

Appendix 2: high priority recommendations

1. Synopsis

- 1.1. This Appendix summarises high priority recommendations arising from audit reviews since our last update to Committee in January 2022. It provides an overview of findings in areas where control weaknesses have been identified that present a high risk to specific service objectives.
- 1.2. Follow up reviews will be conducted to assess the level of implementation of audit recommendations.

2. Summaries of high priority findings

2.1. Core audits

Reference	Audit Title
FR20-5	Use of Contingent Workers
<p>Please note that the original audit primarily looked at controls in place relating to the managed service provider (MSP) that the council used for agency staff until February 2022. The follow up audit is looking at the same controls relating to the council's new MSP. The extended follow up of this audit is currently concluding. Internal Audit have had excellent engagement from officers charged with implementing the audit recommendations, which were incorporated in the launch of the new contract and agency management system. We will be able to report a good level of implementation once we receive responses to the draft report which has been issued to officers with final responses due by 16 September 2022. A verbal update on residual risk will be provided to Audit Committee. High priority findings reported as part of the original audit, relating to the previous MSP, were as follows:</p> <ul style="list-style-type: none">1. The control environment was not clearly defined and documented. Policies and procedures relating to the use of contingent workers were unclear and incomplete.	

Reference	Audit Title
FR20-5	Use of Contingent Workers
<ol style="list-style-type: none"> 2. Systems and data were not sufficient to fully support effective monitoring and oversight of contingent staffing numbers and expenditure. 3. Some invoice and payment controls for workers sourced through the council's key provider of agency staff were not clearly defined, and underlying cost components are not always visible to those approving payments. 4. There was no mechanism to prevent manager approval of timesheets which contain hours that have not yet been worked. Guidance for staff did not prohibit early timesheet approval; 5. Some of the controls in place for monitoring, managing and extending the duration of assignments managed by the council's key provider of agency staff did not effectively support the council's principles for the use of agency workers. 6. Pay arrangements for breaks for assignments managed by the council's key provider of agency staff were not clearly defined. Testing indicated that workers are paid for breaks in some service areas but not others. 7. Oversight over review and approval processes for engaging contingent workers was not consistent. 8. Extensions to engagements not arranged through the council's key provider of agency staff were not always sufficiently visible to support trend and cost monitoring. 	

Reference	Audit Title
FR21-2	Access controls and rights
<ol style="list-style-type: none"> 1. Access request tickets do not use clearly defined roles and access levels. Access to some systems is not consistently subject to robust approval processes. 2. Access to systems is not consistently removed/amended when users move roles. Changes in access levels are not subject to robust approval processes. 3. Access to systems and the Active Directory is not consistently removed on a timely basis when users leave. 	

Reference	Audit Title
FR21-3	Business transformation – technology needs within Children’s Services
<ol style="list-style-type: none"> 1. The draft Education Strategy has not had input from Digital Services and is not clearly linked to the technology roadmap. 	

Reference	Audit Title
FR21-5	Challenging Inequality Programme
<ol style="list-style-type: none"> 1. The programme’s aims and some anticipated outputs have been documented. However, quantifiable programme benefits and mechanisms for managing and monitoring them have not yet been clearly defined. This may mean that the council is not able to meaningfully measure and report on the impact of the programme for residents and staff. 	

Reference	Audit Title
CWB21-1	Local business resilience
<ol style="list-style-type: none"> 1. Data on local businesses is fragmented across council services and systems, meaning that there is not a single source of the truth for local business information. Data quality and completeness issues were noted in some systems. These issues may reduce the council’s ability to effectively target support to the business community, and lead to significant administrative costs when processing this data. 2. Data capture and storage arrangements are not currently robustly designed to support effective use of data. Data held on some businesses is too cursory to provide meaningful insight and target support towards businesses which need it. 3. Formal data sharing mechanisms are not in place between some council services and areas. Businesses have not historically been asked to consent to data sharing between council services. This can mean that where one service area holds robust data on businesses (e.g. business rates data), this information can not be used to support work carried out by other service areas. 	

2.2. Key Financial Systems audits

Reference	Audit Title
FR21-1-1	Key Financial Systems (KFS) – Accounts Payable
	<ol style="list-style-type: none">1. Separation of duties for initiation and approval of payments could not be demonstrated in all instances.2. A small number of individuals are able to authorise supplier data changes initiated by themselves, although mitigating controls are in place to reduce the risk associated with this.

Reference	Audit Title
FR21-1-3	Key Financial Systems (KFS) – Treasury
	<ol style="list-style-type: none">1. While access to online banking services is appropriately authorised, regular reviews of ongoing appropriateness of access are not undertaken.

2.3. Establishment audits

Reference	Audit Title
PS21-2-2	Schools establishment review – Vittoria Primary School
	<ol style="list-style-type: none">1. Purchasing and expenditure: purchase orders are not consistently in place for transactions. Payment limits are not consistently complied with.2. Income charging and banking: bank reconciliations, debt monitoring and recovery activities are not consistently carried out.

Reference	Audit Title
PS21-2-3	Schools establishment review - Newington Green Primary School
	<ol style="list-style-type: none"> 1. Purchasing and expenditure: purchase orders are not consistently in place for transactions and some approvals exceeded delegated limits. 2. HR and payroll: vetting of staff and contractors is not consistent. 3. Lettings: some hirers of school premises were not vetted.

Reference	Audit Title
PS21-2-6	Schools establishment review – Samuel Rhodes Primary School
	<ol style="list-style-type: none"> 1. Financial management: the school entered an unauthorised overdraft twice in year. 2. Purchasing and expenditure: purchase orders are not consistently in place for transactions. 3. Income charging and banking: discrepancies between bank records and the school’s financial records were not fully identified through bank reconciliations. Debt monitoring and recovery activities are not consistently carried out. 4. Contracts and leases: contracts were not recorded in a contracts register and procurement rules were not consistently followed.

Reference	Audit Title
PS21-2-7	Schools establishment review – Laycock Primary School
	<ol style="list-style-type: none"> 1. Financial management: financial outturns significantly differed from budgets. Financial regulations were incomplete. 2. Contracts and leases: contracts are not recorded in a contracts register and procurement rules were not consistently followed.

Reference	Audit Title
PS21-2-7	Schools establishment review – Laycock Primary School
	<ol style="list-style-type: none"> 3. Income charging and banking: invoices were not raised in a timely manner. Income records are not clearly maintained. 4. Lettings: contractual and insurance documentation is not in place for some lettings and records of usage of premises are not maintained. 5. HR and payroll: vetting of staff and contractors is not consistent. 6. Asset management: assets are not effectively documented and monitored. 7. Data protection: data protection policies and business continuity arrangements are not documented. 8. Purchasing and expenditure: purchase orders are not consistently in place for transactions. 9. Governance: financial regulations are out of date and incomplete.

Reference	Audit Title
HOU21-2-1	Tenant Management Organisation (TMO) establishment review - Braithwaite
	<ol style="list-style-type: none"> 1. Key policies and procedures were not up to date. Some policies and procedures were not in place or were not fit for purpose. 2. Purchasing approval controls did not consistently operate effectively. Some purchases had no supporting documentation. 3. The bank account entered unauthorised overdraft twice in a two month period; and 4. Debt monitoring controls were not operating effectively and repayment arrangements were not formally documented.

Reference	Audit Title
HOU21-2-2	Tenant Management Organisation (TMO) establishment review - Blackstock
1. Some purchase orders were raised retrospectively.	

APPENDIX ENDS