

BUSINESS ASSURANCE PROGRESS REPORT – NOVEMBER 2015

1 Purpose

- 1.1 To receive the Business Assurance Services Progress Report of activity undertaken since September 2015.

2 Recommendations

- 2.1 The committee is recommended to note the progress report at Appendix A

3 Supporting Information

- 3.1 This report provides an update on the progress made against the 2015/16 Assurance Plan. Appendix A includes information on:
- Summary of assurance reviews completed or in progress
 - Overdue Audit Recommendations
 - Outstanding Actions from T1 implementation

4. Reasons for Recommendations

- 4.1 Ensuring a proper and effective flow of information to Audit Committee Members enables them to perform their role effectively and is an essential element of the corporate governance arrangements at the council.

5. Resource Implications

- 5.1 There are no resource implications to report.

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Background papers: none



Business Assurance Services

Assurance Progress Report

November 2015

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1. Assurance reviews completed since the last progress report

Assurance Reviews

No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
			Taxi Driver Licensing

2. Follow up Work

Technology One (Finance System) – Update

We reported in the July & September Progress Reports that the new finance system 'Technology One', went live on 1 June 2015, but there were a number of areas of control that were not implemented at that stage. The Project Board agreed around that time that whilst it is known that there were aspects of the system to address, they weren't serious enough to prevent go-live. It was also agreed that they would be resolved by 30th September.

Appendix 2 to this report provides an updated position as at October 2015.

The majority of the issues remain unresolved. The Finance Manager has had to prioritise the issues which has meant that certain aspects of the system haven't been progressed as would have been expected. The most pressing of those issues was the systems inability to issue reminders for people that have outstanding debts with the Council.

We are about to start a comprehensive review of the key controls operating over both Creditors and Debtors. This work will incorporate the issues that we've been tracking but this review will involve actual testing of transactions to ensure the controls are operating as we would expect. An assurance opinion will then be provided based on any gaps in the controls within the Technology One software or how the processes have been designed.

This review will be completed by the end of November and we will report back to the Audit Committee at the next meeting in January 16.

In the 4th quarter we will focus on other aspects of the system such as cash receipting, budgeting and bank reconciliations.

Transparency Code – Compliance

A target of the end of June 2015 was agreed for all datasets to be published. At the July committee it was agreed that this date would be extended to 31 August.

In September we reported that there were still two main areas of the Code that the Council weren't compliant with being 'The Organisation' (salaries, pay scales, senior posts and union facility time) and 'Land & Property'.

The Organisation data has since been published which leave 'Land & Property' data. This was more complex to resolve due to the scale and nature of this particular dataset.

The Property and facilities Manager provided the following update to us.

"Progress has been made. The team are currently sanitising and updating 9000 records (3000 completed), starting with those that have been sold. This effectively removes the houses sold to VAHT, making any reports more meaningful".

"The team are working with IDOX (document imaging) to create and implement a document management system, which will mean that going forward we will be able to access data associated with properties that are current, much quicker".

"We are hoping that the first tranche of data will be available by the end of November 15, which will be put onto the website. This will include the larger properties, community centres etc. We will put properties onto the website when checked to ensure there are fewer amendments to make. The majority of land will in some form of order by the end of December and will be added to the website at that point".

3. Assurance Plan Work in progress

The following areas are in progress from the Assurance Plan

Assurance Plan Area	Type of Assurance	Progress
15/16 Housing Allocations	Assurance	A draft report has been written but not issued
14/15 Policy Compliance Software	Advisory	Contract for software agreed and project implementation started. In the process of resolving some technical and organisation issues before it can be rolled out. Expected go-live in November 2015.
15/16 Data Protection (Off site & Mobile Devices)	Assurance	The review has been scoped but the fieldwork has not started due to the reviews of the Finance Software being brought forward. This review will be completed by end December at the latest.
15/16 Supplier Resilience	Assurance	The review has been scoped but the fieldwork has not started due to the reviews of the Finance Software being brought forward. This review will be completed by end December at the latest.

4. Overdue Recommendations and Tracker

At the September committee members asked questions about the level of risk around the long outstanding action relating to network drives and If there was still a requirement to share the data across service areas, then how was it intended that this would be achieved.

Alan Evans has responded that there is a new driver now to find a solution more urgently as a result of future organisational changes around services and teams and this is expected to have an impact on teams as the changes will need to be implemented by January.

A further update will be provided in the January progress report.

Assurance Definitions

<p>Substantial</p>	<p>Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.</p> <p>The risk of the activity not achieving its objectives or outcomes is low.</p> <p>As a guide there are a few low risk / priority actions arising from the review.</p>
<p>Reasonable</p>	<p>Our critical review or assessment on the activity gives us a reasonable level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>There are some improvements needed in the application of controls to manage risks. However, the controls are in place and operating sufficiently so that the risk to the activity not achieving its objectives is medium to low.</p> <p>As a guide there are mostly low risks and a few medium risk/priority actions arising from the review.</p>
<p>Limited</p>	<p>Our critical review or assessment on the activity identified some concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.</p> <p>The controls to manage the risks are not always being operated or are inadequate. Therefore, the risk of the activity not achieving its objectives is medium to high.</p> <p>As a guide there are mostly medium and a few high risk / priority actions arising from the review.</p>
<p>None</p>	<p>Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance. The controls to manage the risks are not being operated or are not present. Therefore the risk of the activity not achieving its objectives is high.</p> <p>As a guide there are a large number of medium and high risks / priority actions arising from the review.</p>

Appendix 2 - Financial Controls Weaknesses

As at 27 October 2015 the following areas are still outstanding and the Finance Team have been unable to demonstrate through evidence that the new system has addressed the weaknesses identified in the old system.

Control Area of weakness in old system	Finance Manager Response 17 th April 15 Position	Finance Manager Response July 15	Finance Manager update – October 15
Aged debtors reports that show where debts have instalment plans in place.	Still being addressed.	Still being addressed. But there is a screen that shows an aged debt position for a customer, so an enquiry on that customer will show you the aged debt position. Action: Reports to be developed by 30 September 2015	Due to the ongoing problems with the ability to issue reminders from the system this has not been progressed. We finally got up to date last week.
Management information monitored i.e. speed to pay suppliers.	This will be looked at once the system is up and running and we have time to develop the reports.	Same position as the 17 April. Still getting to grips with the basics. Too early to start looking at management information aspects. Action: Reports to be developed by 30 Sept 2015	No progress on this as yet.
Journal processing workflows – lack of clear authorisation processes and finance role in this.	Workflow will be part of TechOne.	Currently only Finance Section officers can process and authorise journals due to the workflow set up. Any journal request has to be approved by another officer. Journal requests now allow for evidence to be easily attached. Action: Process to be reviewed by 30 Sept 2015	No progress on this. Process needs to be discussed with Andrew Small.
Virements (moving / creating budgets) – Controls and authorisations over what financial regs regards as virements and who authorises what and the evidence behind these.	Still being addressed.	No virements have yet been done in the system and not going to be possible until end of September. Action: Process and rules to be in place by 30 September 2015.	No progress on the process. Although, some virements have been done recently.

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The following areas have been implemented but not subject to any detailed testing by Business Assurance – This is planned for November.

Control Area of weakness in old system	Finance Manager Response 14 July 15 Position	Finance Manager update – October 15
Applying VAT at potentially incorrect rates on debtor invoices.	VAT rules built in to most common products leaving some adhoc areas which are reviewed by Finance before approving.	Finance review the vat status before posting.
Authorisation controls over BACS file release.	Authorisation process in place.	Nothing to add.
Lack of purchase order process – no evidence to support the purchase prior to invoices being received and therefore expenditure committed.	In order to order goods officers have to request a requisition that has to be approved by their manager or in cases of less than a £1,000 another user who has been assigned to Pool A. Once approved the PO can be sent out. Invoices will not be paid unless there is a PO number on the invoice. Still early days as pre 1 June invoices still coming through.	Now fully in to the process but unable to ascertain whether officers are using it correctly. There still seems to be a large number of invoices coming in and then they are entered in to TechOne. A report will be run to highlight this.
Lack of authorisation / control over setting up new suppliers.	Any new supplier has to be approved by Procurement. If a supplier does not exist then a new supplier request form has to be completed and attached to the requisition before it can be approved. At the moment all requests are being granted as they have been used previously within Aptos.	Very few are refused and if they are it is because the supplier already exists in the system, credit card would be a better option. None have been refused due to procurement reasons as yet.
Control over the ability to alter supplier details i.e. bank account details.	We haven't had any requests at the moment but the procedure will be documented. New supplier details are attached to the workflow request.	Nothing to add.

Authorisation over debtors invoices and credit notes.	All debtor and credit note requests have to be approved by a manager before coming to Finance for review and posting.	Nothing to add.
Evidence of the authorisation for writing off debts.	Workflow will be part of TechOne. Items under £1,000 will go to Andrew. Items over £1,000 will go to cabinet and once approved a copy of the report will be attached to the debt and then either Andrew or myself will approve them in TechOne.	Nothing to add, although we are waiting for Andrew Small to approve a batch and then we can process in TechOne.
Budget Managers should be accountable for variances on their budgets and have to explain them. These should be automatically reported to senior management.	The first set of reports are being rolled out to managers. They are being shown what can be done. Hopefully, more bespoke reports will be written over time.	More managers have been shown how to run reports and monthly meetings have started. A review of the manager workplace is required to make it easier for them. No timescale for this.
Monitoring and control over suspense accounts.	Bank suspense accounts are currently being monitored by the Finance Manager and procedure notes are being developed. The task will be handed over in the next couple of months.	Still being overseen by the Finance Manager as the loss of an officer to the CFT has made it more difficult to handover.
Review over rolling forward balances.	This will done next April 2016	Nothing to add.