

Chamberlain's Department

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c.c. John Barradell, Town Clerk
Caroline Al-Beyerty, Financial Services Director
Suzanne Jones, Business Support Director
David Smith, Director of Markets and Consumer Protection

Date 10 October 2014

Dear Dr Peter Kane

Follow Up Audit - Cash Handling & Banking

A follow up exercise has recently been undertaken of the above audit, finalised in November 2013, to review progress in the implementation of recommendations. A copy of the original management action plan has been attached for your information.

The review identified that of the eight recommendations made, four have been implemented, three have been partially implemented and one has been superseded. The progress made in respect of each recommendation is noted below.

Summary of progress

Priority	No. of Recs.	Implemented	Partially Implemented	Not Implemented	Superseded
Red					
Amber	7	4	2		1
Green	1		1		
Total	8	4	3		1

Recommendation 1: Billingsgate Security Collection – Amber priority

Partially Implemented

Market testing was undertaken with the support of CLPS, however, the existing G4S 'piggy back' arrangement was found to be the best price by approximately £1k per annum. Upon reviewing these arrangements, Comptrollers expressed concerns that the City's interests were not fully protected. To address this, G4S have accepted the principle of a direct agreement between the City and themselves. A draft agreement has been drawn up and was sent to G4S on 18th August 2014. G4S have provided notification via email that they will act in good faith in the interim period until the contract is formally signed off.

Recommendation 2: Billingsgate Credit Notes (Local Reconciliation) – Amber Priority
Superseded

Satisfactory local procedures were promptly put in place, however, the implementation of the e-forms and remote monitoring (see recommendation 3) have superseded this in terms of providing control.

Recommendation 3: Billingsgate Credit Notes (Remote Monitoring) – Amber Priority
Implemented

For each credit raised on Manhattan an e-form is now generated which requires the approval of the Superintendent to allow the credit to become 'live'. Credit activity has been monitored remotely since January 2014 by the Income Manager who compares a report of Manhattan credits to a report of e-forms raised. This was initially done each month but is now a two-monthly exercise. No discrepancies have so far been identified. Locally, the Superintendent maintains a log of all credits raised and retains an authorised hard copy of each one.

Internal Audit obtained reports of e-forms and Manhattan credits for the period 1/4/14 to 26/9/14 and were able to satisfactorily reconcile them, there being no discrepancies.

Recommendation 4: CBIS/Manhattan Reconciliations – Amber Priority
Implemented

The Group Accountant has implemented this protocol. Internal Audit were able to verify that this process was adhered to in respect of a sample of three accounting periods and one quarterly reconciliation.

Recommendation 5: Annual Leave Policy (Anti-Fraud Measure) – Amber Priority
Partially Implemented

The introduction of an annual minimum period of continuous leave was considered between the Chamberlain's Department and Corporate HR, following which consultation on a draft policy has taken place with Chief Officers and the unions. A report outlining these proposals has been prepared by the Senior HR Manager which will go to the Chief Officers' Group in October.

Revised implementation Date: January 2015 (If policy agreed)

Recommendation 6: Key Financial Systems Mapping – Amber Priority
Implemented

All Key financial systems have now been documented. Following on from this, a series of challenge sessions are to be arranged in order to identify any gaps or duplication.

Recommendation 7: Review of Financial Regulations Part 1 and 2 – Green Priority

Partially Implemented

Cash handling processes are currently under review and it is anticipated that Financial Regulations will be amended accordingly in line with the outcomes from this work.

Recommendation 8: Money Laundering Regulations – Amber Priority

Implemented

The Head of Audit & Risk Management sent a corporate-wide email on 31/1/14 with an attached briefing note on Money Laundering Regulations.

I should be grateful to receive your comments on this letter by 24th October 2014. I should also like to take this opportunity to thank your staff for their co-operation. If you have any queries, please contact Jamie March.

Yours sincerely

Paul Nagle

Paul Nagle
Head of Internal Audit and Risk Management