

## London Borough of Hammersmith & Fulham

**Report to:** Audit Committee

**Date:** 21/06/2022

**Subject:** Head of Internal Audit Annual Report 2021/22

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

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

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### Summary

This report summarises the work of Internal Audit in 2021/22 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 consistent level of assurance being obtained and provided for 2021/22 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

1. For the Committee to note and comment on the report.

**Wards Affected:** None

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### H&F Values

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

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Priorities</b>
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.

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### DETAILED ANALYSIS

1. From the Internal Audit work undertaken in the financial year 2021/22, 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 2020/21), with no Nil Assurance audits being reported for the sixth consecutive year (Appendix 1). There has also been an increase in Substantial Assurance audits issued, with seven issued in 2021/22 (five in 2020/21). Given the way in which the Audit Plan is constructed, it is not unusual for some reviews to be given a Limited Assurance rating and this does not indicate that there are pervasive issues with the Council's control environment but that there are actions required in specific areas to improve controls.
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 2021-22

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

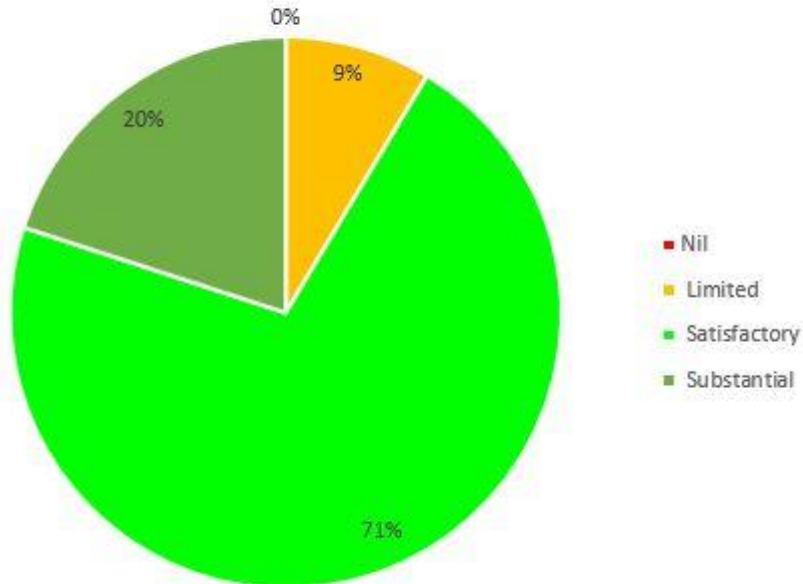
been presented regularly to the Council's Section 151 Officer and at each meeting of the Audit Committee.

6. Wherever possible, when planned audits are postponed, alternative work is identified or alternative sources of assurance are sought. Some of the audits could not be started until late in the final quarter of the year and are shown as in progress in Appendix 1 and a small number of audits were deferred until 2022/23, by agreement with the service, which are detailed in Appendix 2. 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 2021/22, 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 and 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 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 20 below and 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. 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.
11. Issues arising from 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. The Annual Governance Statement also ensures that follow up action is taken to remedy the key control weaknesses found.

## Assurance Levels for the year to 31 March 2022



### Managed Services – Finance, HR and Payroll Systems

12. The Council's Finance, HR and Payroll systems are provided by the Integrated Business Centre (IBC) within Hampshire County Council (HCC). During 2021/22, 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.
13. In addition to the assurances provided by HCC, the Council is required to apply complementary controls and a sample of these controls are tested during the year.

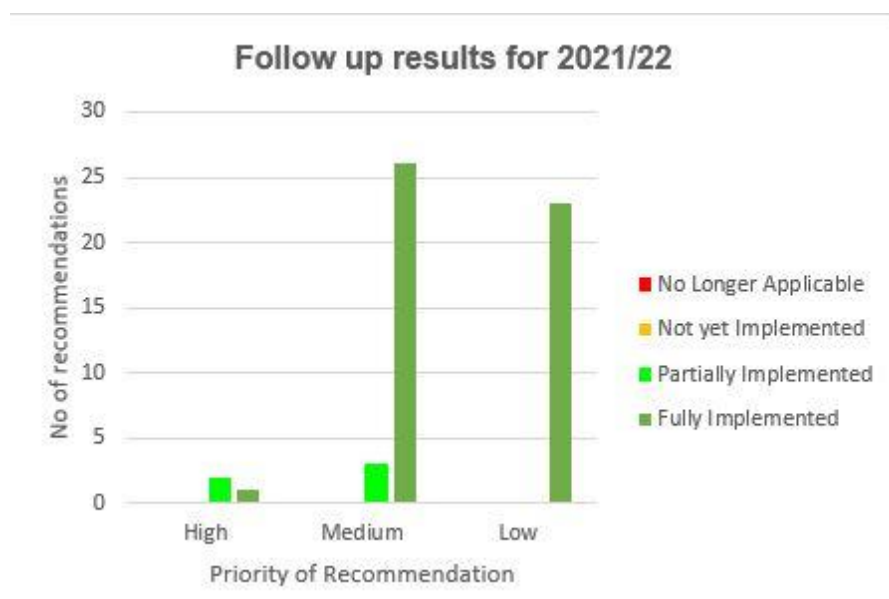
### Ruthlessly Financially Efficient (RFE)

14. Outcomes from the RFE testing for the year are contained within Appendix 4. Exceptions and actions required are identified at the time of the testing and no significant issues were identified from the testing undertaken.

### Follow ups

15. The implementation of audit recommendations is reported regularly to SLT Assurance and to the Audit Committee.

16. Follow up work is undertaken when the majority of the recommendations made are expected to have been implemented as indicated in an agreed management action plan. Sometimes recommendations cannot be fully implemented in the anticipated timescales. In these cases, where appropriate progress is being made to implement the recommendations, these are identified as partly implemented. Recommendations will be followed up until all high and medium priority recommendations are implemented or good progress in implementing them can be demonstrated. Where appropriate, the follow up is included in the next full audit of the area
17. Fifty-five recommendations were followed up in 2021/22 and the implementation of medium and high priority recommendations had been consistently effective with 89% of recommendations fully implemented and the remaining 11% partly implemented.



### **Additional Sources of Assurance**

18. In addition to assurance audits undertaken during the year, the service has provided support and guidance in a number of areas including:
- Updating the Information Asset Register
  - Digital Accessibility
  - Programme Risk management
  - Housing Repairs improvement programme

This type of engagement with the services is taken into account when considering the overall opinion of the Council's governance, risk management and internal control systems together with outcomes provided from internal compliance and quality assurance checks and assessments from external bodies such Ofsted and the Care Quality Commission.

19. Each year, the Council's Directors complete an Assurance Statement which is an opportunity for them to assess the governance arrangements and sources of assurance within their department. Any significant issues should be

identified and would feed into the Council's Annual Governance Statement. Internal Audit periodically test the content of Directors Assurance Statements, both to confirm their accuracy and to build upon our own picture of assurance across the Council.

### Limited Assurance Reviews

20. There were a few areas where improvements in compliance with controls were needed with a total of three audits being designated as limited assurance as set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Schools	Vanessa Nursery	March 2022
Economy	Housing Decants	March 2022
Economy	Security Resources Management	March 2022

### Substantial Assurance Reviews

21. As identified earlier in the report, seven Substantial Assurance reviews were issued in 2021/22 (two more than 2020/21) and are set out in the table below:

Service Area	Audited Area	Reported to Audit Committee
Finance	Treasury Management	March 2022
Resources: Democratic Services	Elections Readiness	September 2021
Schools	St Augustine's RC Primary	December 2021
Schools	Wendell Park Primary	December 2021
Schools	Brackenbury Primary	June 2022
Social Care	PFI Programme	June 2022
Environment	NNDR	September 2021

### Consultation

22. 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

23. 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.
24. 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.
25. There are no particular legal implications arising from this report.

*Implications verified by Grant Deg, Chief Solicitor (litigation and employment), 07798 588 766.*

### **Financial Implications**

26. 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.
27. 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**

28. 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 Moira Mackie, Head of Internal Audit, 07800 513 192.*

### **List of Appendices:**

- Appendix 1 Audits completed in 2021/22 and work in progress
- Appendix 2 Changes to the 2021/22 Audit Plan
- Appendix 3 RFE Testing Summary for 2021/22

Appendix 1

Audit work completed in 2021/22

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
<b>Cross-cutting</b>	Information Asset Register	n/a	Advisory	n/a	n/a	n/a	Jun-2022
<b>Finance</b>	Housing Rents (2020/21)	Sep-2021	Satisfactory	1	4	1	Dec-2021
<b>Finance</b>	Treasury Management (2020/21)	Nov-2021	<b>Substantial</b>	0	0	1	Mar-2022
<b>Finance</b>	Purchasing Cards	Jan-2022	Satisfactory	0	9	2	Mar-2022
<b>Resources: Transformation Talent &amp; Inclusion</b>	Agency Spend	Feb-2022	Satisfactory	2	0	1	Mar-2022
<b>Resources: Transformation Talent &amp; Inclusion</b>	Overtime	May-2022	Advisory	1	5	0	Jun-2022
<b>Resources: Digital Services</b>	Post Implementation Review (Techtonic) (2020/21)	Aug-2021	Satisfactory	0	2	2	Sep-2021
<b>Resources: Democratic Services</b>	Elections Readiness (2020/21)	Aug-2021	<b>Substantial</b>	0	0	0	Sep-2021
<b>Resources</b>	Employment Tribunals	Mar-2022	Satisfactory	0	4	0	Jun-2022
<b>Resources</b>	Accessibility Requirements	On-going	n/a	n/a	n/a	n/a	Jun-2022
<b>Children's Services</b>	Youth Endowment Fund Grant	Jul-2021	Advisory	1	1	0	Sep-2021



Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Children's Services	SEN Recoupment (2020/21)	Jul-2021	Satisfactory	0	2	0	Dec-2021
Children's Services	School Bursarial Services (2020/21)	Dec-2021	Satisfactory	1	1	0	Mar-2022
Children's Services	Spot Contracts (2020/21)	Jan-2022	Advisory	0	4	0	Mar-2022
Children's Services	Placements (2020/21)	Jan-2022	Advisory	2	2	0	Mar-2022
Children's Services	Supporting People Claims	On-going	n/a	0	0	0	Jun-2022
Schools	John Betts Primary	Jun-2021	Satisfactory	0	1	4	Sep-2021
Schools	Avonmore Primary (2020/21)	Jul-2021	Satisfactory	0	5	2	Sep-2021
Schools	Miles Coverdale Primary	Sep-2021	Satisfactory	0	3	1	Dec-2021
Schools	St Augustine's RC Primary	Sep-2021	<b>Substantial</b>	0	0	2	Dec-2021
Schools	Wendell Park Primary	Sep-2021	<b>Substantial</b>	0	0	2	Dec-2021
Schools	Sir John Lillie Primary	Oct-2021	Satisfactory	0	3	2	Dec 2021
Schools	St John's XXIII Primary (2020/21)	Dec-2021	Satisfactory	0	6	2	Mar-2022
Schools	Flora Gardens Primary (2020/21)	Dec-2021	Satisfactory	0	3	2	Mar-2022
Schools	St Paul's CE Primary	Dec-2021	Satisfactory	0	2	2	Mar-2022
Schools	Vanessa Nursery	Feb-2022	<b>Limited</b>	1	4	5	Mar-2022
Schools	Brackenbury Primary	Mar-2022	<b>Substantial</b>	0	1	2	Jun-2022

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
<b>Social Care</b>	Supervision – Compliance (2020/21)	Aug-2021	Satisfactory	0	2	7	Sep-2021
<b>Social Care</b>	Mosaic Financial Controls (2020/21)	Nov-2021	Satisfactory	0	4	3	Dec-2021
<b>Social Care</b>	PFI Programme	Apr-2022	<b>Substantial</b>	0	0	0	Jun-2022
<b>Economy</b>	Integrated Housing Management - Programme Management	Jun-2021	Satisfactory	0	3	6	Sep-2021
<b>Economy</b>	Service Charges (2020/21)	Oct-2021	Advisory	0	0	1	Dec-2021
<b>Economy</b>	Housing Decants (2020/21)	Oct-2021	<b>Limited</b>	3	5	4	Mar-2022
<b>Economy</b>	Security Resources Management (2020/21)	Dec-2021	<b>Limited</b>	1	9	0	Mar-2022
<b>Economy</b>	Corporate Health & Safety (2020/21)	Jan-2022	Satisfactory	1	4	0	Mar-2022
<b>Economy</b>	Homelessness (2020/21)	Jan-2022	Satisfactory	0	5	0	Mar-2022
<b>Economy</b>	Maintenance of Play Equipment	Mar-2022	Advisory	0	4	2	Jun-2022
<b>Economy</b>	Housing: Gas Safety	Apr-2022	Satisfactory	0	2	1	Jun-2022
<b>Economy</b>	WorkZone	May-2022	Satisfactory	0	6	2	Jun-2022
<b>Environment</b>	NNDR (2020/21)	Jun-2021	<b>Substantial</b>	0	0	1	Sep-2021
<b>Environment</b>	Grounds Maintenance – Contract Monitoring (2020/21)	Aug-2021	Satisfactory	0	3	1	Sep-2021
<b>Environment</b>	Property Management (Techforge)System	Oct-2021	Satisfactory	0	2	4	Dec-2021

Plan Area	Auditable Area	Issued	Assurance level given	High Priority Recs	Medium Priority Recs	Low Priority Recs	Reported to Committee
Environment	Parking PRP Admin (2020/21)	Dec-2021	Satisfactory	1	2	5	Mar-2022
Environment	CCTV Contract Management (2020/21)	Dec-2021	Satisfactory	0	3	0	Mar-2022

### Audit work in progress

Plan Area	Auditable Area	Status
Cross-cutting	Debt Management	Draft report issued May 2022.
Resources	Equalities Impact Assessments	Fieldwork in progress.
Digital Services	Asset Management	Fieldwork in progress.
	Ransomware	Fieldwork in progress.
Children's Services	SEN (Advisory)	Fieldwork complete and draft report being prepared.
	No Recourse to Public Funds (Advisory)	Draft report issued February 2022.
Schools:	Old Oak Primary	Draft report issued May 2022.
	William Morris 6 <sup>th</sup> Form	Fieldwork complete and draft report being prepared.
	Bayonne Nursery	Draft report issued May 2022.
	Thematic Review: VAT	Fieldwork complete and draft report being prepared.
Social Care & Public Health	Hospital Discharges	Fieldwork in progress.
Economy	Disrepair Legal Claims	Draft report issued February 2022.
	DLO: Communal & Programmed Remedial Works	Fieldwork complete and draft report being prepared.
	Fire Safety	Fieldwork complete and draft report being prepared.
	Tenant Service Charges	Fieldwork complete and draft report being prepared.
	Lift Maintenance	Fieldwork complete and draft report being prepared.
	Housing Repairs - Operations	Fieldwork complete and draft report being prepared.
	Housing Repairs – Contact Centre	Fieldwork in progress.

<b>Plan Area</b>	<b>Auditable Area</b>	<b>Status</b>
	Capital Projects – Post Completion Records	Fieldwork in progress.
	HRA Cost Apportionment	Fieldwork in progress.
Environment	Leisure Centres (GLL)	Draft report issued February 2022.
	NNDR	Fieldwork in progress.
	Council Tax	Fieldwork in progress.
	Housing Benefits	Fieldwork in progress.

**Changes to the 2021/22 Internal Audit Plan**

The table below shows any audits removed from the 2021/22 plan, following discussions with management, or deferred to a future year.

<b>Plan Area</b>	<b>Auditable Area</b>	<b>Reason Audit not Undertaken</b>
Cross-cutting	VAT	Agreed to defer to 2022/23 due to priorities.
	Contract Monitoring Framework	Agreed to include in 2022/23.
	Business Continuity	Deferred to 2022/23 to allow for implementation of system.
	Programmes & Project Management	Completed IHMS advisory in year – consider in future years as appropriate.
Finance	Capitalisation of Works	Agreed to include in 2022/23.
Resources: Transformation Talent & Inclusion	<ul style="list-style-type: none"> <li>• Sickness Absence</li> <li>• Performance Management</li> <li>• Annual Leave</li> </ul>	Agreed, no longer required as higher priority audits identified.
Resources: Digital Services	IT Audit Needs Assessment	Agreed to include in 2022/23.
	IT Remote Working Resilience	Agreed to include in 2022/23.
	IT Service Continuity Plans	Agreed to include in 2022/23.
Schools	Larmenier Sacred Heart Primary	Deferred to 2022/23 as requested by the school.
Social Care & Public Health	Integrated Care Partnerships	To be considered for a future year due to other priorities.
	S75 Agreement (West London HHS Trust)	No longer required.
	Commissioning & Procurement	Deferred to 2022/23 as agreed with the service.
Economy	Leaseholder Debt	Agreed to include in 2022/23.
	FOI/ SARs	Agreed to defer to 2022/23.

## Ruthlessly Financially Efficient Summary of Findings: April 2021 to March 2022

No	Key Control Objectives	Process	Assessment	Findings
1.	<b>Manual Payments</b>			
	To ensure that manual payments could not have been paid earlier through the standard payment process.	A "Non-System Payment Request" form is completed and authorised by a manager in accordance with the Scheme of Delegation before being sent to the Corporate Finance team 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.	<b>Green</b>	Over the course of the year, a total of 65 manual Payments were selected for testing. In all cases it was confirmed that: <ul style="list-style-type: none"> <li>All payments had a corresponding completed Non-System Payment Request form.</li> <li>All evidenced as having been submitted to the Corporate Finance team with the required approval provided by an authorised manager.</li> <li>All payments had evidence of being previewed by the Corporate Finance team prior to being issued to Hampshire Council for payment.</li> </ul>
2.	<b>Refunds</b>			
	To ensure that evidence is available to support the refund.	A spreadsheet is completed by Service areas with details of the refund together with the recipient's 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 the Corporate Finance team for submitting to credit control in Hampshire Council for processing the refund. Once the refund has been processed, Hampshire Council sends a confirmation email to Corporate Finance.	<b>Green</b>	A total of 75 refunds made during the year were selected for testing. Evidence of approval was provided in all but 3 cases (4%). It was noted that each of the refunds in our sample was issued to Hampshire Council, with confirmation received that the refund had been processed.
3.	<b>Waivers</b>			
	To ensure that waiver applications are on bona fide forms with relevant justification, approved according to Contract Standing Orders (CSO) and uploaded to the Capital eSourcing System.	In the event that any requirement of the Contract Standing Orders (CSO) cannot be complied with the Senior Leadership Team member may apply for a waiver of the relevant CSO.  A waiver can only be granted where one of the grounds specified in Section E of the CSO is applicable.  It should be noted a waiver cannot be sought in relation to any legal requirements contained in the Regulations or other legislation.  Waivers are to be approved in accordance with	<b>Green</b>	A total of 42 waivers were reviewed, 22 submitted during Q1 and 20 from Q4. Q1 findings: <ul style="list-style-type: none"> <li>each waiver form completed outlined the justification for particular waiver in accordance with the grounds in the CSO. One of the sample was not signed by the approving officer.</li> <li>Approval by CAB for six of the sample could not be evidenced.</li> <li>Of the 19 applicable waivers, only five had been uploaded to the eSourcing system.</li> </ul> Subsequent to this testing, it was noted that the SLT has recently agreed a new function to address weaknesses in the waiver process. A quarterly test is in place to ensure waiver request forms are completed, signed by the decision maker following a submission to the Contracts Assurance Board (CAB) to make a recommendation and be uploaded onto the eSourcing system .

No	Key Control Objectives	Process	Assessment	Findings
		23.1 (Authorising a Waiver) of the CSO.		<p>Testing of approvals of 20 waivers made in Q4 found that:</p> <ul style="list-style-type: none"> <li>▪ All had waiver request forms in place and had been submitted to CAB for recommendation (in accordance with 23.1 of the CSO). All CAB recommendations with relevant CSO references were documented as part of the justification on waiver request forms.</li> <li>▪ High value contracts over the EU service threshold (£213,477) require comments from Legal Services. For the five high value contracts identified, we confirmed legal implications were provided by Senior Solicitors or the Chief Solicitor.</li> <li>▪ According to 23.3 of the CSO, retrospective waivers cannot be granted but will be noted. For the five retrospective waivers identified, we confirmed they were all noted by the Head of Procurement or Director of Resources.</li> <li>▪ For the remaining 15 waivers, we found that one waiver had not been signed. The Assistant Director of Procurement and Commercial has only been granted the ability to sign waivers following the update of the CSO on 28 March 2022 and is currently in the process of signing all waivers.</li> <li>▪ Of the 18 applicable waivers, 4 had been correctly uploaded onto the Capital eSourcing System, one was noted as incompletely uploaded, nine had yet to be uploaded and the status of the other four waivers was unknown.</li> </ul> <p>The testing indicated an improvement in the process for documenting and approving waivers to Contract Standing Orders between quarters 1 and 4. Further testing for compliance will be undertaken in 2022/23 with a focus on accurate recording in Capital eSourcing (see also test 7).</p>
<b>4.</b>	<b>Credit Notes</b>			
	To ensure that evidence is available to support the credit and that credits are cleared in a timely manner.	Requests for credit notes are only processed where there is evidence of credit due and where approval for the request has been provided.  Credit notes should be cleared from accounts in a timely manner.	<b>Green</b>	<p>Discussion with the Finance Systems Manager confirmed that credit notes are raised through the relevant service line. A workflow system is in place that only allows for a credit note to be issued by the Finance team after it has been approved by the relevant manager. Where a credit note is not approved within one month of being raised, it is automatically rejected.</p> <p>The Finance Team are only responsible for ensuring that the credit note has been issued and are not involved in the approval process. For a sample of 51 credit notes, we confirmed that credit notes were processed in a timely manner.</p> <p>The IBC process requires credit notes to be approved by the requestor's line manager. This is based on pre-set authorisation limits and an individual cannot approve their own credit note. This is an automatic workflow.</p>

No	Key Control Objectives	Process	Assessment	Findings
5.	<p><b>Expense Claims</b></p> <p>To ensure that supporting receipts are available for all expense claims.</p>	<p>Up to £999 of expenses can be claimed by a member of staff in a single claim. Staff are required to confirm that they have a receipt of purchase, as there is no facility for uploading receipts.</p> <p>From August 2019 IBC have undertaken monthly monitoring of a sample of expense claims and request managers to confirm that the claims are valid. Where a response is not received from the managers sampled tested, a report is provided to Strategic Director of Finance and Governance for investigation and action.</p>	<p><b>Amber</b></p>	<p>A sample of 25 expenses claims was selected. Evidence of expenditure was requested from claimants with 18 responses received (72%). From the responses received, five claims were identified as potential exceptions.</p> <p>Access to the expenses report in a timely manner will be discussed with the Head of People Operations as well as the potential exceptions identified in the Q4 testing. It should be noted that none of the potential exceptions are considered to be significant items.</p> <p>Further compliance testing will be undertaken in 2022/23.</p>
6.	<p><b>Additional Allowances</b></p> <p>To ensure that there is evidence of a supporting rationale for the payment.</p>	<p>Employees may temporarily be required to 'act-up' into the full or majority of the duties of a job role evaluated at a higher grade than that of their substantive position. In addition, secondments may be set up leading to the temporary transfer or loan of an employee to another part of the Council.</p> <p>The line manager adds the additional allowance to an employee's pay through the self-service function in IBC.</p> <p>An honorarium or acting up payment will normally be paid for activities for between 4-26 weeks.</p> <p>Authorisation at Assistant Director or 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.</p> <p>Whilst an allowances report can be obtained from HR, individual managers hold information such as:</p> <ul style="list-style-type: none"> <li>•The reason for the honoraria payment</li> <li>•Evidence of management authorisation</li> <li>•The start and end date of the payment</li> </ul>	<p><b>Green</b></p>	<p>Walkthrough testing with the Head of People Operations confirmed that honoraria payments are authorised by the line manager of the recipient by adding an additional allowance to an employee's pay for up to 26 weeks through the manager's self-service area on IBC.</p> <p>We selected a sample of ten honoraria payments from Quarter 4 for testing and confirmed that the reasons for all payments were appropriate and authorised by line managers of recipients who were Assistant Director/Director level.</p> <p>Six of the seven payments made that had exceeded, intended to or likely to exceed 26 weeks, were agreed by Director level. One payment was intended to be paid for 30 weeks which was approved by the Strategic Lead who had authorised Assistant Director responsibilities.</p>



No	Key Control Objectives	Process	Assessment	Findings
7.	<p><b>Contract Spend Analysis</b></p> <p>To ensure that the contracts register contains all relevant details of procurement activity at the Council.</p>	<p>For all high value Contracts or contracts which are considered high risk, a Contract Manager must be identified during the tender period, with their details added to the corporate Contract Register under the entry for the relevant contract.</p> <p>Budget holders must check that services, goods and works have been delivered to the required standard before goods are 'receipted' and invoices approved. Officers checking and approving invoices must ensure invoices are in line with agreed contracts, should challenge suppliers and contractors where necessary before any payments are made and should ensure that any penalties or rebates are claimed.</p>	<p><b>Amber</b></p>	<p>A spreadsheet is in place listing the top suppliers by department, which shows the total contract value of each contract. Of 60 suppliers listed across ten departments, we were only able to identify 20 suppliers with contracts uploaded onto Capital eSourcing.</p> <p>In addition, we were unable to verify whether there are Contract Managers for high-risk contracts and whether their details were added to the corporate Contract Register.</p> <p>We reviewed the 2022 Contract Register for Quarters 1 to 3 and noted that there is also no expenditure report in place. Due to a lack of system integration, expenditure has been manually matched from the finance system to existing contracts by the Assistant Director of Procurement and Commercial. Since an expenditure report is not currently in place, we were unable to test whether invoices had been checked and approved in line with agreed contracts.</p> <p>A review in Q4 confirmed that the Council's Contract Register is incomplete and we were advised that the Council is currently in the process of uploading all contracts above £5,000 onto Capital eSourcing.</p>