

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<b>Accounts</b>				
1	<b>System Control – Feeder Files</b>				
	Residual Risk	Low			
	Impact	Low			
	<p>The Council identified that eight separate feeder files from two subsidiary systems relating to 2019/20 were posted in period 16 of the 2018/19 general ledger in error.</p> <p>These entries were not reflected in the accounts and have been appropriately reversed out of the ledger, so there is no impact on the 2018/19 accounts.</p> <p><b>Recommendation</b> The Council should investigate this incident and implement appropriate controls to ensure a similar situation cannot occur again in the future</p>	<p>An investigation into why the role that prevents users posting into the year-end period does not cover feeders will be conducted and appropriate action taken. This will start immediately.</p> <p>Feedback will be provided to the team and relevant managers in the areas where the issues have occurred and reminders given on the requirement to enter data on a timely and accurate basis.</p> <p>Feeder owners will be reminded of their responsibility:</p> <ul style="list-style-type: none"> <li>to ensure that files are submitted in a timely manner and</li> <li>that they reconcile their system to the ledger to ensure that all entries are recorded</li> <li>that they notify Finance of any files that cannot be processed to ensure these are reflected in the accounts.</li> </ul>	Immediate	Finance Manager, Financial Accounts	<p><b><u>November 2019</u></b></p> <p>The chapter in the Financial Management Tool has been reviewed and will be published shortly.</p> <p>Information, Technology and Digital Services (IT&amp;D) are currently looking at a solution to the matter. A progress update will be provided at the next meeting.</p> <p><b><u>January 2020</u></b></p> <p>The chapter for the Financial Management Tool has been reviewed and is awaiting publication.</p> <p>Information, Technology and Digital Services (IT&amp;D) are still looking at a solution for this matter and a progress update will be provided at the next meeting.</p> <p><b><u>March 2020</u></b></p> <p>IT&amp;D have concluded that a solution to automatically prevent this recurring isn't viable as it increases the risk of process failure to other aspects of the</p>

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>The chapter in the Financial Management Tool will be reviewed to include feeder owner responsibilities and guidance in their use.</p> <p>During the closure of accounts, regular Trial Balance reports by document type will be run to ensure that feeder files are not posted retrospectively in the old financial year.</p>			feeder file process. Monitoring of files will continue as before.
2	<b>Control Weakness - Asset Disposals</b>				
	Residual Risk	Low			
	Impact	Low			
	<p>An asset with a net book value of £9.4m was disposed of in 2017/18 but this was not accounted for until 2018/19.</p> <p>We are satisfied this appears to be an isolated incident due to the unusual nature of the arrangement, so there is no material risk to the 2018/19 accounts.</p> <p><b>Recommendation</b> The Council should ensure there are appropriate controls in place to ensure all disposals are accounted for in the correct year</p>	<p>Property Services will ensure that clear instructions are sent to Legal &amp; Democratic Services, Property Records Team and relevant stake holders to facilitate the disposal of assets in an appropriate manner.</p> <p>Legal, Property and Finance staff will meet to share information on property transactions and ensure that processes are in place to capture relevant information and are being followed.</p> <p>Reconciliations will be undertaken during the year of disposals to</p>	March 2019	Assistant Director, Property Services	<p><b><u>November 2019</u></b></p> <p>The particular issue identified related to a CPO undertaken at the behest of a third party. Usually there is a back to back agreement to then transfer the asset on to the third party once the purchase has completed. However, in this case the purchaser did not want the asset immediately which led to the confusion. Going forward, the legal agreements will be amended to ensure that back to back agreements are entered into.</p> <p>The Legal, Finance and Property sections have met to look at tightening up procedures and share information. Appropriate processes will be</p>

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		identify any mismatches in information.			<p>completed to ensure that completion memo's are recorded on IPMS and subsequently reconciled with cash receipts. Any differences will be highlighted at the earliest opportunity.</p> <p>Where external legal support is used the agreement will include the requirement to provide a completion memo for ensuring property records are maintained appropriately.</p> <p><b><u>January 2020</u></b></p> <p>Guidance to be sent to Property Services Heads of Service and Project Officers detailing processes to be followed.</p> <p><b><u>March 2020</u></b></p> <p>Guidance has been issued to Heads of Service and project officers to provide clarity on the process to be followed.</p>

## Appendix 1

Rec No	Recommendation		Proposed Actions	Due Date	Responsible Officer	Progress in implementation
3	<b>Control Weakness – Asset Valuations</b>					
	Residual Risk	Low				
	Impact	Low				
	<p>We identified errors in the work of the valuer relating to the valuation of secondary schools, and a valuation where expenditure was used instead of profit as the basis of the valuation.</p> <p><b>Recommendation</b> Appropriate review should be included as part of the valuation process to ensure that any errors in valuation are identified and resolved</p>		Property services officer valuations will be independently checked by an appropriate qualified valuer with immediate effect.	Immediate	Assistant Director, Property Services	<p><b><u>November 2019</u></b></p> <p>A two tier checking system has been put in place with a peer review by an appropriately qualified surveyor followed by a management review by the Head of Service.</p> <p><b><u>January 2020</u></b></p> <p>Details of valuation sign off process to be followed sent out in week of 15 January 2019.</p> <p><b><u>March 2020</u></b></p> <p>An independent professional review of all cyclical valuations undertaken by in-house valuers has been carried out by Avison Young's valuation team who specialise in valuations of this nature.</p>

## Appendix 1

Rec No	Recommendation		Proposed Actions	Due Date	Responsible Officer	Progress in implementation
4	<b>Control Weakness – Completeness of Expenditure</b>					
	Residual Risk	Low				
	Impact	Medium				
	<p>Our testing of the completeness of expenditure identified several items which were paid after 31 March 2019 but should have been accrued into 2018/19. The Council has performed extended analysis covering payments made during the period to 22 August 2019 which has identified £9.8m of invoices which relate to 2018/19 but were not accrued.</p> <p><b>Recommendation</b> The Council should investigate why these invoices were not appropriately accrued and implement additional controls to reduce the risk of such omissions in the future.</p>		<p>The current audit and follow up investigation has identified a number of areas where the Council process for procurement and receipting of goods and services and payment of invoices are not being followed appropriately. An analysis of the data will be undertaken to identify those areas where there are significant numbers or value of invoices that have not been accounted for appropriately. Meetings will be held with those teams identified to set out the implications to the Council of not following relevant processes.</p> <p>Finance Business Partners will brief Directorate Management Teams on the issues identified and the action required and procedures to be followed to meet appropriate accounting requirements.</p> <p>The Council has organised a number of mandatory “Finance for Non-Financial Managers” training sessions which has covered the need for accounting for activities in</p>	Immediate	Chief Finance Officer	<p><b><u>November 2019</u></b></p> <p>Directorates have been provided with monthly reports for a number of years detailing areas where:</p> <ul style="list-style-type: none"> <li>• overdue invoices which have not been authorised within 3 working days</li> <li>• services have been supplied without a purchase order</li> <li>• purchase orders have been raised retrospectively.</li> </ul> <p>Whilst the reports have been provided issues have still occurred with the timeliness of invoice payments.</p> <p>Greater emphasis will be placed on this reporting and will be driven through the Corporate Leadership Team and followed up through Directorate Management Teams with Finance Business Partners.</p> <p>In addition, further reports will be run to identify specific hot spots for delays and individuals offered advice and support in clearing invoices on a timely basis.</p>

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
		<p>the year that the goods/services are provided. This will be followed up with additional training for managers.</p> <p>The Voyager Newsletter sent out to staff will include articles on the issues identified and the actions that will be required to ensure future compliance.</p> <p>During the year, regular reports will be run to identify where invoices, purchase orders and goods receipts are not being recorded on a timely basis which will be followed up with the appropriate team and Directorate management team.</p> <p>There will be a hard close at a month end prior to the end of the financial year so that a check can be run on ensuring that appropriate procedures are being followed.</p> <p>At year end reports will be run to check those invoices paid early in the new year have been accounted for correctly and goods receipting of purchase orders is appropriate.</p>			<p>Guidance on the processes and procedures to be followed will be republished.</p> <p>Areas of continued non-compliance will be visited to determine the reasons for any issues.</p> <p><b><u>January 2020</u></b></p> <p>Suppliers to be written to to ensure that invoices are sent into the central point as per processes.</p> <p>Guidance being drafted as a reminder to all BCC and BCT services of processes to be followed in procurement and payment to minimise payment delays.</p> <p>Closedown guidance drafted to advise service and finance teams of processes and deadlines for year end, including requirement for appropriate accounting for goods and services delivered.</p> <p>Monitoring reports continuing to be produced and analysed to identify any hot spots in service or system performance.</p>

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
					<p><b><u>March 2020</u></b></p> <p>Budget Holders have been written to regarding the need for invoices to be paid promptly.</p> <p>Suppliers have been written to requesting that all invoices are sent to a central point to allow faster uploading and capture of information into the finance system.</p>
5	<b>Asset Valuation – Determination of appropriate rates</b>				
	Residual Risk	Low			
	Impact	Low			
	<p>As part of the valuation of Council Dwellings we identified that the valuer applied a £5k adjustment rate for bedrooms to the majority of archetypes</p> <p>On further review, the £5k was based on the approach taken in previous years and it was not clear that a review had been carried out to check if this value was still appropriate.</p> <p><b>Recommendation</b> The Council should ensure that assumptions used in the valuation</p>	<p>Agreed. A review will be undertaken on the impact of the number of rooms on property prices for relevant archetypes to ensure the robustness of valuations.</p>	Immediate	Assistant Director, Property Services	<p><b><u>November 2019</u></b></p> <p>A full beacon review is being undertaken for 2019/20 which will include a review of the valuation methodology to be adopted with an option to move to a £ per m<sup>2</sup> basis rather than a room differential basis.</p> <p>Beacon properties will be identified to ensure a fair representation of the City area. There will be discussions with an external valuer to support the market intelligence gathering.</p>

## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>of property, plant and equipment, including council dwellings, are reviewed for appropriateness each year and updated where appropriate.</p> <p>In particular a review of the actual impact of the number of bedrooms on the valuation of council dwellings should be carried out in order to support the value of the adjustment.</p>				<p><b><u>January 2020</u></b></p> <p>Process implemented with effect from January 2020 and will be followed through the closure of the 2019/20 accounts.</p> <p><b><u>March 2020</u></b></p> <p>Inspections are being conducted by external experts to provide additional resource support to the in-house team. Savills are undertaking a peer review of the valuation once completed.</p>
6	<b>SAP – User Access</b>				
	Residual Risk	Low			
	Impact	Low			
	<p>As part of our review of IT controls, we identified an excessive number of users with access to critical T-codes within SAP. Our IT audit identified 109 users with potentially inappropriate access out of 668 users tested due their higher risk nature.</p> <p>The risk is that an excessive number of users have access to critical transactions at high level of authorisation, which we would normally expect to be restricted to system administrators.</p>	<p>Capita ICTDS have responded to the GT IT Audit on this point which is summarised below</p> <p>The majority of the transactions listed here will be assigned to BASIS only (the team who deal with the core of the system – these transactions are appropriate for this team to use) and most within their firefighter id. The rest have been reviewed after previous audits and deemed appropriate All users with access to any of these transactions will either be support personnel, or in the case of SM37, users within the</p>	Commencing September 2019	Finance Manager SAP BSC	<p><b><u>November 2019</u></b></p> <p>The level of access identified in the recommendation is required to ensure that the system functionality can be maintained.</p> <p>Regular reviews of access are undertaken and the new Governance, Risk and Compliance tool is being used to support monitoring of access.</p>



## Appendix 1

Rec No	Recommendation	Proposed Actions	Due Date	Responsible Officer	Progress in implementation
	<p>We noted this is primarily due to the current Firefighter setup and the fact that 8 users have SAP ALL access.</p> <p><b>Recommendation</b></p> <p>Management should review all access and reassign the relevant transactions in accordance with business need and current job duties only.</p>	<p>business. (SM37 monitors jobs run in the background in SAP. Due to the size and complexity of BCC's ledger, it's recommended that large reports are run in the background to reduce stresses on BAU processing).</p> <p><u>Response from BCC</u></p> <p>User access to critical transactions is reviewed regularly with access to areas such as SAP_ALL reviewed daily. Appropriate action is taken to remove or amend as required.</p> <p>In August an upgraded Governance, Risk and Compliance tool was implemented in SAP which will assist with user access administration and monitoring.</p>			<p><b><u>January 2020</u></b></p> <p>The level of access identified in the recommendation is required to ensure that system functionality can be maintained.</p> <p>Regular reviews of access are undertaken and the new Governance, Risk and Compliance tool is being used to support the monitoring of access.</p> <p>This recommendation can be closed.</p>