

Audit Findings Report 2019/20 – Appendix A – Assessment Issue and Risk Recommendations
Officer Action Plan for Main Accounts – Updated for Audit Panel 16th September 2021

| Assessment (GT) | Issue and Risk (GT) | Recommendations (GT) | Responsible Officer (LBL) | Officer Action (LBL) | Target Date (LBL) | Completed Date (LBL) |
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| 1) High | The draft financial statements provided for audit continued to contain more misstatements than expected. A robust management review may have identified and corrected some of these misstatements prior to submission for audit. | Ensure that sufficient time is built into your closedown processes to enable a robust management and quality review to be completed prior to the financial statements being submitted for audit. | Acting Group Finance Manager (Core Accounting) | <ul style="list-style-type: none"> Closing timetable for 2020/21 was revised, updated and agreed. It makes clear of the intention for the draft statement of accounts and associated working papers to be circulated to members of the senior finance leadership team on 18th June. There then follows two extended 'page turn review sessions with this team on 21st and 28th June. This period of time from 18th June, including these two dedicated sessions allow sufficient review time for senior management before the draft accounts are formally submitted to the external auditors on 30th June 2021 | <ul style="list-style-type: none"> Completion of initial draft by 18/06/21 Senior Finance Leadership Team review meetings on 21/06/21 and 28/06/21 Submission to GT and proposed start of the public inspection period | Draft completed by 18/06/21 and in depth review meetings held with senior managers as planned. Submission made on time to GT and the Public Inspection Period ran from 6 th July to 19 th August 2021 |
| 2) Medium | The Council did not request their external valuers' to undertake a valuation of all their surplus assets in accordance with International Financial Reporting Standards. | Check that the instructions given to your external valuers' are in line with the Accounting Standards. | Acting Group Finance Manager (Core Accounting) | <ul style="list-style-type: none"> Terms of engagement sent to valuers' on 22/01/21. Checked that these are in line with Accounting Standards. | 22/01/21 | Completed 22/01/21 |
| 3) Medium | Our sample cut-off testing from bank statements in April and May 2020 | All officers of the Council need to be | Acting Group Finance Manager | - Officers to be reminded of this requirement via updated closing guidance notes | - Update and issue guidance | Completed by 30 th June 2021 |

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| | <p>identified 4 expenditure items totalling £175k that related to 2019/20 that had not been accrued. This error extrapolated to £1,811k.</p> <p>Similarly our sample testing of invoices received in April and May 2020 identified expenditure items totalling £346k that related to 2019/20 that had not been accrued. We extended our testing and did not find any more errors. This error extrapolated to £4,842k. Your cut-off procedures need strengthening to ensure that expenditure is coded in the year in which it relates.</p> | <p>reminded of the importance of coding expenditure to the year in which it relates. Review processes need to be enhanced to identify any potential unrecorded liabilities.</p> | <p>(Core Accounting)</p> | <ul style="list-style-type: none"> - This reminder will be reinforced as part of the annual 'all finance staff' meeting dedicated to the close down and audit process in early March 2021. - Extensive review work has been carried out during the closing process. | <p>notes by 19/02/21</p> <ul style="list-style-type: none"> - Review work by 04/06/21 | |
| 4) Medium | <p>The Council requires Members to declare any interests at the beginning of meetings and to update their declarations if there are changes to their existing circumstances. These declarations are held in a central database and the Council's website updated accordingly. However, the Council does not have in place an annual declaration form for Members to complete as part of the accounts process.</p> | <p>All Members should be required to complete a year end declaration of interest form. Nil returns should be mandatory.</p> | <p>Head of Governance Support & Acting Group Finance Manager (Core Accounting)</p> | <ul style="list-style-type: none"> - Send form to all Members at year-end - Ensure that all forms are returned, including nil returns | <ul style="list-style-type: none"> - Sent form by 01/04/21 - Most members have responded, including all new members - Reminder sent week commencing 14th June - All to be returned by 25th June | <p>Return completed with the exception of one form which continues to be actively sought.</p> |

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| | There is a risk that related party disclosures could be missed. | | | | | |
| 5) High | <p>Our testing of IT General Controls identified the following findings which have been reported in detail to management:</p> <ul style="list-style-type: none"> • System Administrator accounts with excessive elevated business responsibilities • End-users with critical IT privileges within Oracle • Lack of defined IT processes for Oracle Fusion • Minimal password security within Oracle • Audit logging is not proactively monitored within Oracle • Lack of Periodic Third-Party Service Assurance Report Review for Oracle, ResourceLink and Academy • End-users, IT managers and leavers with Security Administration Rights within Academy, ResourceLink and Active Directory • Periodic Employee Acknowledgement of InfoSec Policy Requirements • Removing Leavers' Access Rights within Academy and Active Directory | Management should implement the recommendations raised in the IT General controls report. | Director for IT and Change | <i>Please note – detailed update attached at Appendix B</i> | <i>Please note – detailed update attached at Appendix B</i> | |

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| | <ul style="list-style-type: none"> • Inadequate Minimum Password Length Enforcement within ResourceLink • Lack of Policies, Processes and Security for Batch Processing | | | | | |
| 6) Medium | Brief explanations are provided within reports, explaining reasons why individual savings programmes have not delivered. The reports would be further enhanced by explaining the action the Council is taking to bring the savings back on track and highlighting progress of alternative programmes to mitigate the under-delivery. | Explain in savings monitoring reports action the Council is taking to bring under-performing savings programmes back on track and the progress of alternative programmes which are mitigating the under-delivery. | Director of Corporate Services | <ul style="list-style-type: none"> - This is currently set out in the 2019/20 financial forecasts reports (which are presented to EMT monthly) and the Financial Results report presented to M&C on 9th June - RAG rated assessment of the delivery of achieved savings have been introduced as part of monthly reporting. - Continued improvement of the explanations form part of the month by month improvements of reporting on savings plans with support from the newly re-formed PMO. | This is under continual review and a comprehensive assessment of savings delivery was provided as part of the 2020/21 financial results report in June 2021 | This is as per the update to Audit Panel in June in that this activity remains under continual review. |
| 7) Medium | A third of the proposed savings were not delivered. This indicates potential weaknesses in the arrangements for identifying suitable and realistic savings schemes and / or arrangements for ensuring effective implementation. The need to understand the reason for under-delivery is particularly important given the increased savings | Review processes for identifying suitable savings schemes and ensuring proposals are appropriately scrutinised, risk rated and achievable. Review processes for effective implementation of approved savings schemes to ensure they can be | Director of Corporate Services | <ul style="list-style-type: none"> - Wider and continued engagement with Executive Directors and Directors as part of the Senior Leadership Team meetings and networks - A process has now been developed where savings proposals are considered as being Director led and owned. - Review meetings of 'at risk' proposals by the CE and S.151 officer. | <ul style="list-style-type: none"> - Following review of 20/21 experience review of process for 21/22 and future years in line with MTFS agreed. - New approach | <p>Preparations completed for 3 February 2021</p> <p>Focus will now move to implementing the cuts and reporting on delivery via</p> |

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| | requirements built into your future financial plans. | implemented effectively and within the agreed timescales. | | | <p>has ensured strong EMT engagement and thematic focus for identifying service and cross-cutting opportunities aligned to Covid recovery plans</p> <ul style="list-style-type: none">- New Project Management Office resource invested in to coordinate the delivery of agreed cuts – linked to CX/s151 reviews- This work has been scrutinised as part of the cuts proposals and the approach confirmed in the draft budget | regular monitoring |
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