

London Borough of Hammersmith & Fulham

Report to: Audit Committee

Date: 22/06/2021

Subject: Head of Internal Audit Annual Report 2020/21

Report of: David Hughes, Director for Audit, Fraud, Risk and Insurance

Responsible Director: Director for Audit, Fraud, Risk and Insurance

Summary

This report summarises the work of Internal Audit in 2020/21 and provides the opinion of the Director of Audit, Fraud, Risk and Insurance on the adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion is provided for the use of the London Borough of Hammersmith and Fulham and is used to support its Annual Governance Statement.

The report sets out a continuing trend of improvement in assurance being obtained and provided for 2020/21 through the work of internal audit. This reflects the commitment to a robust assurance framework being led by the Chief Executive, through monthly SLT Assurance meetings, and through the delivery of the Ruthlessly Financially Efficient programme led by the Director of Finance.

Recommendation

For the Committee to note and comment on the report.

Wards Affected: None

H&F Values

Please state how the subject of the report relates to our values – delete those values which are not appropriate

Our Values	Summary of how this report aligns to the H&F Priorities
Being ruthlessly financially efficient	The work undertaken by Internal Audit helps to ensure that management have robust controls and practices in place to safeguard the Council's assets, controlling expenditure and maximising potential income to protect and invest in essential frontline services which are in place to meet the Council's priorities.

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Background Papers Used in Preparing This Report

None.

DETAILED ANALYSIS

1. From the Internal Audit work undertaken in the financial year 2020/21, reasonable assurance can be provided that the systems of internal control are effective with 91% of the audits undertaken receiving a positive assurance opinion (85% in 2019/20), with no Nil Assurance audits being reported for the fifth consecutive year (Appendix 1). There has also been an increase in Substantial Assurance audits issued, with five issued in 2020/21 (three in 2019/20).
2. There are some areas where control improvements are required and compliance with agreed systems could be improved. In each case, action plans are either in place, or have already been implemented, to remedy the weaknesses identified. These will be followed up by the internal audit team until they are completed.
3. The Council was found to be effective, in most areas, at implementing recommendations where concerns in respect of controls were identified.
4. The report is a key element of the evidence supporting the Annual Governance Statement (AGS), which will be presented separately to the Committee with the Annual Accounts.

Internal Audit Work 2020-21

5. The Audit and Accounts Regulations 2015 require the Council to conduct a review of effectiveness of the system of internal control. This contributes to the Council priority of being Ruthlessly Financially Efficient. Detailed reports on the performance and outcomes of the internal audit work undertaken, have been presented regularly to the Council's Section 151 Officer and at each meeting of the Audit and Pensions Committee.
6. Wherever possible, when planned audits are postponed, alternative work is identified or alternative sources of assurance are sought. Due to the Covid-19

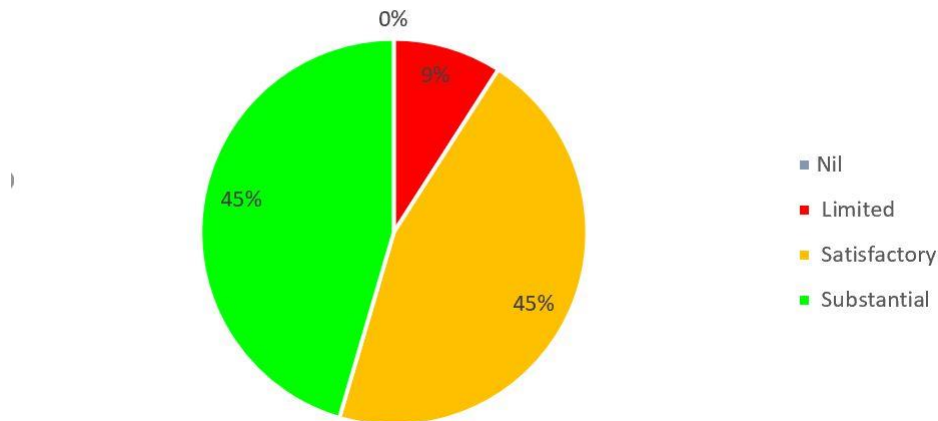
pandemic, there was some delay to the start of the audit work for 2020/21 and some of the audits originally planned to be delivered could not be started until late in the final quarter of the year and are shown as in progress in Appendix 1. Other audits were deferred until 2021/22 in agreement with the service and these are detailed in Appendix 2. Internal audit also undertook some additional work to support the Council in their response to the pandemic. The Internal Audit service has also liaised closely with the Council's senior managers to prioritise the audit work undertaken and to assist them in identifying other sources of assurance including the Director's Assurance Statements which were completed at the end of the financial year.

7. The internal audit service has been provided in accordance with the UK Public Sector Internal Audit Standards (PSIAS). During 2020/21, the Internal Audit Service undertook a self-assessment to verify PSIAS compliance which has identified general compliance with the Standards. Some improvements in reporting and planning have been identified which are being implemented in 2021/22.

Internal Audit Opinion

8. As the provider of the internal audit service to the London Borough of Hammersmith and Fulham, the Director of Audit, Fraud, Risk and Insurance is required to provide the Section 151 Officer and the Audit and Pensions Committee with an opinion on the adequacy and effectiveness of the Council's governance, risk management and control arrangements. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance.
9. The opinion is that, at the time of preparing this report and based upon the work completed this year, the Council's governance, risk management and internal control systems in the areas audited were adequate with the exception of those areas detailed as Limited Assurance (see paragraph 17 below), all of which have been reported to the Audit and Pensions Committee as indicated in Appendix 1. This is a positive opinion which means that the Council generally has effective internal control systems with 91% of audits receiving a positive assurance opinion. This is consistent with the outcomes in 2019/20, given that a number of reviews are in the process of being concluded, and an increase in those audits receiving a substantial assurance opinion 38% (11% in 2019/20). No Nil Assurance reports have been issued again this year.
10. In the above context it should be noted that:
 - This opinion is based solely upon the areas reviewed and the progress made by the Council to action internal audit recommendations.
 - Assurance can never be absolute neither can internal audit work be designed to identify or address all weaknesses that might exist.
 - Responsibility for maintaining adequate and appropriate systems of internal control resides with Council management, not internal audit.

Assurance Levels for the year to 31 March 2021



Managed Services – Finance, HR and Payroll Systems

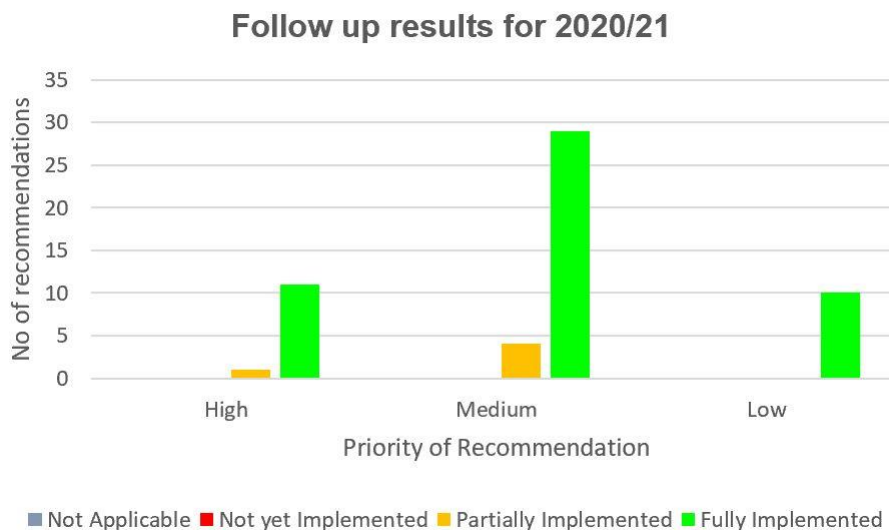
11. The Council's Finance, HR and Payroll systems are provided by the Integrated Business Centre (IBC) within Hampshire County Council (HCC). During 2020/21, HCC commissioned a Type 2 Report on the suitability of the design and operating effectiveness of service organisation controls which was prepared in accordance with the International Standard on Assurance Engagements (ISAE) 3402. The report was provided to the Director of Finance and provided reasonable assurance that the control objectives would be achieved.
12. In addition to the assurances provided by HCC, the Council is required to apply complementary controls. As part of Council's drive to be Ruthlessly Financially Efficient (RFE), Internal Audit have reviewed compliance with the local controls in respect of Finance, HR and Payroll processes. Outcomes from the RFE testing for quarters 1 to 3 was previously reported to the Audit and Pensions Committee in March 2021 with the final quarter report attached as Appendix 4.

Schools Audit Work

13. In addition to full audits have been undertaken at seven schools, two surveys were undertaken to provide a thematic assessment of the health and safety and IT security processes across the Council's maintained and voluntary schools. The responses to these provided some assurance that, in most cases, the schools had appropriate controls in place in respect of how they manage these areas. Where the responses indicated areas where improvements could be made, Internal Audit will be liaising with the schools service on improvements, potential training requirements and consider whether good practice can be shared across the schools.

Follow ups

14. The implementation of audit recommendations is reported regularly to SLT Assurance and to the Audit and Pensions Committee.
15. 55 recommendations were followed up in 2020/21 and confirmed that the implementation of medium and high priority recommendations had been consistently effective:
- 89% of medium and high priority recommendations followed up in 2020/21 were fully implemented with a further 11% partly implemented.
 - 92% of high priority recommendations followed up were found to be fully implemented with the remaining 8% partly implemented.



16. Issues arising for Internal Audit work which have significant implications for the Council’s assurance framework will be included in the Annual Governance Statement which is reported separately to this Committee. Annual Governance Statement also ensures that follow up action is taken to remedy the key control weaknesses found.

Limited Assurance Reviews

17. There were a few areas where improvements in compliance with controls were needed with only one audit being designated as limited assurance as set out in the table below:

Service Area	Audited Area	Reported to APC
Children’s Services	Cambridge School	June 2021

18. The findings from this audit are summarised in Appendix 3 of this report and the full internal audit report is also provided as separate appendix (Appendix 5).

Substantial Assurance Reviews

19. As identified earlier in the report, five Substantial Assurance reviews were issued in 2020/21 (two more than 2019/20) and are set out in the table below:

Service Area	Audited Area	Reported to APC
Economy	Housing H&S – Water Hygiene & Legionella	December 2020
Children’s Services	St Stephen’s CE Primary School	February 2021
Children’s Services	Woodlane High School	February 2021
Resources	Digital Services – New Application Approval Process (Draft)	June 2021
Environment	Council Tax	June 2021

Consultation

20. 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 Internal Audit Plan covering the Council’s key risks is devised in consultation with the Strategic Leadership Team and the work performed through this plan forms the basis of the annual opinion.

Legal Implications

21. 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.
22. 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.
23. There are no particular legal implications arising from this report.

Implications verified by Janette Mullins, Chief Solicitor (litigation), tel: 020 8753 2744.

Financial Implications

24. 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.
25. The proposals contained in this paper have no additional resource implications for the audit service.

Implications completed by Andre Mark, Finance Business Partner, 020 8753 6729 and verified by Emily Hill, Director of Finance, 020 8753 3145.

Risk Management

26. 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.

Implications verified by Michael Sloniowski, Risk Manager, 020 8753 2587.

List of Appendices:

- Appendix 1 Audits completed in 2020/21 and work in progress
- Appendix 2 Changes to the 2020/21 Audit Plan
- Appendix 3 Summary of Limited and Nil assurance reports issued since the last meeting
- Appendix 4 RFE Testing Summary for Q4 2020/21
- Appendix 5 Cambridge School

Audits completed in 2020/21

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Medium Priority Recs	No of Low Priority Recs	Reported to Cttee
Cross cutting	PPE – Review of Process (Covid Support)	Jun 2020	Advisory	n/a	n/a	n/a	Dec 2020
	RFE Compliance (Q1 to Q3)	Feb 2021	Advisory	n/a	n/a	n/a	Mar 2021
	RFE Compliance (Q4)	May 2021	Advisory	n/a	n/a	n/a	Jun 2021
	Procurement Governance	May 2021	Advisory	1	3	0	Jun 2021
	Contract Management (Draft)	Apr 2021	Report being finalised				
Finance	Pensions Admin - Payments	May 2020	Advisory	0	5	0	Dec 2020
	Income Compensation Scheme (Draft)	Apr 2021	Advisory	0	3	0	Jun 2021
Resources	People & Talent: Pensions Admin Support & Process	n/a	Advisory	n/a	n/a	n/a	Dec 2020
	Digital Services – New Application Approval Process (Draft)	May 2021	Substantial	0	1	2	Jun 2021
Children's Services	Supporting Families Claims	On-going	n/a	n/a	n/a	n/a	Jun 2021
	St Stephen's CE Primary School	Feb 2021	Substantial	0	1	2	Mar 2021
	Woodlane High School	Feb 2021	Substantial	0	0	3	Mar 2021
	St Mary's RC Primary School	Apr 2020	Satisfactory	0	5	1	Jun 2021
	Cambridge School	Mar 2021	Limited	1	1	2	Jun 2021
	Thematic Reviews – Health & Safety and IT Security	Mar 2021	Advisory	n/a	n/a	n/a	Jun 2021
Social Care & Public Health	Resilience (Draft)	May 2021	Advisory	0	2	0	Jun 2021
	Mosaic Financial Controls (Draft)	Jun 2021	Report being finalised				
	Risk Workshops	n/a	n/a	n/a	n/a	n/a	Jun 2021
Economy	Housing H&S – Water Hygiene & Legionella	Oct 2020	Substantial	0	1	0	Dec 2020

Plan Area	Auditable Area	Issued	Assurance level given	No of High Priority Recs	No of Medium Priority Recs	No of Low Priority Recs	Reported to Cttee
	Housing H&S - Asbestos	Dec 2020	Satisfactory	0	2	0	Dec 2020
	Implementation of Health & Safety Recommendations	Dec 2020	Advisory	0	5	0	Mar 2021
	Housing H&S – Electrical	Mar 2021	Satisfactory	1	5	1	Jun 2021
	United Living Due Diligence	Mar 2021	Advisory	n/a	n/a	n/a	Jun 2021
Environment	FOI, SARs & Member's Enquiries	Apr 2021	Satisfactory	0	5	1	Jun 2021
	Council Tax	Mar 2021	Substantial	0	0	2	Jun 2021
	Housing Benefit	Mar 2021	Satisfactory	0	1	1	Jun 2021

Audit work in progress

Plan Area	Auditable Area	Status
Cross-cutting	DPO/ GDPR Support	Advisory support ongoing into 2021/22 as planned.
	Waivers	Fieldwork complete and draft report being prepared.
Finance	Treasury Management	Fieldwork completed and draft report due.
	Housing Rents	Fieldwork in progress.
Resources	Digital Services: Post Implementation Review (Tectonic)	Fieldwork complete and draft report being prepared.
	Election Readiness	Fieldwork complete and draft report being prepared.
Children's Services	Placements (Advisory)	Advisory - draft report due.
	Use of Spot Contracts	Fieldwork in progress.
	Use of Procurement Cards and Cash	Fieldwork complete and draft report being prepared.
	School Bursarial Service	Fieldwork complete and draft report due.
	Recharging for SEN	Fieldwork complete and draft report being prepared.
	Flora Gardens Primary School	Fieldwork complete and draft report being prepared.
	Avonmore Primary (St John's XXIII) Pope John Primary	Fieldwork in progress.
Social Care & Public	Supervision	Fieldwork complete and draft report being prepared

Plan Area	Auditable Area	Status
Health		
Economy	Corporate Health & Safety	Fieldwork in progress.
	Homelessness	Fieldwork in progress.
	Security, Resource Management	Fieldwork in progress.
	Service Charges	Fieldwork in progress.
	Housing Decants	Fieldwork complete and draft report due.
	Play Equipment Inspection	Fieldwork complete and draft report due.
Environment	CCTV – Contract Management	Fieldwork complete and draft report due.
	Grounds Maintenance Contract Management	Fieldwork complete and draft report due.
	Parking – PRP Scheme	Fieldwork complete and draft report being prepared.
	NNDR	Fieldwork complete and draft report being prepared.

Changes to the 2020/21 Internal Audit Plan

Audits added to the 2020/21 audit plan are included in the table in Appendix 1. The table below shows any audits removed from the 2020/21 plan, following discussions with management, or deferred to a future year.

Plan Area	Auditable Area	Reason Audit not Undertaken
Cross-cutting	Business Continuity	New system recently implemented. To consider compliance review in 2021/22 once more information is added to the system.
Finance	Capital Programme	To be considered for inclusion in 2021/22 audit plan.
	Covid-19 Related Grants	Discussions with Finance to agree assurance work. Will carry forward into 2021/22
Resources	Digital Services: Asset and Access Management	Prioritised other audits for completion in 2020/21. Deferred for inclusion in 2021/22 audit plan.
	People & Talent: Sickness Absence	Request by the service due to other pressures. Deferred for inclusion in 2021/22 audit plan.
	People & Talent: Agency Spend	Request by the service due to other pressures. Deferred for inclusion in 2021/22 audit plan.
Children's	Movement of SharePoint Data (SEN)	Request by the service to defer due to work still in progress
Social Care & Public Health	PFI Programme	Request by the service due to other priorities. Deferred for inclusion in 2021/22 audit plan.
	Risk Management Assurance	Defer until after workshops. 2021/22 plan will include risk management work focus area(s) to be confirmed.
Economy	Workzone/ Local Business Support	Delayed due to impact of Covid-19. To be reconsidered in 2021/22.
	Geometra Data Quality	No longer required as covered in various health and safety audits.
	DLO Communal & Programmed Remedial Works	Request by the service due to other priorities. Deferred for inclusion in 2021/22 audit plan.
	Property Management Systems (Techforge)	Request by the service due to other priorities. Deferred for inclusion in 2021/22 audit plan.
	Major Works, Lessee and Service Charges	Focused review undertaken in 2020/21 with consideration for an additional wider scoped review in 2021/22.
	Long Term Repairs Model	Agreed with the service that this audit would focus on the Housing Information Management System to be commenced in 2021/22 due to other service priorities.
Environment	Parks Police – Patrols, Planning & Monitoring	Service ceased with effect from Jan 2021 so audit no longer relevant.

Summary of Limited and Nil Assurance Reports since last meeting

APPENDIX 3

Audit and Scope	Details	Rating
<p>Department: Children's Services Audit Title: Cambridge School</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 & leadership • Financial management • Procurement • Staff expenses & petty cash • Income • Payroll • Head Teacher's Pay • Assets & Inventory • Unofficial funds 	<p>This audit was undertaken in line with our standard audit programme for schools which is designed to review the main areas of governance and financial control. The programme's standards are based on legislation, the Scheme for Financing Schools and accepted best practice. The purpose of the audit is to help schools establish and maintain robust financial systems.</p> <p>The controls in place at the school were generally effective and a total of four recommendations were made (one high, one medium and two low priority). The low and medium priority recommendations were in the areas of governance, procurement, staff expenses and petty cash.</p> <p>The high priority recommendation was made in response to a staff loan scheme which was identified immediately prior to the audit commencing. Enquiries by the School Business Manager confirmed that the provision of these loans had not been reviewed or approved by the Governing Body. A total of 13 loans had been provided and all but one of these had been repaid at the time of the audit. In respect of this scheme, it was recommended that the school should:</p> <ul style="list-style-type: none"> • monitor the outstanding loan to ensure that it is repaid in full • report to the Governing Body explaining the circumstances of how the scheme came about, that it had not been approved by the Governors, and provide an update on the current situation. This will allow Governors to make decision on actions required and monitor this. • verify the appropriateness of any future 'schemes' with the Council prior to implementing it. Any decision made to administer such schemes should be discussed and approved by the Governing Body and be accounted for within the budget report under a separate budget code. 	<p>Limited Assurance</p>
<p>Management Update:</p> <p>The Head Teacher confirmed that the school would comply with the recommendations of the audit and produce a written report for the governors finance committee explaining the circumstances of how the scheme came about and who the recipients of the loans were. Once the report has been discussed at this committee it will go forward to the full governing board on 30th June. The Headteacher will monitor the outstanding loan to ensure that it is repaid in full and report this to Governors. The school will not run any further schemes of this type. The school will ask for a further working party to be created to discuss all payroll functions and to develop a bespoke school pay policy for support staff.</p>		

Ruthlessly Financially Efficient Summary of Findings: January to March 2021

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
1. Expense Claims				
<p>To ensure that supporting receipts are available for all expense claims.</p>	<p>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.</p> <p>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.</p>			<p>Monthly audits are completed by IBC. This process is monitored by the Risk Manager and RFE Lead. The Risk Manager and RFE Lead confirmed in their last three IBC expenses reports from January to March 2021 that:</p> <ul style="list-style-type: none"> • There was a total of 12 officer expenses validation enquiries received. In all 12 cases, the relevant line manager was sent a reminder with the Director of Audit and Director of Finance copied into these emails. • One referral was made to HR to follow up on the use of expenses for the purchase of food and beverages. • There were no outstanding queries from the previous three months.
2. Additional Allowances (Honoraria, Acting up etc.)				
<p>To ensure that there is evidence of a supporting rationale for the payment.</p>	<p>Managers can move staff to “act up” into a role or set up secondments. There is no workflow or system controls.</p> <p>The line manager adds the additional allowance to an employee’s pay through managers self-service on SAP.</p> <p>An honorarium or acting up payment will normally be paid for activities as outlined above which are required for between 4-26 weeks. Authorisation at Assistant Director/Director level is required. The agreement of the Director will be necessary for any honorarium or acting up payment that is intended to or is likely to exceed 26 weeks. An allowances report can be obtained from HR. Individual managers of selected staff should be contacted to ask for the information below:</p> <ul style="list-style-type: none"> • The reason for the honoraria payment • Evidence of management authorisation • The start and end date of the payment 			<p>A Monthly Additional Allowances report generated by Corporate Finance identifies officers who have had additional payments and the amounts paid to them. However, this report does not identify what the additional allowance is for without accessing SAP to find these details. We therefore contacted line-managers for a sample of ten staff members who received honorariums between January and March 2021, to confirm the following:</p> <ul style="list-style-type: none"> • The reason for the honoraria payment • Evidence of management authorisation • The start and end date of the payment <p>To date we have received responses from eight line managers. From these responses, one honorarium payment appears to have been made in error, the relevant line manager is investigating this, and further details are awaited. One more payment was recorded as honoraria because the officer was late in recording their overtime claim and the manager was advised to put this through as honoraria. For the remaining six honoraria:</p> <ul style="list-style-type: none"> • In all six cases a start date was in place. • In four cases an end date was in place and for two the honoraria payments were on-going. • In two cases the honorarium period was within the 26 week period. • In four cases the honorarium was extended beyond the 26 week period defined in the honorarium guidance. Discussions with line-managers established that an extension form was not submitted, instead extensions were agreed by the Directors, Associate Directors, and Head of Services. <p>Reasons for honoraria varied and included acting up to a more senior role,</p>

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
				<p>setting up a volunteering programmes due to COVID-19, as cover for extra duties that were assigned, and preventing an employee taking a more senior role elsewhere.</p> <p>It should be noted that HR confirmed that appropriate management authorisation for honoraria payments is through the IBC and by completing a form. None of the line-managers we spoke with had completed a form and were unaware that this was a requirement.</p>
3. Promotions				
<p>To ensure that there is a justification for the promotion.</p>	<p>There are no real promotions. Staff are either recruited to a post or are directly hired following internal process.</p> <p>Confirm with HR whether managers can move staff up the pay scale without authorisation. Is this monitored by budget monitoring reports.</p>	NA	NA	<p>Initial discussions with HR confirmed that there would not be any promotions and therefore this test can be removed.</p>
4. Overtime				
<p>To ensure that overtime payments can be supported by evidence of working additional hours.</p>	<p>Overtime rates are dependent upon the scale of the officer. Officer inputs overtime on system and this gets work flowed to manager for approval.</p> <p>Overtime payments can only be made once an employee has worked in excess of a 36 hours week and for hours which are outside of the standard hours of business i.e. 7.30 a.m. to 7.30 p.m. Overtime working should occur if it is necessary to maintain essential service provision, and the taking of flexi leave and time off in lieu is not conducive to the smooth running of the service, then overtime payments can be considered.</p> <p>Employees graded above PO10 are not eligible to claim overtime.</p> <p>Employees who have contractual overtime included in their contract of employment do not need to submit claims for these hours. However, overtime worked in excess of contractual overtime hours must be claimed e.g. if an employee works 42 hours in a week and is required to work four hours contractual overtime, only an additional two hours overtime must be claimed.</p> <p>Overtime claims are submitted to line managers for approval.</p>			<p>For a sample of ten overtime claims between January and March 2021, in eight cases evidence was provided confirming they had been authorised by the appropriate line manager. For the remaining two claims, approval was not required as these claims were in relation to contractual overtime for Civil Enforcement Officers who are required to work an additional four hours contractual overtime per week.</p> <p>We confirmed that all ten claims were for officers under grade PO10.</p> <p>The reasons for overtime varied however, including out of hours weddings, covering sites that required constant security presence, and pandemic related duties on various projects such as Covid-19 testing stations. Other reasons included essential year end work for Council Tax and housing benefit entitlement, urgent ground maintenance and upkeep.</p>
5. Journals				
<p>To ensure that evidence is available to support the journal.</p>	<p>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.</p> <p>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.</p>			<p>For a sample of ten journals from January to March 2021, we confirmed that all were requested and approved by two separate officers. All were logged via SharePoint and had evidence attached to support the journal (working papers).</p>
6. Changes to Supplier Details				

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
<p>To ensure that there is evidence to support the change to supplier details.</p>	<p>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.</p> <p>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.</p>	N/A	N/A	<p>Performed as part of the ISAE 3402 audit undertaken by Hampshire County Council.</p>
7. Non-order Invoices				
<p>To ensure that:</p> <p>(a) The volume of non-order invoices is monitored;</p> <p>(b) The payment has been created by an approved officer;</p> <p>(c) The order could not have been raised in advance.</p>	<p>Ibex allows a list of approved officers to make one-off payments to customers/suppliers for items such as refund of permits, compensation payments. To be granted access, an Ibex New User Form must be completed.</p> <p>Non-order invoices are monitored by Finance Systems Team. If there are errors, the team will reject the payment and send an email with the reasons why.</p> <p>Request IBEX report from Finance.</p> <p>For the sample request evidence, who it was raised by, who it was approved by and whether it was raised by an IBEX authorised user.</p> <p>If a request for non-order invoices is input to Ibex it sits with the service area and is also approved by the finance team. The finance team check what the non-order invoices are being completed for and only approved staff have access to Ibex which is requested by their managers. Any Ibex payments that are over a £25k value must be backed up by an email so they can double check the details, approvals and values.</p>			<p>For a sample of ten non-order transactions made from January to March 2021, in all cases, we confirmed that the payment had been approved by an authorised Ibex user (Finance Systems Manager) and that an order could not have been raised in advance.</p> <p>Five of the ten payments sampled between January and March 2021 were over £25K (ranging from £52,696.25 to £400,00.00). We confirmed that all five were backed up by an email to confirm the details and approvals.</p>
8. Emergency / Faster Payments				
<p>To ensure that emergency/fast payment could not have been paid earlier through the normal method.</p>	<p>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.</p> <p>For the selected sample, confirm whether a request form was provided, whether it was authorised and by who, whether the system amount matches the form amount and who it was processed by.</p>			<p>For a sample of ten emergency/faster payments made from January to March 2021, in all cases a request form was completed and appropriately authorised (eight forms had e-signatures and for two forms the authorisations were via email).</p> <p>In all cases, we confirmed that the payments could not have been made earlier through the standard payment method.</p>

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
9. Petty Cash Reconciliations				
<p>To ensure that petty cash accounts are regularly reconciled.</p> <p>To reconfirm the petty cash in hand balances.</p>	<p>There are 4 departments/services that currently use petty cash: Community Needs Barclay (Sawley Road); Environment department; Coroners and ALSS department.</p> <p>Petty cash accounts should be reconciled on a monthly basis.</p>			<p><u>ALSS:</u> We confirmed monthly reconciliations have been undertaken in the period and no issues were identified in the reconciliation reviewed for 29/03/2021.</p> <p><u>Environment:</u> We confirmed no reconciliations had been undertaken in the period January to March 2021 as no one is in the office. The Environment Senior Accountant stated that the cash has not been physically counted but remains the same for both accounts as there has been no activity through the year (since 31/03/2020). The Senior Accountant has confirmed that due to COVID-19 restrictions and no staff being present in the office, a physical count and check has not been possible.</p> <p><u>Coroners:</u> We confirmed monthly reconciliations had taken place from January to March 2021 and no issues were noted.</p> <p><u>145 King Street & Sawley Road:</u> No response received.</p>
10. Petty Cash Transactions				
<p>To ensure that receipts are available to support the petty cash expenditure.</p>	<p>Receipts are kept by the individual departments/services.</p> <p>Request petty cash transactions for each department and test to confirm that receipts are available.</p>			<p><u>ALSS:</u> We confirmed there were no transactions between January and March 2021 and the bank account has now been closed as the Council is taking steps to become cashless. We confirmed that the closing balance was transferred to Account number 11402598.</p> <p><u>Environment:</u> We confirmed that there were no transactions in the period January to March 2021.</p> <p><u>Coroners:</u> For a sample of seven petty cash transactions between January and March 2021, we were able to confirm the amount reimbursed to jurors by cheque matched the supporting expense claim forms. However, in two cases, there was no receipts to support the claim and in another one case, the loss of earnings form to support the claim was unsigned.</p> <p><u>145 King Street & Sawley Road:</u> No response received.</p>
11. Credit Notes				
<p>To ensure that evidence is available to support the credit.</p>	<p>Requests for credit notes are only processed where there is evidence of credit due and the request has been approved.</p>			<p>For a sample of ten credit notes raised from January to March 2021, we confirmed in all cases evidence was available to support the credit and they were all approved. Credit notes were required due to invoices being raised in error or additional payment made by the supplier.</p>
12. Refunds				
<p>To ensure that evidence is available to support the refund.</p>	<p>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.</p>			<p>For a sample of ten refunds processed from January to March 2021, in all cases we confirmed that the refund requests had been appropriately authorised and that there was sufficient evidence to support the refund. In all cases, the authorised amounts matched the refund amount.</p>

Key Control Objectives	Process	Control Adequacy	Control Effectiveness	Findings
13. Straight to Offer				
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.			Through discussions with the Strategic Resourcing Lead and review of the Straight to Offer report, we noted that the report is largely populated by an influx of agency staff that were made to be Council employees in order to reduce the Council's Agency staff expenditure. We were informed that some of these direct hires were identified to vacant roles that were being filled by agency and interim workers; some relate to a business need to support the Covid-19 response; and some are where an agency was used to run an executive campaign. Rather than use an external advertised campaign to recruit to these positions, the agency staff that were brought in went Straight to Conditional Offer. For some Directorial and Executive roles, an external recruitment agency was used. Discussions with the Strategic Resourcing Lead indicated that due to the impact of the pandemic, some departments that already had a lot of agency staff prior to the pandemic, such as Customer Services and Fire Safety, needed to hire a lot of staff quickly to limit the impact of the pandemic on the Council. A sample of ten Straight to Offer Appointments was selected. However, information is awaited to enable the testing to be undertaken.
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.	N/A	N/A	Performed as part of the ISAE 3402 audit undertaken by Hampshire County Council.
15. Leave dates				
To ensure that the leave date has been input correctly.	<p>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.</p> <p>The manager should upload the letter on to the IBC EPF file (Electronic Personal file) for their team member at the time of receipt. Once the person has left the Council, the team member's details are no longer accessible to the manager to review.</p> <p>A leavers report can be requested from HR. We are clarifying whether HR are able to access the letters from their system or if a request for this information needs to be made to the IBC.</p>			<p>We received a copy of the Leavers Report and a sample of ten leavers was selected. Information is awaited to enable the testing to be undertaken.</p> <p>We are also awaiting response from HR to establish whether leaver letters are submitted to IBC.</p>