

**Details on those recommendations outstanding
Status – all Amber (Ongoing with deadline missed)**

Finance

Main Accounting System Phase 1 2013/14

Recommendation R1:

The process for recording journals electronically, and performing monthly reconciliations of postings to SAP should be reviewed.

Rationale for Recommendation:

There was no evidence to support 1 of 15 journals sampled. It is recognised that this journal was then reversed and therefore there was nil budget effect, however supporting documentation was not available in respect of the original journal, value £423k.

2 of 15 journals sampled were authorised by the appropriate officer after the journal was posted to SAP. A review of journals prepared by officers in the Financial Control team found that no journal log was maintained or that monthly reconciliations of journals to SAP were undertaken. It was also noted that supporting documents relating to journals were not always found in the journal folder and hyperlinks within 2 emails were broken.

The testing period for Phase 2 of the audit covered November 2013 to February 2014, and a similar finding to Phase 1 was noted, with the Phase 1 recommendation still applicable.

Target Dates:

31st March 2014

30th September 2014

31st March 2015

Current Position and Explanation for Slippage:

Manual General Ledger journal entries made by Finance staff are an important process for both financial and management accounting functions. The misstatement of the accounting records can be facilitated by the use of manual accounting journal entries and this important risk is recognised by the degree of external audit testing of journal entries.

This internal audit recommendation identified an inconsistent application of the existing financial procedures in respect of manual journals across the finance teams. No erroneous journal entries were identified.

An examination by finance officers of appropriate controls and procedures in respect of journals has been ongoing during 2014 alongside a consideration of the extent to which manual journal entry is being applied, particularly within the Council's management accounting process. Other priorities have meant that the work in respect of manual journals did not complete by 30th September 2014. It is expected that the results will have been reviewed in December 2014 and any recommendations approved by the Chief Finance Officer will be implemented by March 2015.

Social Care, Health and Housing

Housing Repairs Commissioning

Recommendation R2:

Housing Repairs expenditure in QL and SAP should be regularly reconciled.

Rationale for Recommendation:

There is no reconciliation between Housing Repairs expenditure in QL and SAP.

Actions to resolve this are defined within an invoice review process. Three specific objectives are to be achieved:

- 1) A robust interface between the SAP system and the QL system, so that these systems effectively function as one system within the Invoice Process.
- 2) A business process that includes pre-payment on account (subject to reconciliation) related to invoicing where work supplied is goods receipted and approved for payment, concurrent with the contractors process to provide an invoice for payment.
- 3) Updated procedures which define management accountability, including delegation of task related authority, to ensure that a robust reconciliation of Repairs works to invoices takes place.

Target Dates:

End September 2014

End March 2015 (revised)

Current Position and Explanation for Slippage:

Development of the SAP/QL interface has been delayed but Housing Services is on target to meet the March 2015 deadline. Testing of the SAP/QL link is currently taking place. Early indications are that the link is successful. Work will shortly commence on the business processes and procedures to enable a full reconciliation to take place by March 2015.

Improvement and Corporate Services

Value for Money Review of External Legal Services

Recommendation R3:

The Service Level Agreements between Legal Services and each Directorate should be updated to reflect the current Directorate structure, revised to reflect the specific requirements of the corporate approach to external procurement of legal services and a 'business partner' approach, and then formally agreed with each Directorate.

Rationale for Recommendation:

The SLAs between Legal Services and service areas are a mechanism for formalising the support required from Legal Services by service areas; the SLA previously drafted is comprehensive in respect of the service level to be delivered, but is out of date in respect of the Directorate structure and the SLAs do not expressly state the expectation that the procurement of all legal services should be through Legal Services.

Target Dates:

End March 2014 (revised)
End August 2014 (revised)
End November 2014 (revised)
End March 2015

Current Position and Explanation for Slippage:

With the corporate directive to become more commercial Legal are working on a slimmed down version of the SLA that can be used corporately with our CBC clients as well as being used with our external clients. This SLA will be used in conjunction with a suit of documents that provide evidence of instructions and authorisation (instructions proforma) and our confirmation of what service we are going to provide (client care letter/memo). The intention is for this to have been completed by the financial year end.