


<p>London Borough of Hammersmith & Fulham</p> <p>AUDIT AND PENSIONS COMMITTEE</p> <p>16 DECEMBER 2019</p>	
<p>INTERNAL AUDIT UPDATE REPORT TO NOVEMBER 2019</p>	
<p>Report of the Strategic Director of Finance and Governance</p>	
<p>Open Report</p>	
<p>Classification: For Information Key Decision: No</p>	
<p>Wards Affected: None</p>	
<p>Accountable Director: David Hughes, Director of Audit, Fraud, Risk and Insurance</p>	
<p>Report Author: David Hughes, Director of Audit, Fraud, Risk and Insurance</p>	<p>Contact Details: Tel: 0207 361 2389 David.HughesAudit@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report summarises internal audit activity in respect of audit reports issued and follow ups undertaken up to 20 November 2019. This change in reporting, and the improved assurances provided in this report on audit work undertaken, reflect the positive impact of the increased focus on assurance and risk management, led by the Chief Executive.

2. RECOMMENDATION

- 2.1. To note the contents of this report.

3. REASONS FOR DECISION

- 3.1. Not applicable. No decision required.

4. PROPOSAL AND ISSUES

- 4.1. This report summarises internal audit activity in respect of audit reports issued and follow up work undertaken on agreed actions up to 20 November 2019.

Internal Audit Coverage

- 4.2. The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to management to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.
- 4.3. 3 audit reports have been finalised since the last report to the Committee up to 20 November 2019, of which two received Satisfactory Assurance. For the other three an overall assurance opinion was not provided as they were advisory reviews requested by the relevant directorates.
- 4.4. Departments are given 10 working days for management agreement to be given to each report. Appendix 1 sets out the reviews which have been completed since the last report to the Committee.

Follow up of Recommendations

- 4.5. From December 2018, Internal Audit are reporting in more detail to Committee on the outcome of our follow up of recommendations raised and actions agreed with management. This follows on from improvements in performance over the past 18 months, where the Committee received reports on instances where management had not updated progress against agreed actions or reported completion of actions by their due date.
- 4.6. In the period up to 20 November 2019, 13 recommendations which were due to have been implemented have been followed up by Internal Audit.
- 4.7. Of the 2 high priority recommendations followed up, 1 was confirmed as implemented and 1 was partly implemented. Of the 11 medium priority recommendations followed up, all 11 were implemented.
- 4.8. For a summary of the recommendation confirmed as either partly or not implemented, see Appendix 3.

5. Ruthlessly Financially Efficient

- 5.1. The Council's Vision sets out five council priorities, which includes being 'ruthlessly financially efficient'. In response to this essential priority, the Chief Executive and Strategic Director of Finance and Governance issued a strategic approach to all directors and managers, sharing expectations and setting out the standards that must be followed.

- 5.2. The Council's approach to being Ruthlessly Financially Efficient will continue to develop and move at pace in response to its experiences of implementation. The Cabinet Member for Finance and Commercial Services, Council's Strategic Leadership Team and Finance Board have been kept appraised on the progress of RFE Action Plan.
- 5.3. As part of the Council's drive to be Ruthlessly Financially Efficient, a Ruthlessly Financially Efficient Action Plan has been developed and is maintained and reviewed by SLT and the Cabinet Member for Finance. To provide assurance on the progress of actions within the Plan, Internal Audit have been asked to undertake a continuous programme of testing of key financial controls.
- 5.4. Appendix 4 sets out the results of the RFE testing progress to date, with further reports to be provided going forward as part of the Internal Audit Update report. There have been difficulties obtaining reports to enable testing to be undertaken on a number of the People/Payroll related controls. This is a result of reports/ appropriate data access not being provided to the People and Talent team by the IBC. It is understood that reports have very recently been received and Internal audit are working with the People and Talent team to obtain and analyse this data so that further testing can be undertaken.

6. OPTIONS AND ANALYSIS OF OPTIONS

- 6.1. The Director of Audit, Fraud, Risk and Insurance is required to provide an annual report and opinion on the Council's system of internal control under the Public Sector Internal Audit Standards. To enable this, an annual Internal Audit Plan covering the Council's key risks is devised in consultation with the Strategic Leadership.

7. CONSULTATION

- 7.1. The report has been subject to consultation with the Strategic Leadership Team.

8. EQUALITY IMPLICATIONS

- 8.1. There are no equality implications arising from this report.
- 8.2. Implications verified by Fawad Bhatti, Social Inclusion and Policy Manager.

9. LEGAL IMPLICATIONS

- 9.1. Regulation 3 of the Accounts and Audit Regulations 2015 sets out the Council's responsibility for ensuring that it has a sound system of internal control which:

- a. facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - b. ensures that the financial and operational management of the authority is effective; and,
 - c. includes effective arrangements for the management of risk.
- 9.2. Regulation 5 requires the Council to ensure that it undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 9.3. Implications verified by Rhian Davies, Assistant Director of Legal and Democratic Services, tel. 07827 663794.

10. FINANCIAL IMPLICATIONS

- 9.1 The Internal Audit Plan is delivered within the revenue budget for the service. Actions required as a result of audit work, and any associated costs, are the responsibility of the service managers and directors responsible for the areas which are reviewed.
- 9.2 The proposals contained in this paper have no additional resource implications for the audit service.
- 9.3 Implications completed by Andre Mark, Finance Business Partner, 020 8753 6729 and verified by Emily Hill, Assistant Director, Corporate Finance, 0208 753 3145.

11. IMPLICATIONS FOR BUSINESS

- 10.1 There are no implications for business arising from this report.
- 10.2 Implications verified by Albena Karameros, Programme Manager, Economic Development, 07739 316 957.

12. COMMERCIAL IMPLICATIONS

- 11.1 There are no commercial implications arising from this report.
- 11.2 Implications verified by Andra Ulianov, Head of Contracts and Procurement, 0777 667 2876.

13. IT IMPLICATIONS

- 13.1. There are no ICT implications arising from this report.
- 13.2. Implications verified by: Veronica Barella, Chief Information Officer,

Tel 020 8753 2927.

14. RISK MANAGEMENT

- 13.1 The Internal Audit Plan is developed and delivered to cover the key risks faced by the Council, to provide assurance on the key controls in operation and the effective management of key risks.
- 13.2 *Implications verified by Michael Sloniowski, Risk Manager, telephone 020 8753 2587*

LOCAL GOVERNMENT ACT 2000 BACKGROUND PAPERS USED IN PREPARING THIS REPORT

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Full audit reports covered in this report	David Hughes 0207 361 2389	Corporate Services, Internal Audit 3 Shortlands

LIST OF APPENDICES:

1. Audit reports issued to 20 November 2019
2. Summary of Audit Reports issued to 20 November 2019
3. Summary of Partly Implemented and Not Implemented Internal Audit Recommendations
4. Ruthlessly Financially Efficient testing - Summary of Findings

Audit reports issued to November 2019

APPENDIX 1

We have finalised a total of 6 audit reports since the last report to Committee in up to November 2019 to be reported to this Committee. We categorise our opinions according to our assessment of the controls in place and the level of compliance with these controls.

No.	Audit Plan	Audit Title	Director / Sponsor	Audit Assurance
1	2018/19	Parks Sports Facilities Bookings	Stephen Hollingworth	N/A – Advisory
2	2018/19	Savings Management	Hitesh Jolapara	Satisfactory
3	2018/19	Role of the Section 151 Officer	Hitesh Jolapara	N/A – Advisory
4	2018/19	Capital Programme	Hitesh Jolapara	Satisfactory
5	2018/19	Queensmill School	Jacqui Mcshannon	N/A – Advisory
6	2018/19	Advertising Hoarding Income – Bentworth Park	Jo Rowlands	N/A - Advisory

Substantial Assurance	There is a sound system of control designed to achieve the objectives. Compliance with the control process is considered to be substantial and few material errors or weaknesses were found.
Satisfactory Assurance	While there is a basically sound system, there are weaknesses and/or omissions which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses and / or omissions in the system of controls are such as to put the system objectives at risk, and/or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/or significant non-compliance with basic controls leaves the system open to error or abuse.

Ref	Audit and Scope	Details	Assurance Rating
1	<p>Parks Sports Facilities Bookings</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Strategy, Policy and Procedures; • Processing Bookings; • Income Collection and Debt Recovery; and • Enforcement of Bookings. 	<p>The Council currently operates over 60 parks and open spaces within the borough. These range from Metropolitan Open Spaces to Local and Pocket Parks. The maintenance of the Council's open spaces is carried out under a contract held by Idverde.</p> <p>The Council pay Idverde a fee under the terms of the contract for maintenance of all parks and open spaces. Idverde manage bookings and income collection for sports facilities in the open spaces, where these are available. As of 1 January 2018, Idverde now guarantee the Council a fixed amount of income per month. Any income over that amount received in the month goes into the profit share agreement.</p> <p>Based on the work undertaken, we found sports bookings to be well controlled overall. The absence of a formal bookings policy setting out the Council's approach to prioritising certain groups and block bookings has made it more challenging to demonstrate that Idverde are acting fairly and in line with Council priorities when processing bookings; however, no evidence of inappropriate practice was identified through our work.</p> <p>Two Medium and one low priority recommendations have been raised to improve control:</p> <ol style="list-style-type: none"> 1) Develop a sports facilities booking policy; 2) Develop local procedures; and, 3) Undertake periodic analysis of sports bookings. 	<p>N/A – Advisory Review</p>
2	<p>Savings Management</p> <p>The objectives of this review were to assess and evaluate the controls in the following areas:</p> <ul style="list-style-type: none"> • Governance; • Development of Savings Proposals; • Changes to Savings Proposals and Targets; and • Monitoring and Management of Savings Achievement. 	<p>On 21 February 2018 Budget Council approved the 2018/19 budget. The Council's total net expenditure budget was set at £138.9m. Growth of £6.5m has been provided to meet statutory obligations, demographic, service pressures and key resident priorities. Savings of £15.0m have been put forward to balance the 2018/19 budget. 40% of the savings relate to central support services and income from commercial activities. The ability of the Council to achieve these planned savings will be vital in achieving the approved budget.</p> <p>The overall budget setting process was found to be robust; however, areas for improvement were identified in how the rationale behind savings proposals is recorded and tracked. Two high, two medium and two low priority recommendations were raised as follows:</p> <ol style="list-style-type: none"> 1) The Head of Strategic Planning and Monitoring should remind all relevant staff of the need to ensure that a savings business case template is completed for all savings proposals. The Corporate Finance Team should only put forward a proposal to the challenge meetings if a savings business case template has been prepared. 2) All agreed savings proposals should be informed by a documented rationale and/or evidence base to underpin the reasonableness of calculations and assumption made. Savings should only be accepted where this information is available. 3) The savings tracker should be updated completely and accurately to reflect the current position regarding whether or not the proposed saving will be delivered. Follow-up action should be taken where updated data has not been provided by budget holders. Where savings are predicted to not be achieved an explanation and an action plan (where this can be rectified) should be included on the savings tracker. 4) Evidence should be maintained of the savings tracker being reported to Finance Board, SLT and Political Cabinet. 	<p>Satisfactory Assurance</p>

Ref	Audit and Scope	Details	Assurance Rating
3	<p>Role of the Section 151 Officer</p> <p>The objective of the review was to ensure that the Chief Finance Officer is complying with the requirements as set out in CIPFA's 'The Role of the Chief Finance Officer in Local Government' issued in April 2016.</p>	<p>CIPFA's Statement on the role of the Chief Financial Officer in Local Government sets out the role of the Chief Finance Officer (CFO) in a public service organisation. The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them. Following completion of a self-assessment, this audit reviewed the evidence to support the declaration through review of key documentation. Areas of strength included:</p> <ul style="list-style-type: none"> • Developing and implementing strategy; • Leading and directing a finance function that is resourced to be fit for purpose; • Provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers; and, • Qualifications, skills, knowledge and experience. <p>5 Medium priority recommendations were raised as a result of our work:</p> <ol style="list-style-type: none"> 1) The review of the financial acumen and skills of budget holders and senior officers should be completed in light of the introduction of the new finance system. 2) The Council should put in place an agreed timetable for development and approval of its Asset Management Plan. 3) The Council should review, update and publish a new Corporate Procurement Strategy. 4) A business continuity plan in respect of the Council's delivery of financial services should be produced, approved and kept up to date. 5) Following on from the recent review of the finance structure, an action plan should be developed, approved and monitored against. 	N/A – Advisory Review
4	<p>Capital Programme Review</p> <p>RFE Objective 25, 26, 27.</p> <p>25. Audit of all major capital schemes and to assess governance and financial controls.</p> <p>26. Directors must involve finance at the inception of significant capital projects to consider business cases</p> <p>27. For all large capital spend schemes, reporting arrangements will be in place.</p>	<p>The Council's four-year Capital Programme is for the period 2018-22. The programme , totalling £282.5m, was approved by Cabinet on 5 February 2018. The Housing Capital Programme is primarily funded by Internal Borrowing, Revenue Contributions appropriated to the Major Repairs Reserve, S106, capital receipts from both Right-to-Buy (RtB) and sales of surplus non-dwelling sites and revenue contributions to capital from the general Housing Revenue Account reserves.</p> <p>Although the structures around reporting of the Capital Programme were found to be satisfactory, the reporting of the progress of capital projects at a corporate level focusses heavily on the financial position of the programme. Recommendations have been raised that the monitoring and reporting of non-financial aspects of capital projects such as timeliness of delivery and benefits realisation are strengthened. At the time of the audit, a programme management methodology was being rolled out across the Council and this provides an opportunity to strengthen the monitoring and reporting of the non-financial aspects of the Capital Programme.</p> <p>Two high, one medium and one low priority recommendation were raised as follows:</p> <ol style="list-style-type: none"> 1) Monitoring and reporting of the Capital programme should be strengthened to include non-financial elements. Where possible this reporting should be combined with the current reporting arrangements in the Capital Budget Monitor and also any corporate programme and project monitoring arrangements. 2) Capital project managers should be reminded that formal monitoring meetings should be held on a regular basis to monitor the progress of the project. 3) The Economy department finance staff should ensure that the Capital Monitoring Corporate template is completed and returned to Corporate Finance within the defined timescales. 4) Where there is a budget over/under spend, Project Managers should provide adequate explanation for the variance, its cause and action being taken to prevent it happening in future projects. 	Satisfactory Assurance

Ref	Audit and Scope	Details	Assurance Rating
5	Queensmill School Advisory review commissioned by the former Director of Children's Services	<p>Queensmill is specialist school for children and young people diagnosed with autism aged from 3-19. In 2014, the Children and Families Act was extended to include 19-25 years old. The School sought permission from the Council to open a provision to fill a gap in the HE sector for the School's leavers who would otherwise have no appropriate setting to continue their education. In order to meet the legal requirements of operating this provision a Community Interest Organisation (CIO) called Q+.</p> <p>A considerable amount of time and effort has been put into the set up the charity and advice was sought throughout this process. The amount work required to form and operate the charity and the complexity of the financial arrangements between the school and the charity was greater than initially envisaged.</p> <p>The School encountered challenges in separating the financial records of the charity from the School's records. In some cases, the allocation of set up charges and operating costs between the School and charity were still to be determined. The majority of the process of separating out the accounting record of the School from the charity has been completed, but this was still ongoing at the time of our audit.</p> <p>Five high, five medium and two low priority recommendations were raised including:</p> <ol style="list-style-type: none"> 5) The School and Q+ should review their financial knowledge, skills and competencies requirement and seek professional support if there are any gaps. 6) The Governing Body should evaluate whether the current arrangement allows Governors to identify and challenge decisions that may compromise the School in favour of Q+. 7) The School, Q+ and Council should formally agree how best to meet the set up costs relating to Q House. 8) In future, income and expenditure relating to Q House, Q6 and Project Search should be separated from the School's budget for transparency and ease of budget management. 9) Further discussions should be held between the Council and the School to establish the cost of running the School and agree the funding arrangements based on commissioning numbers, the place funding needed to run the School and top up funding to meet the pupils needs. 10) Once all transactions have been loaded, both the School and Q+ should carry out a full reconciliation on their systems to ensure that the financial records held on their respective systems are complete, accurate and up to date. <p><u>Management update</u></p> <p>There is continued regular dialogue with the school and LBHF to address the issues raised in the audit. The actions sit predominantly with the school, with LBHF input to quality assure and agree next steps re future place funding. LBHF Finance and SEND have had numerous meetings with the school to support their development to improved financial assurance. The school has now: appointed a new governor who leads their finance committee and a new school business manager who has an accountancy background. LBHF is exploring additional finance capacity to support the school in further improving its accounting arrangements.</p>	N/A – Advisory Review
6	Advertising Hoarding Income – Bentworth Park RFE Objective – 12 Corporate oversight and greater alignment of commissioning and commercial activities aligned to our strategic priorities.	<p>Hammersmith and Fulham Council owns a number of digital advertising hoardings at sites around the borough which have been leased to various media providers. Internal Audit were asked to visit the media provider Outdoor Plus Ltd, the tenant of an advertising hoarding in Bentworth Park.</p> <p>The Tenant pays a quarterly Turnover Fee, which is 75% of the Gross Profit, amounting to £50,922.83 in 2018. We sought to verify the figures stated in the Turnover certificate for the October 2018 to December 2018 period (quarter 4) and our approach involved inspecting each line of the turnover certificate and obtaining supporting documentation/ reports.</p> <p>We were unable to validate the amounts stated for Gross Turnover, Commission, Three monthly depreciation and Insurance and supporting information as not provided. As such we were unable to confirm that the gross profit stated on the certificate was correct. At the time of the audit, the Council were not provided with any supporting information and did not seek to validate the information contained in the certificate.</p> <p>In Turnover Periods where losses were incurred, these losses were treated inconsistently, sometimes being carried forward and other times not. From examination of the lease agreement, we were unable to find any reference that states that losses can be carried forward to the following period.</p>	N/A – Advisory Review

Summary of Partly Implemented and Not Implemented Internal Audit Recommendations

APPENDIX 3

This is a schedule of all recommendations that were partly implemented or not implemented.

Ref	Recommendation	Priority (1/2)	Partly Implemented / Not Implemented	Sponsor (Name/Title)	Current Position
Members & MP Enquiries, FOI, Subject Access Requests and Complaints (2017/18 review) – Limited Assurance					
1	<p>Responses to enquiries, requests and complaints should be sent within the prescribed timescales in accordance with policies and procedures. Where there are likely to be delays in responding, the requestor/ complainant should be notified and updated on the progress of their request/complaint and provided with reasons for the delay in responding.</p> <p>All Directors and officers should be reminded of the need to ensure that responses are sent within the prescribed timescales.</p> <p>The process should:</p> <ul style="list-style-type: none"> Identify at an earlier stage where prescribed timescales will not be met and either prioritise the case or send an update. Implement a mechanism to identify outstanding cases where updates have not been issued. <p>Report performance in these areas to DMTs and SLT, including reporting open cases approaching their deadline for completion.</p>	High	Partly Implemented	Sharon Lea – Strategic Director of Environment	<p>Following review by the Strategic Leadership Team a new corporate overview has been established and the areas are being reviewed with clear actions and agreed timescales for improvement.</p> <p>While it is recognised that some services continue to perform well in this area, responses are not always sent within the defined timescales. There is still a backlog of cases which is affecting overall performance.</p> <p>Whilst weekly status reports are sent to departments on outstanding cases, the iCasework system was not up-to-date resulting in these reports being inaccurate.</p> <p>The team is exploring options of generating different reports from iCasework. In addition, the Repairs Team now have officers dealing with complaints which should result in a reduction in overdue cases.</p> <p>Performance is monitored by the Assistant Director Residents' Service at monthly operational meetings.</p> <p>An Improvement Plan is being implemented and will assist in the full implementation of this recommendation.</p>

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
1. Expense Claims – RFE Objectives 19 and 21 – Expenditure, proper use of the expenses system to ensure expenditure is in line with agreed policy.				
To ensure that supporting receipts are available for all expense claims.	Up to £999 of expenses can be claimed by staff in a single expense claim. Staff have to confirm that they have a receipt, but there is no facility for uploading receipts. From August 2019 IBC have undertaken monthly monitoring of a sample of expense claims and write to managers to confirm the validity of claims. A list of sampled claims where a response is not received from the manager is sent to Strategic Director of Finance and Governance for investigation and action.			The first period of the audit was for expenses from December to February 2019; it will be monthly from there onwards. For March 2019, there was one claim for which no response was received from the manager and this is being followed up by the Assistant Director Corporate Services.
2. Additional Allowances (Honoraria, Acting up etc.) – RFE Objective 24 - Development of agency staff reduction plan; review of honoraria, allowances and acting up awards, promotions and overtime.				
To ensure that there is evidence of a supporting rationale for the payment.	Managers can move staff to "act up" into a role or set up secondments. There is no workflow or system controls. The additional allowance will be identified by the budget manager as part of budget monitoring and via payroll reports.			Waiting for report to be provided and to check for a sample of 10 cases whether there is an end date set on the system for acting up, secondments. Also, to check how long staff have been acting up or have been on secondment. Discussions held with Internal Audit at RBKC (who is also undertaking this type of work for RBKC and WCC) indicated that their accountants have managed to generate a report from IBC (Wage type query report) which will detail staff who have received additional allowances. Mazars to discuss with LBHF accountants (Andre Mark) to establish whether a similar report can be generated.
3. Promotions				
To ensure that there is a justification for the promotion.	The Council's procedures don't allow for this although functionality exists within the system. Staff are either recruited to a post or are directly hired following an internal process.			To be confirmed by review when HR reports are available and then determine whether to continue with this test.
4. Overtime				
To ensure that overtime payments can be supported by evidence of working additional hours.	Overtime rates are dependent upon the scale of the officer. Officer inputs overtime on system and this gets work flowed to manager for approval.			Awaiting report of overtime and to check for a sample of 10 overtime payments that the rate was correct and that it was approved. Dave Rogers to explain how we can confirm that the overtime claimed has been actually worked. Internal Audit are working with colleagues at Hampshire Internal Audit and LBHF Finance to generate a report from IBC (Wage type query report) which will detail staff who have been paid overtime.
5. Journals - RFE Objective 18 - Budget Control including correct use of Journals.				
To ensure that evidence is available to support the journal.	Journals are posted and approved by two different officers. SAP does not have a workflow for the approval of journals and therefore the approval process is logged on a journal and accrual log. All journals and accruals are logged via a link on SharePoint. A new journal request is created on SharePoint and approved by the line manager or Principal Accountant level or above. Working papers are attached to the journal request on SharePoint.			For a sample of 10 journals processed from December 2019 to May 2019 in all 10 cases there was evidence to support the journal. It was however noted that in two cases, the journals had been posted onto SAP without being formally authorised. Whilst these two journals had been verbally authorised, management should ensure that formal authorisation is obtained prior to posting the journal.
6. Changes to Supplier Details – RFE Objective 19 - Officers checking, and approving invoices must ensure invoices are in line with agreed contracts and a new supplier set up process initiated and				

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
advertised on the Council's Intranet. Services must complete an online form. Procurement officers process the request and submit it to the IBC to complete the approval process. All orders placed include a purchase order number of which Suppliers must include on their invoice when they send it for payment or when it is loaded onto the IBC supplier self-service website.				
To ensure that there is evidence to support the change to supplier details.	Suppliers are responsible for ensuring that their own details are accurate and up-to-date via self-service. As part of being set up as a supplier, suppliers are required to register for self-service and provide their email address and mobile number in order to confirm that their details have been set up correctly. With regards to changes to supplier's bank details, IBC make changes to bank details based on a report received from the bank (AWACS report – Advice of Wrong Account for Credits Service). IBC do not obtain any further confirmation from the supplier prior to making the change as the change is on the basis of the AWACS report from the bank and this is taken as authorisation to manually update the bank details. A copy of the AWACS report is attached to the supplier record in SAP and the supplier is notified through supplier self-service that bank details have been changed.			Review of report of supplier bank detail changes from December 2019 to May 2019, it was confirmed that they were all made by either IBC on the basis of a report from the bank (AWACS or ARUCS report), by supplier self-service or by IBC as the supplier is an individual and therefore does not have self-service. To undertake testing on a sample of suppliers who are individuals to confirm that supporting evidence is available prior to changes made by IBC.
7. Non-order Invoices RFE Objective 19 - Working to a strict 'No PO No Pay' policy which means that all invoices that the IBC receive will need to quote a valid, open PO number for the invoice to be processed. Guidance is available on the Council's Intranet to help Suppliers meet these requirements.				
To ensure that: the volume of non-order invoices is monitored and the order could not have been raised in advance.	The volume of non-order invoices being processed is being monitored by Corporate Finance Team. Ibex allows officers to make one-off payments to customers/suppliers for items such as refund of permits, compensation payments.			Discussions with the Finance Systems Manager indicated that all manual payments are reviewed by Corporate Finance Team to confirm that they are appropriate. Where there are any issues, the service areas are contacted to provide the reasons for making manual payments. However, there was no evidence to confirm management assertions. For a sample of 10 non-order invoices paid (Dec 2018 to May 2019), in all 10 cases the payments were for one-off expenses where an order could not have been raised in advance.
8. Emergency / Faster Payments				
To ensure that emergency/fast payment could not have been paid earlier through the normal method.	A manual form is completed and authorised by a manager in accordance with the Scheme of Delegation before being sent to Corporate Finance for processing. The request is reviewed by Corporate Finance to ensure that it is valid and accurate prior to the payment being made via Bankline.			For a sample of 10 emergency/faster payments made from March to April 2019, in all 10 cases the request form was completed and appropriately authorised. In seven cases the payments could not have been made earlier through the standard payment method. In the remaining three cases the payments could have been made earlier. The faster payments were made as result of a payroll delay/error or delay by the Council in setting up the supplier on SAP.
9. Petty Cash Reconciliations				
To ensure that petty cash accounts are regularly reconciled. To reconfirm the petty cash in hand balances.	<i>Process information to be added once testing has been completed</i>			<i>Testing in progress in four areas – looking to update for report to APC.</i>
10. Petty Cash Transactions				

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
To ensure that receipts are available to support the petty cash expenditure.	<i>Process information to be added once testing has been completed</i>			<i>Testing in progress in four areas – looking to update for report to APC.</i>
11. Credit Notes				
To ensure that evidence is available to support the credit.	Requests for credit notes are only processed where there is evidence of credit due and the request has been approved.			For a sample of 10 credit notes raised from December 2018 to May 2019, in all 10 cases there was evidence to support the credit and they were approved. Credit notes were required due to invoices being raised in error or additional payment made by the supplier. It should be noted that for eight of our sample, the credit notes were all relating to trade/refuse removal as these are generally where the majority of credit notes are raised.
12. Refunds				
To ensure that evidence is available to support the refund.	A spreadsheet is completed by Service Areas with details of the refund together with bank details and the reason for the refund. Refund requests are authorised by a manager in accordance with the Scheme of Delegation before being sent to Corporate Finance for submitting to credit control in Hampshire for processing the refund. Once the refund has been processed, Hampshire will send a confirmation email to Corporate Finance.			For a sample of 10 refunds processed from December 2018 to April 2019, in all 10 cases the refund requests had been appropriately authorised and that there was sufficient evidence to support the refund.
13. Straight to Offer – RFE Objective 23 - All recruitment agreed by the Chief Executive in conjunction with the Resource Management Board (RMB).				
To ensure that for appointments that went "straight to offer" that this was appropriate.	Get Ahead Scheme is an internal process to promote and develop staff. Managers can direct hire on system provided there is a position within their responsibility. No approval is required.			Awaiting report that will identify who is a direct hire. The Head of HR Operations is exploring options of reporting on direct hires.
14. Start Dates				
To ensure that the start date has been input correctly.	Hire form is in place for each new starter which is pre-populated from IBC. This form details the start date amongst other details.			For a sample of 10 new starters from December 2018 to April 2019, in two cases there was evidence to confirm that the start date had been input correctly. For the remaining eight cases no appropriate documentation to confirm correct input of start date could be obtained.
15. Leave dates				
To ensure that the leave date has been input correctly.	For retirement/redundancy/dismissal, an e-form is completed by HR which will include the leave date. For all other leavers, the leave date is input onto the system by managers via self-service. A new process will be introduced in September 2019 whereby managers will be producing a leavers letter which will confirm the leave date.			For a sample of 12 new starters from December 2018 to April 2019, in seven cases there was evidence to confirm that the leaving date had been input correctly. In the remaining five cases no appropriate documentation to confirm correct input of leaving date could be obtained.