <p>The Council should ensure that audit recommendations are implemented and continue to be applied throughout the service area/s to which they relate.</p>	<p>The importance of implementing, effectively embedding and sustaining all control improvements resulting from internal and external audit reviews is acknowledged.</p> <p>Given related recommendations with regard to internal audit actions, opportunities will be considered to consolidate monitoring of each set of actions through the recently-introduced "Team Central" system.</p> <p>Responsible Officer: Head of Finance</p> <p>Completion Date: December 2018</p>

Follow up of prior year recommendations

Of the seven recommendations raised through our 2016/17 review of internal financial controls we note that four have now been implemented, two partially implemented and one has not yet been implemented. Details are given below.

Payroll		
Initial rating	Issue & Recommendation	Management Comments
Medium	<p>Payroll procedures</p> <p>Procedures have not been documented for all key aspects of the payroll process. For example, we were unable to identify procedures covering amendments over employees standing information.</p> <p>We also noted that where procedures are in place, these are not subject to regular review and approval.</p> <p>There is a risk that key payroll processes and controls are not being implemented correctly or effectively.</p> <p>The Council should develop comprehensive procedures that cover all key aspects of the payroll process. Documented procedures should be approved by the appropriate level, made accessible to all relevant staff and subject to regular review.</p>	<p>This is currently part of an improvement project for People Support to document a comprehensive set of payroll procedures. This work is linked to ongoing process improvement activities to be completed in advance of the new Business World system. A further exercise will be undertaken to review the procedures when the new Business World System is operational.</p> <p>From 2018, the payroll procedures will be audited and updated by the Payroll Specialist on a six-monthly basis. Updates will be communicated to the team/relevant stakeholders, highlighting specific changes.</p> <p>Responsible Officer: Payroll Specialist, Customer</p> <p>Completion Date: January 2018</p>
Current status	Audit update	Management response
Complete	<p>At the time of interim audit during March/April 2018 and through review of the arrangements in place and discussions with key management, we noted that there had been no additional procedural documents produced to date. We have since revisited this recommendation and confirmed centralised procedures are now in place.</p>	<p>A range of documents have been produced and catalogued as part of ongoing process improvements including standard operating procedures developed as part of the Business World project. This work continues in the Payroll team in relation to ensuring we have the right knowledge transfer documentation for learning purposes for the new HR model.</p>

Payroll		
Initial rating	Issue & Recommendation	Management Comments
Medium	<p>System access</p> <p>There is no regular review of user access to the payroll system to ensure this is up-to-date and appropriate given the employees current role.</p> <p>This was also identified by the Council's previous external auditors, Audit Scotland.</p> <p><i>"We identified a number of system users during our controls review where their system access rights did not appear appropriate for their roles."</i></p> <p>There is a risk that inappropriate transactions may be processed.</p> <p>The Council should ensure user access to the payroll system is reviewed on a regular basis.</p>	<p>Access rights for all payroll employees to be reviewed and ICT updated with list of requirements for systems access. This process will be reviewed on a quarterly basis.</p> <p>Responsible Officer: Payroll Specialist, Customer</p> <p>Completion Date: October 2017</p>
Current status	Audit update	Management response
Complete	<p>This recommendation has now been implemented. We have confirmed that access reviews are performed by the payroll manager every quarter.</p>	N/A

Revenue expenditure

Initial rating	Issue & Recommendation	Management Comments
Medium	<p>Procedures</p> <p>During our review we noted the following in respect of procedures:</p> <ul style="list-style-type: none"> • CFATS Telford – No procedures are in place for the processing of work orders and certificates. • Tranman – Procedures for the ordering and receipting of goods and services have not been reviewed since 2009. On discussion with management this review has subsequently been undertaken and procedures updated. • Swift – Procedures for the processing of direct payments via Allpay do not include detail on how to reformat payment files, upload to Allpay or process payments to individual pre-loaded cards. <p>If relevant procedures are not in place or are not reviewed and updated on a timely basis there is a risk that some key controls are not observed.</p> <p>The Council should ensure procedures cover all key aspects of the system. Documented procedures should be approved by the appropriate level, made accessible to all relevant staff and subject to regular review.</p>	<p>Documented procedures for the processing of work orders and certificates in CFATS Telford are being developed.</p> <p>Once complete these will be reviewed annually.</p> <p>Responsible Officer: Business Support Manager, Customer</p> <p>Completion Date: December 2017</p> <p>Tranman procedures for the ordering and receipting of goods and services have now been updated and will be reviewed annually.</p> <p>Responsible Officer: Fleet and Workshops Manager, Place</p> <p>Completion Date: Ongoing</p> <p>SWIFT – Procedures for processing payments in Allpay have been updated.</p> <p>SWIFT development team will update online procedures accordingly</p> <p>Responsible Officer: Customer Manager – Transactions Assessment and Finance, Customer</p> <p>Completion Date: December 2017</p>
Current status	Audit update	Management Comments
Partially complete	<p>We have confirmed that policies and procedures for both CFATS Telford and Swift have been updated.</p> <p>On discussion with staff regarding the Tranman system we were informed that 2009 was the date of the last amendment made to the procedures, not the last review as previously reported. We were however unable to evidence subsequent review of the procedures in place. There remains a risk that these procedures are not fit for purpose.</p>	<p>While the relevant procedures have been regularly reviewed to ensure their on-going appropriateness, this check has not been formally documented. Evidence of this annual review will therefore be maintained going forward.</p> <p>Responsible Officer: Contracts Manager, Fleet and Workshops</p> <p>Completion Date: October 2018</p>

Revenue expenditure		
Initial rating	Issue & Recommendation	Management Comments
Medium	<p>Documentation</p> <p>During review of both the Oracle and the CFATS Telford systems we were unable to evidence that the following key controls were in operation:</p> <ul style="list-style-type: none"> • Oracle – Review of the daily amendments report which details all amendments made including addition of new suppliers. • CFATS Telford – Reconciliation of work performed and work requested prior to payment being processed. <p>As these controls are not documented there is no audit trail in place to enable us, or any other interested party, to evidence their operation. There is a risk that these controls are not being adhered to.</p> <p>The Council should ensure evidence is retained for all key controls in operation.</p>	<p>CFATS - Controls will be documented as part of the development of the procedural documentation referenced above.</p> <p>Responsible Officer: Business Support Manager, Customer</p> <p>Completion Date: December 2017</p> <p>Oracle</p> <p>Responsible Officer: Chief Procurement Officer, Finance</p> <p>Completion Date: December 2017</p>
Current status	Audit update	Management comments
Partially complete	<p>Through our audit work we were unable to confirm that these controls are in operation. Documentary evidence of these controls is still not kept with regard to either system.</p>	<p>CFATS</p> <p>The procedures manual noted above sets out the key steps in the authorisation process. Work is evidenced as approved for payment by the relevant service manager and supporting evidence retained by Finance staff to attest to the appropriateness of payments made.</p> <p>Responsible Officer: Transport Infrastructure Service Manager</p> <p>Completion Date: Completed</p> <p>Oracle</p> <p>Since the original audit was undertaken, a number of further control improvements have been introduced within the Oracle system. These controls enforce strict segregation of duties across the vendor set-up and amendment process and, alongside three-way matching, are considered to mitigate the original risk being</p>

Revenue expenditure		
Initial rating	Issue & Recommendation	Management Comments
		<p>highlighted.</p> <p>This said, in order to strengthen these controls further, evidence of the independent random check will be maintained within a password-protected file going forward.</p> <p>Responsible Officer: Commercial Operations Team Manager, Finance</p> <p>Completion Date (for additional action): September 2018</p>
Initial rating	Issue & Recommendation	Management Comments
Medium	<p>System access</p> <p>On review of the CFATS Telford system we noted that there is no formal documentation retained for the addition of users onto the system or any amendments made to their access levels.</p> <p>In addition there are no controls in place to identify and remove leavers from the system on a timely basis.</p> <p>The Council should ensure user access is reviewed on a regular basis.</p>	<p>A log has now been established for new user and access level change requests.</p> <p>An audit of current users is being undertaken to ensure appropriate user access levels and to identify and remove leavers.</p> <p>User data will be subject to six-monthly review, although the scope for more regular reconciliation with data from existing leavers processes is being explored.</p> <p>Responsible Officer: Business Support Manager, Customer</p> <p>Completion Date: December 2017</p>
Current status	Audit update	Management comments
Complete	<p>A monitoring spreadsheet is now maintained which logs amendments made to system access. System access amendments all go through the system administrator.</p>	N/A

Non domestic rates

Initial rating	Issue & Recommendation	Management Comments
Low	<p>Reliefs/exemptions – spot checks</p> <p>The Quality Assurance team performs spot checks on the reliefs/exemptions.</p> <p>NDR spot checks were scheduled to take place in January 2017. However, due to resource constraints, this work was not able to be performed. We understand spot checks will resume in 2017/18.</p> <p>We recommend that the Council make arrangements for the spot checks to resume in 2017/18.</p>	<p>Spot checks are underway and will be concluded by November 2017. Activities are being scheduled within the business as usual plans for future years.</p> <p>Responsible Officer: Rating Manager</p> <p>Completion Date: November 2017</p>
Current status	Audit update	Management comments
Outstanding	<p>One planned spot check took place in June 2017 however the cycle was not able to be completed due to lack of available staff resources.</p> <p>It is important that this recommendation continues to operate following initial implementation.</p> <p>The Council plan to implement cross departmental training in 2018/19 to increase the level of resource available, and spot checks will be resumed again in 2018/19.</p>	<p>Spot checks scheduled by Quality Assurance Team October 2018. Additional 25% sample for Mandatory Charitable Relief completed August 2018.</p> <p>Resource pressures prevented scheduled spot checking however as an interim measure random control checks were undertaken by the Fraud and Visiting Team for Reliefs and Exemptions during 2017/18. This ensured that reliefs were reviewed during this period.</p> <p>Responsible Officer: Rating Manager</p> <p>Completion Date: October 2018</p>

Members remuneration and expenses		
Initial rating	Issue & Recommendation	Management Comments
Medium	<p>Guidance</p> <p>Guidance on members' remuneration and expenses has not been updated since March 2012 and makes reference to legislation that is out of date.</p> <p>The Council should update the guidance and ensure that new and re-elected members have access to this. Going forward, the guidance should be subject to regular review to ensure it remains up to date.</p>	<p>Guidance will be updated and published on the ORB and shared with elected members. This information will be signposted in future inductions for new elected members. The guidance will be reviewed annually as part of the Customer review of policy and procedures.</p> <p>Responsible Officer: Transaction Team Manager: People Support, Customer</p> <p>Completion Date: October 2017</p>
Current status	Audit update	Management comments
Complete	<p>Guidance has now been reviewed, updated and saved to the council's intranet.</p>	N/A



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