

DEPARTMENT Corporate Services	AUDIT REVIEW Treasury Management	AUDIT REF 5118003
PLANNED DAYS 5	ACTUAL DAYS 5	Frequency of Audit ANNUAL

BACKGROUND

The Treasury & Pension Investments section monitors the daily cash flow and banking transactions of the Authority to identify funds that are surplus to immediate requirements. The surpluses are lent to various organisations known as Counter Parties. The Treasury Management section within Corporate Services carries out the functions of managing these short and long-term loans and transactions on a daily basis.

As at 25/10/18, the Authority’s investments stood at approximately £61m, with a turnover for the financial year to date of approximately £757m.

SCOPE

A review of the controls and procedures for Treasury Management transactions was undertaken to ensure:

- Adequate procedures exist for the Administration of Treasury Management;
- Loans and borrowing comply with the Treasury Management Policy;
- Adequate authorisation controls and contingency arrangements exist;
- Interest calculations are accurate and appropriately recorded;
- Adequate fidelity cover is provided for officers involved in loans management and accounting; and
- Appropriate treasury management information is made available to relevant officers / management.

SUMMARY OF RESULTS

The review of the Treasury Management function was assessed as being of medium risk to the Authority during the audit planning process and will remain as medium risk due to the complex nature of Treasury Management and the value of transactions processed by the Authority.

The current Internal Audit review identified that the key controls expected in respect of the management and administration of the Treasury Management function, including short and long-term investment and loan transactions, are already in place and are operating to an acceptable standard, with only one improvement required to be addressed before an overall high assurance level may be placed.

Whilst reconciliations should be undertaken on a monthly basis in accordance with the Treasury Management Manual, the period April 2018 – September 2018 was undertaken as one reconciliation in October 2018. In addition, at the time of the audit, Internal Audit was advised that a reconciliation would be undertaken in January 2019 to cover the period October 2018 - December 2018. It is acknowledged that this was primarily due to resource issues within the division.

NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	None	Acceptable
Priority 2 – Strengthen Existing Controls	1	
Priority 3 – Minor Issues	None	

DEPARTMENT Corporate Services	AUDIT REVIEW Creditors	AUDIT REF 4117014
PLANNED DAYS 20	ACTUAL DAYS 20	Frequency of Audit ANNUAL

BACKGROUND

The creditor payments system is incorporated within the Authority’s Financial Management System ‘Agresso’. The Accounts Payable module is controlled centrally by the Payments Section based at County Hall. Payments are also processed on-line by staff based within their respective departments for which the Systems & Accounts Payable Manager provides guidance.

The value of payments processed through the creditor system is approximately £984million with the number of invoices processed being approximately 349,000.

Due to the volume and value of transactions the creditor payments system is considered to be a fundamental accounting system and it is essential that there are effective controls over the payments of supplies and services both centrally and by on-line users.

SCOPE

The review included an assessment of the following:

- The adequacy of management arrangements, including procedural guidance;
- Authorisation for payment;
- Input controls;
- Controls over the creation & amendments to accounts;
- Validation controls;
- Exception reports;
- Payment by BACS;
- Periodic payments;
- Payments by direct debit;
- Audit trail and recording of transactions in the ledger;
- Performance indicators.

SUMMARY OF RESULTS

The review of Creditor Payments has previously been assessed as being of high risk to the Authority during the audit planning process due to the value and volume of transactions processed annually.

It is pleasing to report that whilst some issues have been identified which require improvement, expected key controls are generally operating to an acceptable standard, and therefore the review of Creditor Payments has been re-assessed as being of medium risk to the Authority.

<p>Some improvements are required in order to demonstrate a good control over the management and administration of the creditors system and to ensure that the requirements of Financial Procedure Rules are fully complied with; these improvements include the updating of documented procedures, investigation of duplicate payments, invoice procedures and the approval of urgent payments.</p>		
NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	None	Acceptable
Priority 2 – Strengthen Existing Controls	2	
Priority 3 – Minor Issues	2	

DEPARTMENT Corporate Services	AUDIT REVIEW Payroll	AUDIT REF 5118005
PLANNED DAYS 15	ACTUAL DAYS 15	Frequency of Audit ANNUAL
<p>BACKGROUND</p> <p>The Authority pays over 8,500 employees amounting to approximately £184m. Payroll is a centralised function and the Authority has an integrated Payroll and HR system operated through “Resource Link”.</p> <p>The system is classified as high risk given the value and volume of transactions.</p> <p>SCOPE</p> <p>The review covered the internal controls within the Payroll System for the payment of salaries and wages to ensure that:</p> <ul style="list-style-type: none"> ▪ Recommendations from the previous audit report have been implemented; ▪ There are adequate documented procedures in place which are adhered to; ▪ Exception reports are generated and reviewed with queries dealt with appropriately; ▪ Access to standing data processing and programmes is restricted to appropriate personnel and amendments are properly authorised; ▪ Time-sheets, overtime claims, advance payments, SSP, etc. have been properly authorised and data entered correctly; ▪ Appropriate BACS controls exist; ▪ The payroll system is regularly reconciled to the main accounting system; ▪ Individual departments verify the accuracy of employee standing data. <p>SUMMARY OF RESULTS</p> <p>The systems and procedures associated with Payroll are considered to be high risk given the level of payments made.</p> <p>From the testing undertaken, it was apparent that many expected key controls have been established and are operating to a good standard. Audit testing did, however, highlight issues which need addressing at the appropriate level; these issues related to:</p> <ul style="list-style-type: none"> - Appropriate approval of overtime payments. - Correct calculation of unpaid leave. - Employee verification exercises to be undertaken on a regular, timely basis. 		
NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	None	Acceptable
Priority 2 – Strengthen Existing Controls	3	
Priority 3 – Minor Issues	1	

DEPARTMENT Education & Children's Services	AUDIT REVIEW Schools Recruitment & Teachers salaries	AUDIT REF 4118005
PLANNED DAYS 10	ACTUAL DAYS 10	Frequency of Audit ANNUAL
<p>BACKGROUND An Internal Audit of Schools Recruitment and Teachers' Salaries was carried out as part of the Authority's Annual Internal Audit Plan. The Authority pays out approximately £70 million per annum on Teachers Payroll Costs which includes Supply Teacher payments.</p> <p>SCOPE To ensure that:</p> <ul style="list-style-type: none"> ▪ Recommendations from the previous audit report have been implemented; ▪ There are adequate documented procedures in place which are adhered to; ▪ Correct HR policies are followed; ▪ Payments are calculated and paid correctly and accurately. <p>SUMMARY OF RESULTS The Schools Recruitment & Teachers' Salaries function is considered to be of medium risk to the authority, which is based upon last year's review, where it was evident that procedures and key controls were operating to an acceptable level.</p> <p>From the testing undertaken this year, it is apparent that reasonable controls are in place with some areas of non-compliance. Issues identified include the completion of appropriate forms, timely completion and submission of commencement and termination forms and the issuing of relevant contracts. Internal Audit has requested that schools are reminded of the correct procedures to be followed in relation to the completion and authorisation of HR forms.</p>		
NUMBER OF RECOMMENDATIONS		OVERALL ASSURANCE
Priority 1- Fundamental Weaknesses	None	Acceptable
Priority 2 – Strengthen Existing Controls	1	
Priority 3 – Minor Issues	4	