Appendix 2c: Audit Opinion and Themes

Assurance

| High | Satisfactory | **Partial** | Minimal |

Key Financial System

Objective

To assess whether the key controls in the Accounts Receivable system effectively prevent or detect material financial errors, on a timely basis, so that this information can be relied upon when producing the Council's statement of accounts.

Scope and Control Opinions

The audit evaluated the adequacy and effectiveness of the design and operation of the key controls listed in the table below, which also shows the assessed strength of each control.

Accounts Receivable

Key controls audited	Strength of control
Service areas within the Council	
• Service areas' instructions to the Accounts Receivable team to raise debts are appropriately reviewed and authorised to confirm they are accurate and supported by appropriate evidence to confirm their validity.	**Partial**
Accounts Receivable Team	
• All instructions from originating service areas for debtors to be raised are: • accurately and completely turned into an up to date, official Council invoice, on a timely basis • recorded on the Accounts Receivable system.	**High**
• The correct VAT rates are applied to invoices raised.	**High**
• The required escalation process is applied following non-payment of invoices.	**Satisfactory**
• Parked or Suspended Debt (i.e. debt not being actively pursued) is properly authorised and supported by appropriate evidence to confirm the initial and ongoing validity of the action.	**High**
• Reconciliations between the Accounts Receivable and the General Ledger systems are complete, accurate and timely.	**Satisfactory**

Appendix 2c: Audit Opinion and Themes

Assurance

High	Satisfactory	**Partial**	Minimal

Key controls audited	Strength of control
• Staff declare relevant interests and appropriate action is taken to avoid conflicts of interest when allocating work.	**High**
• Staff access to, and permissions within, the Accounts Receivable system are restricted, according to assigned roles and responsibilities.	**Minimal**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Satisfactory**

Issues arising (where partial or minimal assessment is given)

On receiving online request forms, the Accounts Receivable (AR) team only check details for reasonableness and mathematical accuracy before turning it into an invoice. They do not receive any supporting information and therefore, are dependent on the service sending legitimate requests. Therefore, the risk remains that a fraudulent, malicious or inaccurate invoice could be raised if the details and amounts looked legitimate.

Last year, a recommendation was made regarding restricting access to both the online form itself and calculations of the cells within it. It was subsequently discovered that neither were an option due to restrictions around the flexibility of the system. A request is currently in the process of being made to develop Agresso to allow invoices to be raised by service areas themselves and then approved by the AR team within a workflow.

A previous recommendation made within the 2014/15 General Ledger report, regarding the regular review of all current permissions within Agresso to check whether they are in line with operational need, is yet to be fully implemented. After discussions with the Service Delivery Manager, Applications, it was noted that the review was a larger task than expected. The Agresso Review Group is currently 20% through the review. However, the Group is now running on a six-weekly basis to try and expedite implementation.

Agresso Support team staff have already attended training workshops that have included the administration of system security (access and permissions). However, at least one member of the team will attend a course specifically on system security in 2016/17 to ensure that the knowledge is comprehensive and embedded.

As a result of this, it is not possible to provide any assurance with regard to systems access permissions.

Number of actions agreed: 5

Appendix 2c: Audit Opinion and Themes

Assurance

High	Satisfactory	**Partial**	Minimal

Accounts Payable

Key controls audited	Strength of control
• New suppliers and amendments to current supplier details are set up accurately and supported by appropriate evidence to confirm their validity.	**Satisfactory**
• The correct VAT rates are applied to payments made.	**High**
• Staff system permissions are configured to ensure payments are authorised in line with the Council's approved Scheme of Delegation.	**Partial**
• Cumulative payments made by batch input files are accurate, complete and in line with the instruction from the originating service area (Adult and Children's Social Care Files).	**Minimal**
• BACS payment runs are complete, accurate, and appropriately authorised.	**High**
• Staff access to, and permissions within, the BACS system are restricted according to assigned roles and responsibilities.	**High**
• Reconciliations between the Accounts Payable and General Ledger systems are complete, accurate and timely.	**High**
• Staff access to, and permissions within, the Accounts Payable system are restricted, according to assigned roles and responsibilities.	**Minimal**
• Previous audit recommendations have been implemented properly, in a timely manner.	**Partial**

Issues arising (where partial or minimal assessment is given)

Scheme of Delegation

The Council relies on its Scheme of Delegation being robustly applied via the automated approval process within the Agresso Accounts Payable system, to ensure payments are accurate and valid.

Appendix 2c: Audit Opinion and Themes

Assurance

| High | Satisfactory | **Partial** | Minimal |

In order to ensure the Scheme of Delegation remains fit for purpose, twice yearly, independent management checks need to be undertaken to confirm that delegated authorities assigned to officers:

- continue to be appropriate

- are in line with the Council's approved Scheme of Delegation i.e. Council's Constitution Part 4(f) Financial Procedure Rules (Appendix E paragraph 1.13).

Batch Input Files

The Council uses a Batch Input File (BIF) process to import data from the Department for People's case management system Care First into Agresso in order that payments relating to adults and children can be made. Arrangements for confirming the imported data is accurate, authorised and in line with that from the originating system, still require improvement to ensure payments made are valid. The actions required include:

- ensuring only appropriate staff have access to the IT network files where BIF files are stored prior to and after processing

- strengthening the arrangements for authorising BIF files

- improving the format of Agresso reports so that the Department for People can reconcile payments to be made back to the originating system, Care First.

Going forward, the Department for People's current project to implement a new Case Management system includes the development of a finance module. This aims to considerably improve the existing arrangements for making payments to adults and children (implementation planned for 2017/18).

System access controls

The tasks available to Accounts Payable staff from the ID role assigned to them within the Agresso system, is not clear. The Council is part way through a review of all Agresso permissions to check whether they are in line with operational need. The Head of People and Policy is chairing the Agresso Review Group where progress on this assignment is reported and monitored (also see the Accounts Receivable audit).

Previous actions agreed

Satisfactory evidence was produced to demonstrate five of the original ten recommendations that remained relevant, had been implemented.

Further audit work will be included in 2016/17 to ensure these recommendations have become embedded in business as usual activities (e.g. see Audit Plan 2016/17 "Corporate Procurement Team Procure to Pay").

Where relevant, outstanding actions have been referred to in the findings above.

Number of actions: 7