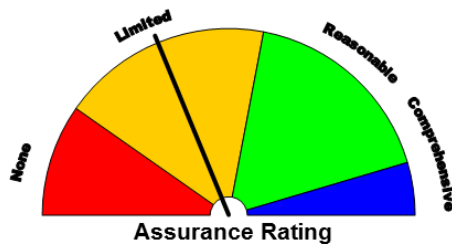


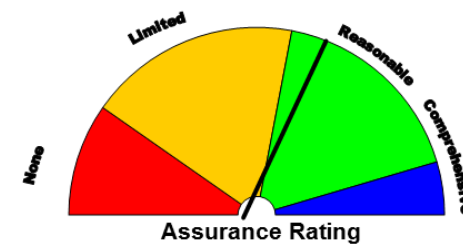
## 3066 Derby City Council S24 Financial Controls

### Recommendation Management Framework

#### Original Assurance Rating



#### Revised Assurance Rating



Rec No	Original Risk Rating	Weakness	Additional Evidence/Comments	Revised Risk Rating
1	Moderate	The SAM and RAM systems reconciliation of numbers of assets had not been undertaken on a quarterly basis as agreed in the Action plan.	<b>Original Response – Issue Accepted</b>  "The Sam/Ram rec is now being completed quarterly 18/19."	Moderate
2	Moderate	The SAM/RAM reconciliation did not include the facility to record the names and signatures of the officers who completed and authorised the reconciliation or the date that it was finalised.	<b>Original Response – Issue Accepted</b>  "Now implemented".	Moderate
3	Moderate	The commitment to implement an automated interface between the SAM and RAM systems in 2017/18 was still unrealised.	<b>Original Response – Issue Accepted</b>  "The reconciliations did still take place and therefore the information in RAM and therefore the statement would be checked - An interface would be the ideal solution but due to the processes in SAM it is not possible to implement at this time. Processes in SAM need to be	Moderate

			<p>addressed as a priority. E.g. the way acquisitions and disposals are put in to SAM.</p> <p>Estates Comments: The development work regarding the integration of the SAM/RAM interface was put on hold (as part of the implementations carried out by the former S151 Officer) in the Autumn of 2017. Despite this, I would suggest that due to the mitigations that have been put in place this risk is now a low risk, not a moderate risk. There is a process in place whereby a manual check is undertaken between both the SAM &amp; RAM system. This action has been incorporated into the Delivery Plan for the delivery of 2018/2019 In order to provide full assurance, we suggest that we continue in the short term with the manual checks between SAM and RAM but we look to re activate the development for the automated system for Elf to be involved with the necessary development.</p> <p>In addition, some significant work has been undertaken regarding the disposals and acquisition processes – these are currently going through a consultation phase with a view of implementation end of September 2018 – this will provide further assurance that all asset changes are documented on SAM giving further assurance when the SAM/RAM checks are undertaken."</p>	
4	Low	The Legal team had not been included in the reconciliation process to ensure that titles are matched to property assets.	<p><b>Original Response – Issue Accepted</b></p> <p>Issue accepted by Estates and mitigating action proposed.</p>	Low
5	Low	At the time of the audit, the petty cash and bank imprest account policy & procedure had not been updated to reflect changes in the process.	<p><b>Original Response – Issue Accepted</b></p> <p>"To be worked on."</p>	Low

6	Moderate	Cash and bank reconciling items were not always identified or cleared in a timely manner.	<p><b>Original Response – Issue Accepted</b></p> <p>"We now have monthly reconciliation processes in place that identify issues in a timely manner. However, adjustments cannot be posted in the period as, by their very nature, reconciliations are performed after the period has closed. This recommendation has already been actioned - The Accounts Receivable reconciliation identified an issue with house- keeping where receipts in AR were applied to debtor accounts instead of the customers invoice or actioned correctly following write up. Work was carried out during 2017/18 to reduce the unapplied receipts balance which included the write up of any receipts that were six months or older as at 31st March 2017. AR has allocated resource in response to the issue to keep up to date with housekeeping."</p>	Moderate
7	Moderate	Income systems' (Ctax, NDR, Rents) reconciling items were not always identified or cleared in a timely manner.	<p><b>Original Response - Not Accepted</b></p> <p>"We have monthly reconciliation processes in place that identify issues in a timely manner. Adjustments cannot be posted in the period as, by their very nature, reconciliations are performed after the period has closed."</p> <p><b>Post Audit – Weakness Addressed</b></p> <p>Internal Audit reviewed the Council Tax reconciliation for September 2018 and were satisfied that differences were properly documented and cleared in a timely manner.</p>	Implemented
8	Moderate	The reconciliation figures on the G/L did not always agree to the evidence in the trial balance held on file and information relating to reconciling items was not available in every case.	<p><b>Original Response – Not Accepted</b></p> <p>"The Main Controls deadline is 1 week following the general ledger closure; however the Control Framework is not prepared until 2 weeks following the general ledger closure. Due to 2016/17 year-end adjustments the ledger had moved during the</p>	Implemented

			<p>week between each deadline. For completeness should any year-end adjustments be required then a note is added to the reconciliation to explain."</p> <p><b>Post Audit – Weakness Addressed</b></p> <p>Accountancy provided information from the General Ledger to support the 2016/17 closing balance figures for the Council Tax and NNDR reconciliations.</p>	
9	Moderate	The draft 2017/18 Closedown Timetable was not comprehensive. Some expected tasks had been omitted from the plan.	<p><b>Original Response - Not Accepted</b></p> <p>"The Closedown timetable contains the key milestones that need to be achieved in order to produce the financial statements over the closedown period. It is not practical to have every task on the timetable. In addition the 17/18 timetable has enabled us to deliver a set of draft accounts in accordance with the statutory deadline of 31 May, a month earlier than in previous years."</p> <p><b>Post Audit – Not Accepted</b></p> <p>Internal Audit held further discussions with Accountancy and new information was provided that demonstrates that there are various documents in place to manage the Closedown process. Although Accountancy maintain that the current process is sufficient to manage the Closedown, Internal Audit consider that it would be appropriate to include additional tasks in the Closedown Timetable to demonstrate that all of the issues raised by External Audit in the S24 had been considered and addressed.</p>	Moderate
10	Moderate	Consideration of impairment indicators, asset lives and the reconciliation of capitalised salaries were not included as tasks in the closedown timetable.	<p><b>Original Response – Not Accepted</b></p> <p>"They are not required to be included in the timetable as discrete tasks as they are reconciled during the year, either monthly or quarterly. In</p>	Implemented

			<p>addition, the post balance sheet report that is in the closedown timetable does encapsulate these items."</p> <p><b>Post Audit – Weakness Addressed</b></p> <p>Review of the draft 2018/19 Closedown Timetable identified that there are now two tasks relating to impairment and seven relating to assets. Audit still recommend that a task should be added to the Timetable to require a reconciliation of capitalised salaries. This does not need to be identified as a separate weakness but can be included in recommendation 9.</p>	
11	Moderate	There was no single document to manage the completion of the closedown process and, although the CIPFA Checklist was considered a key control document by Finance, it was only used after the statements had been produced.	<p><b>Original Response - Not Accepted</b></p> <p>"Such a document would be unwieldly and may be poorly understood by users. We do have a closedown timetable to identify and manage the key milestones. We have to sign-off packs that capture key information for the financial statements that are signed off by the relevant Group Accountant.</p> <p>The CIPFA checklist is used during the preparation of the accounts but we don't complete it until the final version of the statement is completed as it needs to reference page numbers that may change as the statement is produced. We see no value issuing to other officers as they are not directly involved in compiling the financial statements."</p> <p><b>Post Audit – Not Accepted</b></p> <p>Accountancy provided evidence of additional documents that were used during the management of the Closedown process (Accounts Information Sign Off packs, Capital</p>	Low

			<p>Closedown Instructions, a spreadsheet used to define responsibility for and manage the production of statements). They maintain that it would be unwieldy and unnecessary to have one single document to manage the process. Internal Audit accept that there is a system in place to manage the Closedown process but we are still unable to take assurance that it is a joined up procedure that can deliver a clear position statement at any particular time.</p>	
12	Moderate	There was no evidence of a scheduled "lessons learnt" review of the year end timetable/process, to identify scope for improvement, after completion of the financial statements.	<p><b>Original Response - Not Accepted</b></p> <p>"We do have lessons learnt sessions with the service teams and we have a session booked in September to address issues that have arisen during the 17/18 audit."</p> <p><b>Post Audit – Weakness Addressed</b></p> <p>Accountancy have provided evidence of scheduled meetings to discuss the outcome of the 2017/18 Closedown together with copies of the slides used at these meetings. In addition, the Closedown Timetable for 2018/19 includes a Closure Review in the list of tasks.</p>	Implemented
13	Low	There was no evidence that the Departments/Sections that were expected to provide information for the year end process were consulted before the process began.	<p><b>Original Response - Not Accepted</b></p> <p>"In 15/16 we had a closure launch which involved key officers. In 16/17 key officers were contacted either by email or weekly meetings. For 17/18 we had a closure launch with the accountants and contacted key officers via email or meetings. We will be having a closure launch for 18/19, including issuing guidance, early in 2019."</p> <p><b>Post Audit – Weakness Addressed</b></p> <p>Accountancy provided email evidence that the Accounts Payable and the Information Systems Teams had been consulted regarding the dates included in the 2017/18 Closedown Timetable</p>	Implemented

			prior to the start of the process.	
14	Low	There were two differently dated versions of the Council's Financial Procedure Rules available on the Council's intranet site, iDerby.	<p><b>Original Response - Accepted</b></p> <p>"Agreed and corrected. This was only in place in 18/19 for a small window as there was time-lag between updated version being put on the system and sorting out the appropriate IT links."</p> <p><b>Post Audit – Issue Outstanding</b></p> <p>We found that Accountancy had taken steps to update the Financial Procedure Rules and ensure they were consistent across the intranet.</p>	Implemented
15	Low	There was no evidence that Staff had been formally reminded to adhere to the Council's Financial Regulations regarding the procedure for writing off Council debt.	<p><b>Original Response - Not Accepted</b></p> <p>" Head of Revs &amp; Bens response:</p> <p>A scheme of delegation, signed by the Director of Finance and section 151 Officer at the time, delegated write-offs with a value below £10,000 to different officers, depending upon the value of the write-off. Relevant staff were made aware of this by email. As such I believe relevant staff have been made aware of the Financial Procedure Rules (FPR) and comply with them. I have also written &amp; circulated a write-off protocols document to relevant staff which sets out more detail and re-iterates the need to comply with FPR when undertaking write-off action."</p> <p><b>Post Audit – Partially Addressed (Replace with Suggestion)</b></p> <p>We are satisfied that write off procedures have been reinforced with staff involved in write-offs. We understand that the Financial Procedure Rules are currently under review and we suggest that, once this is completed, all staff are prompted to familiarise themselves with the new document.</p>	Implemented