

Appendix 2

Corporate Reviews – Internal Audit Plan 2015-16

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Petty Cash	15	Final Report	Amber	A corporate wide substantive testing review of a sample of claims processed from larger and more frequently used petty cash imprests.	RED -	AMBER 5	GREEN 1	TOTAL 6
Key Conclusions					Management Comments			
<p>1. This review revealed some significant weaknesses in the corporate management of Petty Cash Imprest Accounts.</p> <ul style="list-style-type: none"> Not all imprest holders have been submitting year end statements to the Financial Services Division. FSD (Unit 1) do not maintain a record of bank accounts and credit limits for the imprest accounts. The bank mandates for some imprest accounts include former staff and have not been updated to include current staff responsible for the administration of these funds. Bank accounts were identified which are no longer used, or for departments and services no longer in existence. FSD monitoring of the submission of information from imprest account holders or asking for clarification where differences between corporate and local records exists, could not be evidenced. Examination of a limited sample of imprest accounts revealed some non-compliance with Financial Regulations, for instance, an absence of separation of duties and failure to adequately maintain supporting vouchers. 					<p>The number of imprest accounts needs to be reduced. Our intention is to remove them unless there is a valid business reason for having them. IPG have agreed in principle to the removal of small imprest accounts. (Implementation Date: 30th September 2016).</p> <p>Corporate Finance will design an improved form that people can email. Developing an automatic control of this would not be cost effective and it is not a high priority for development. The responsibility to reconcile the certificates to CBW should remain with the service finance units. (Implementation Date: 30th September 2016).</p> <p>All unused bank accounts will be investigated and closed with immediate effect.</p>			

	<p><u>Management Comments</u></p> <p>For all Lloyds accounts there is an “overarching” list of signatories For individual departments, it is their responsibility to ensure the list of signatories is up to date. Heads of Finance will confirm these have been reviewed. (Implementation Date: 30th April 2016)</p> <p>Staff training requirements re. petty cash have been referred to Superintendent of Billingsgate Market. (Implemented)</p> <p>Payments and Support Services implemented a process change before the audit report was published to address the find/weakness raised. Imprest account reimbursements are now authorised by either the Support Services Team Leader or Head of Payments & Support Services. (Implemented)</p>
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AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Cash income Collection and Banking	20	Final Report	Amber	A corporate wide substantive testing review of a sample of cash income transactions are banked intact.	RED .	AMBER 5	GREEN 1	TOTAL 6
Key Conclusions					Management Comments			
Based on sample testing performed there is a high level of adherence to the controls set out in Financial Regulation (Part 1) section 8 - Income and Banking Arrangements. Variations in approach were noted between the eight sites examined, according to the nature of operations and the value of income, as well as differing amounts of documented guidance to staff. Recommendations have been made to strengthen control in some areas and to accord with good practice, as well as improving the quality of central management information related to departments collecting cash income and amounts captured on the departmental banking system.					All recommendations are accepted and agreed to be implemented by 31 st April 2016.			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Liquidations	15	Final Report	Amber	A review to ensure that the impact of risks relating to contractor and consultant liquidations are minimised	RED -	AMBER 3	GREEN -	TOTAL 3
Key Conclusions					Management Comments			
There is currently a lack of detailed corporate guidance for officers to help co-ordinate their efforts when dealing with insolvencies. In addition, there is insufficient information being recorded on CBIS when a supplier's status is changed to inactive as a result of insolvency. It is also currently uncertain which departmental team is responsible for the reconciliation of outstanding amounts owed to and from insolvent firms. We consider that given the current structure of the City Procurement Team, its responsibility in maintaining a corporate contracts register, and its ability to speedily identify those contracts and framework agreements in which particular firms are employed, this function would be best placed within City Procurement.					The recommendations are noted and will be actioned by the City Procurement Business Enablement team who will review the now out of date guidance, refresh it making sure it is widely consulted with appropriate areas of the Corporation (including Comptrollers) and provide new up to date guidance. Once this new process guidance is complete and approved, City Procurement will edit the City Procurement Code 2015 to make reference to the new guidance and processes.			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Main Accounting	20	Final Report	Green	An assessment of the City's financial management systems in respect of financial reporting.	RED -	AMBER -	GREEN 1	TOTAL 1
Key Conclusions					Management Comments			
<p>From a sample of departmental application of the CBIS main accounting system is was concluded that there is adequate controls in place and central guidance from Financial Services Division is being adhered to. It was, however noted that not all departments sampled take a structured approach to monitoring meetings or keep record of month-end discussions.</p>					<p>Some budget managers have more complex areas than others. Therefore, a minimum level of areas for discussing would be better. The conversation and level of engagement is more important in the business partner relationship. This will be implemented by April 2016.</p>			

AUDIT REVIEW	MAN DAYS	PROGRESS	ASSURANCE RATING	OBJECTIVES	RECOMMENDATIONS			
Corporate Procurement	15	Draft Report		<p>A corporate wide substantive testing review of a sample of purchase transactions via various methods, e.g. purchase orders, procurement cards and expense claims to ensure compliance with corporate procurement rules and corporate contracts are used where appropriate.</p> <p>Excluded from the review: tendering processes, supply chain management and contract monitoring.</p>	RED	AMBER	GREEN	TOTAL
Key Conclusions					Management Comments			

