



ESSEX FIRE AUTHORITY

Key Financial Controls

FINAL

Internal Audit Report: 7.15/16

31 March 2016



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Debrief held	18 January 2016	Internal Audit team	Daniel Harris, Head of Internal Audit Suzanne Lane, Senior Manager Nick Fanning, Senior Auditor Abbas Sayyed, Auditor Rachel Feltham, Auditor
Further information received	23 February 2016 21 March 2016		
Draft report issued	30 March 2016		
Responses received	31 March 2016		
Final report issued	31 March 2016	Client sponsor	Glenn McGuinness, Deputy Director of Finance
		Distribution	Glenn McGuinness, Deputy Director of Finance

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The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Therefore, the most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the risk management, governance and control processes reviewed within this assignment. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is supplied on the understanding that it is solely for the use of the persons to whom it is addressed and for the purposes set out herein. Our work has been undertaken solely to prepare this report and state those matters that we have agreed to state to them. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any party other than the Board which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

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We have no responsibility to update this report for events and circumstances occurring after the date of this report.

1 EXECUTIVE SUMMARY

1.1 Background

An audit of Key Financial Controls was undertaken as part of the approved internal audit periodic plan for 2015/16. For the purpose of this audit the following areas were reviewed; General Ledger, Cash and Treasury Management, Payroll, Payment and Creditors, Income and Debtors and Asset Management.

The financial system in place is Dream, assets are recorded on an online asset management database and the financial transactions including payments, overnight deposits and payroll are processed through the Lloyds Banking System. Payroll and human resource information is recorded on SAP. All systems have access controls in place to ensure suitable and secure access to financial records and the commitment and processing of expenditure.

The aged debt as at January 2016 stood at a total of £605,292 with aged debt exceeding 30 days totalling £23,441 of which £3,256 was over 90 days that had been referred to the debt chasing agency. Fixed assets within the service hold a financial value of £94.565m for land and buildings and a further net book value £10,682m for vehicles, plant and equipment.

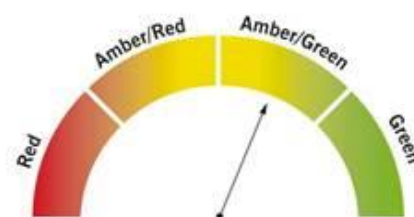
1.2 Conclusion

We have identified that adequate controls have been designed and implemented for the General Ledger, Cash and Treasury Management, Payment and Creditors, Income and Debtors and Asset Management areas of the review, however, issues were identified as part the Payroll section within the HR Transaction Processing area of our review which related to a lack of documentation to support authorisations and approvals.

Internal Audit Opinion:

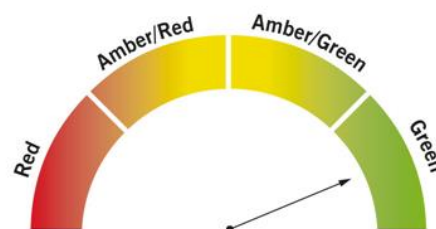
HR Transaction Processing

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage the HR Transaction Processing are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified risks.



General Ledger, Cash and Treasury Management, Payment and Creditors, Income and Debtors, Asset Management and Payroll (Finance)

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage these areas are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

General Ledger

We obtained the Financial Regulations and confirmed they were last reviewed and approved on 18 March 2015 at the Policy & Strategy Committee and have a next review date of March 2017. We confirmed from review that the document clearly sets out key high level key financial requirements within the organisation.

We obtained the Journal transfers procedure document and from review confirmed that it was last updated and reviewed by the Finance Department in January 2016 and is due to be reviewed in January 2017. We confirmed that they clearly define the processes for producing a journal and committing it to the general ledger.

We obtained a report of journals processed since April 2015 and selected a sample of 25 to review. From our testing we noted that for six of the journals that there was no evidence of secondary approval on individual journals. We did note, however, that each of the journals had been signed off by the Deputy Director of Finance as part of the weekly review. We have not raised a management action as the Deputy Director of Finance has acted as a secondary reviewer. Management may wish to consider reviewing the process to ensure that a consistent approach is undertaken.

We obtained a report of all virements processed since April 2015 and selected a sample of five to review. We confirmed for the five virements that there was approval by a senior finance officer in line with requirements, the virement had supporting documentation attached and had a sign off by both the officer who prepared the virement and was checked and approved by the Deputy Director of Finance.

We obtained the list of users from the Dream access report and confirmed that only current and suitable finance staff had access to post to the general ledger. We confirmed through discussion with the Deputy Director of Finance that all staff with access are currently in position and work in the finance function.

Cash and Treasury Management

We obtained the Treasury Management Strategy that was presented to the Fire Authority and approved on 11 February 2015 and noted that the Cash and Treasury Management procedures are documented within the Strategy. We confirmed that the procedures are detailed and reflective of current practice and that they are available on the intranet and are held on the staff shared drive.

The Authority has four bank accounts which are reconciled on a monthly basis. We tested a sample of three months (October, November and December 2015) and confirmed they had been completed and reconciled, performed in a timely manner and signed off by the preparer and approved by the Deputy Director of Finance.

We obtained the report of investments for 2015/16 and confirm that there had been 54 overnight deposits placed since April 2015. For a sample of five overnight deposits, we confirmed that each investment had a front sheet completed, details of the investment were documented in line with the strategy and they had been signed off by an appropriate officer. In all cases there was a segregation of duties evidenced and the investment amount was accurate on the system.

We obtained both the Treasury Management Strategy Report from February 2015 presented to the Essex Fire Authority and also the outturn report for 2014/15, which was presented to the Audit, Governance and Risk Committee in July 2015. We confirmed both reports provided detailed narrative relating to Treasury Management performance and processes and provided assurance that there is a formal and recognised Treasury Management reporting process in place.

The Services main bank account is held with Lloyds. We obtained the current access reports for Lloyds and confirmed that only current finance staff had active access to the Lloyds banking system. We also confirmed that all access to the system is time recorded to identify all system access and that there are clear access rights demonstrated against each user account.

Payroll (HR Transaction Processing and Payroll)

The Service has in place procedure guides for each part of the payroll function. We obtained the procedural documents for starters, leavers and amendments and confirmed that there is detailed guidance in place relating to these key payroll processes. We noted that all of the documents had been reviewed in 2015 and that all procedural notes and checklists were available to all staff via a shared drive.

We carried out testing on a sample of 25 new starters, 25 leavers, 25 amendments, 10 expense claims, 10 overtime claims and 10 additional plain time hour claims.

The following weaknesses were identified resulting in one medium and three low priority management actions being raised:

New Starters

We obtained a report of all new starters this financial year and picked a sample of 25. From testing we noted that 11 new starters related to existing staff taking on a secondary 'casual role' within the Service, due to the limitations of the HR system we were unable to confirm whether the roles had been appropriately authorised by management.

For the remaining 14 new starters, we noted that one form had no confirmation of the information being entered into the system, in the remaining instances there was confirmation identified and three forms did not state the new joiner's salary. We have raised a 'medium' action as management need to ensure that all staff records can be easily obtained and stored where possible in one place (paper based or electronically).

Employee Amendments

We obtained a report of all amendments this financial year and picked a sample of 25. From testing we noted that there was no evidence of authorisation sign off of the amendment and two were not independently reviewed. If amendments forms are not signed to show authorisation, there is a risk that employees may have details like salary or position changed without authorisation. We have agreed a medium priority action to address this area.

Overtime Claims Approval

We obtained a report of all overtime claimed this financial year and picked a sample of 10. From testing we confirmed that five of the claims did not have confirmation of approval by a line manager.

If there is not a regular monthly review of overtime claimed and evidence of manager sign off there is a risk that extra overtime may be claimed which has not been worked leading to a loss to the Service, we have agreed a medium priority action to address this area.

Payments and Creditors

The Service has in place a comprehensive Creditors Operational procedures document which was last reviewed in December 2015 and has a review date set for December 2016. We confirmed with the Finance Officer that these are available to staff on the shared drive.

We obtained the last three BACS and Cheque runs processed and from review confirmed for each of the three BACS payments that the payment value agreed to Dream and the file had been prepared, certified and approved by separate members of the Finance Team in line with the required segregation of duties and authorisation rights. For three cheque run payments we also confirmed that the values reconciled to the system and a clear segregation of duties was evidenced between preparation and authorisation of the payments.

We obtained a report of all new suppliers set up on the system since April 2015 and tested a sample of 25. We were able to identify in all cases that new supplier forms had been completed and that bank details had been provided by the supplier on signed letter headed paper. We were also able to confirm adequate check and confirmation of bank details in each case.

We tested a sample of 25 supplier amendments that had been processed since April 2015, 15 of which were bank detail changes, of which 14 had been verified with a second person at the supplier. In the remaining bank detail amendment there had not been a reply to confirm the bank detail change and the Authority removed the supplier from BACS and pays the supplier by cheque as per the policy. In the remaining 10 cases there was adequate documentation to confirm the change.

Income and Debtors

The Service has in place comprehensive Debtors Operation Procedures which were last reviewed in December 2015 with a review date set for December 2016. We confirmed that these are available to staff on the shared drive.

We obtained a report of all credit notes raised since April 2015 and confirmed that there had been only 15 credit notes raised in 2015/16. We tested all of the credit notes raised and confirmed that had had been raised accurately by an authorised Finance Officer in a timely manner, and that email requests for the raising of credit notes had been retained in all cases.

We obtained the aged debt report as at 31st December 2015 and confirmed that the aged debts exceeding 30 days old totalled £23,450.56. We selected a sample of 25 of these aged debts and confirmed that of the 25 there were six over 120 days old which were either pensions of deceased/ill debtors or had a standing order in place to clear the debt. We confirmed in each of the 25 cases that reminder letters had been sent out in line with the timescales in the policy and there was evidence recorded on the debtor's account of any correspondence with the debtors.

The following weaknesses were identified from our testing in this area resulting in one low priority management actions being raised.

Asset Management

We obtained the Fixed Asset System User Guide and confirmed that is clearly defines and provides detailed instruction on the process of asset additions, maintenance of the register, depreciation, disposals and a screen print supported system user guidance. We confirmed that the document was prepared by the Finance Manager and was reviewed in November 2015. All staff can access this via the Finance shared drive.

The asset verification process is performed on an annual basis as part of the year end process. We reviewed the hard copy records for the 2014/15 and confirmed that the asset verification process had been completed and that all paperwork relating to the process had been signed off as agreed. In addition we confirmed that the Fixed Asset Register had been updated accurately.

Reconciliations between the Fixed Asset Register (FAR) and General Ledger are completed by the Finance Reporting Manager as part of the year end process. We confirmed the year-end Asset Reconciliations had been reviewed, checked and signed off by the external auditors. For clarity we obtained the asset register reconciliations for 2014/15 and from review we confirmed that all balances matched. We also confirmed that the Asset Register values reconciled to the Trial Balance figures.

We obtained and reviewed the list of users for the FAR system within Asset Management and confirmed that there were three active accounts on the system. We confirmed through review of the FMIS (Financial and Management Information Systems) inspiring solutions software used for Asset Management that the system is password protected and recorded all accesses and amendments to the system.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
General Ledger	0 (6)	0 (6)	0	0	0
Cash and Treasury Management	0 (6)	0 (6)	0	0	0
Payroll (including HR Transaction Processing)	2 (10)	2 (10)	1	3	0
Creditors	0 (5)	0 (5)	0	0	0
Debtors	0 (5)	0 (5)	0	0	0
Asset Management	0 (6)	0 (6)	0	0	0
Total			1	3	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

2 ACTION PLAN

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Area: Payroll					
1.1	We were unable to confirmed whether roles had been agreed for 11 new starters selected who had taken on secondary 'casual roles' within the Authority	Medium	HR will review the process for ensuring that all employee documents are easily accessible within one central area (paper based or electronic).	December 2016	HR Transaction Processing Manager
1.2	Amendments were not able to be evidenced as being processed with manager approval, as documentation was not available.	Medium	<p>Emails containing authorised amendment forms sent to HR will be stored on the system to show authorisation.</p> <p>HR will continue to send reminders to management to ensure amendments are processed in a timely manner.</p>	December 2016	HR Transaction Processing Manager

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
1.3	In one instance, we found that the correct pension percentage was not taken.	Low	Payroll will carry out monthly spot checks of pension payment deductions to provide assurance over the accuracy of the system deductions.	April 2016	Payroll Manager
1.4	There was no evidence of approval of overtime payments by a manager, in five out of 10 overtime cases.	Medium	Station Managers will be reminded of the importance of regularly reviewing claimed overtime and to inform Payroll that this check has been carried out.	April 2016	Payroll Manager

3 DETAILED FINDINGS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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Area: Payroll

1.1	<p>The Authority uses SAP for the combined administration of Human Resources and Payroll functions.</p> <p>Starters are added to SAP by the HR department on receipt of a new starter form.</p> <p>Once employee details have been entered into SAP, it is the role of the payroll department to conduct a Hiring Payroll Check within SAP; this includes entering bank details, tax data and the National Insurance category.</p> <p>The Hiring Payroll Check 'unlocks' the record, without which SAP cannot process a payroll payment for that record. If details are entered into SAP prior to the 5th of the month, the employee will receive pay that month.</p> <p>If details are entered into SAP after the 5th of the month, the employee will receive pay the following month.</p>	Yes	No	<p>We obtained a report of all new starters this financial year (2015/16) and selected a sample of 25 for testing.</p> <p>From our testing we noted that:</p> <ul style="list-style-type: none"> 11 new starters were existing employees and had taken on an additional 'casual roles', we could not obtain any evidence of a notification from the Manager to HR on the new starter. <p>We have raised a management action as this creates the risk of unauthorised personnel being put onto a casual contract.</p> <p>For the remaining 14 new starters, we noted that:</p> <ul style="list-style-type: none"> One form had no confirmation that the information being entered into the system was accurate, in the remaining instances there was confirmed. Three forms did not state the new joiner's salary and therefore we could not confirm if the details were accurate on the system. Although we understand that these are on the standard scale. The remaining 10 were accurately uploaded on the system; A Hiring Payroll Check had been conducted for all 14 new starters; this was required for the casual starters. 	Medium	HR will review the process for ensuring that all employee documents are easily accessible within one central area (paper based or electronic).
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				If forms are not fully completed, there is a risk that details uploaded onto the system may not be accurate.		
1.2	<p>Amendments to employees' contracts are completed on dedicated change of circumstance forms, which are submitted to the human resources department and are then processed by the payroll department.</p> <p>These forms are completed the employees manager, who will then send it to HR.</p> <p>Amendments to basic employee data such as names and home address can be made by the individual employee within their account in the Employee Services Pages.</p> <p>Following the amendment a second officer will check that the amendments are accurate and will sign and date the form as checked.</p>	Yes	No	<p>We obtained a report of all amendments to employee details during this financial year (2015/16) and selected a sample of 25 for testing.</p> <p>From our sample, we noted:</p> <ul style="list-style-type: none"> • All had a corresponding amendment form; • None could evidence authorisation of the amendment by the employee and/or there was no sign off by the requesting manager; • 13 amendments were not updated on the system before the start of the amendment as forms were not received prior to the monthly payroll cut-off date; • Two amendments once actioned had not been independently reviewed in HR, this had been raised with HR prior to our review therefore we have not raised a further action. <p>If amendment forms are not signed by the employees' line manager to show authorisation, there is a risk that employees may have details like salary or position changed without authorisation.</p>	Medium	<p>Emails containing authorised amendment forms sent to HR will be stored on the system to show authorisation.</p> <p>HR will continue to send reminders to management to ensure amendments are processed in a timely manner.</p>
1.3	<p>Employees have the following options in relation to pension schemes, where they can sign up or can chose to opt out;</p> <ul style="list-style-type: none"> • Local Government Pension Scheme (LGPS) for support staff. • Firefighters' Pension Scheme (pre-March 2006). • New Firefighters' Pension Scheme 	Yes	No	<p>We obtained a report of all starters from April 2015 to date and selected a sample of 25 for testing purposes. Upon review we confirmed that:</p> <ul style="list-style-type: none"> • All were within an appropriate pension scheme; • In 24 of the 25 cases the correct pension percentage was taken. • For the exception noted we were advised that this was due to the system not taking annual leave 	Low	<p>Payroll will carry out monthly spot checks of pension payment deductions to provide assurance over the accuracy of the system deductions.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
	<p>(post-March 2006 and pre- April 2015).</p> <ul style="list-style-type: none"> Firefighters' Care Scheme (post- April 2015). <p>FFPS: Employee contributions depend upon salary level and whether they joined the Authority pre- or post-2006.</p> <p>LGPS: Staff employee contributions depend upon salary level.</p> <p>Deductions are calculated automatically on the system.</p>			<p>payments for employees on the Care Scheme. Through discussions with the Payroll Manager, we confirmed that this issue will be raised with IT and rectified.</p> <p>Without checks to ensure that pension deductions are accurate there is a risk staff may have incorrect deductions taken.</p>		
1.4	<p>Staff may claim additional payments for expenses and overtime. Receipts are required to support claims.</p> <p>A senior officer is responsible for checking the overtime claimed each month. A confirmation of this review is then sent to Payroll in order to provide assurance that the overtime claims submitted for that month are accurate</p> <p>Overtime is recorded by each employee via the Employee Self-Service system which allows them to input in their times. This is then sent to their manager for approval. This will not be paid until the manager has authorised.</p>	Yes	No	<p>We obtained a report of all expenses claimed this financial year and selected a sample of 10 for testing.</p> <p>We confirmed that all of the expense claims had evidence to support the claims and had been appropriately authorised;</p> <p>We also obtained a report of all additional hours claimed and selected a sample of 10 overtime claims and 10 additional plain time hours for testing. We confirmed that this report is reviewed by the Payroll Manager on a monthly basis for any anomalies.</p> <p>For the sample of 10 overtime claims, we noted that:</p> <ul style="list-style-type: none"> Five had been authorised appropriately. For the remaining five where payment had been made, we were unable to obtain evidence to confirm that the overtime claims had been verified by a senior officer from their station. In addition, upon review of Monthly Summary Overtime Checklist we noted that Payroll was not receiving these approvals on a consistent basis. If there is not a regular 	Medium	Station Managers will be reminded of the importance of regularly reviewing claimed overtime and to inform Payroll that this check has been carried out.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				<p>monthly review of overtime claimed and evidence of manger sign off there is a risk that extra overtime may be claimed.</p> <p>For the sample of 10 additional plain time hours, we confirmed that all had been appropriately authorised.</p>		

Area: Debtors

2.1	<p>Debtor invoices are raised by departments and the Finance team. Department invoices are raised and signed off and a copy of the signed invoice and supporting documentation is scanned on to the Dream system.</p> <p>Finance check periodically that all invoices and documentation have been scanned by departments in support of invoices raised. Invoices raised by Finance are requested by the departments by email or requisition with supporting documentation provided.</p> <p>The majority of invoices are raised by departments as per the process above. Hard copies of back up details are retained by the departments.</p>	Yes	No	<p>We obtained a report of all invoices raised since April 2015 and selected a sample of 25 invoices</p> <p>From review of the invoice sample we noted the following:</p> <ul style="list-style-type: none"> In 20 of the 25 cases there was supporting documentation that demonstrated the invoices had been raised accurately and had been scanned on to the Dream system. For the remaining five cases the supporting documentation had not been scanned to the system, we understand that this is held locally and not required to be uploaded. We have not within this review obtained information from departments due to limitations within the review. We confirmed that in 21 of the 25 cases the invoices had been raised in a timely manner. For the remaining four invoices the Finance Team were able to provide supporting information/ documentation to demonstrate the reasons for delays in raising invoices. Finally we confirmed that 24 of the 25 invoices had been signed as accurate and checked by the department. The exception was in one case the invoice had not been signed off by the raising 		
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Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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department. This was considered to be human error due to the small error rate, therefore we have not made a further action in this area.

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review

To ensure that financial control is maintained and that adequate financial record support management information and the financial accounts

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

In each of the following areas subject to review through this key financial controls audit we will examine the financial regulations, policies and procedures that are in place and perform sample testing to confirm the level of compliance. During the review we will consider whether the following controls are in place and operating appropriately:

General Ledger

- All journal/virements raised are appropriately completed, including a description as to the reason for the journal being undertaken. The journal should be supported by evidence (as necessary).
- All journals/virements raised are appropriately authorised.
- All journals/virements raised are accurately input into the system.
- Suspense and control accounts should be reviewed and cleared on a regular basis (at least monthly).
- Access rights to the system for journals and virements should be reviewed regularly to ensure that the appropriate access levels have been given to the appropriate individuals and to allow segregation of duties.

Cash and Treasury Management

- Bank reconciliations for all bank accounts should be performed on a monthly basis and all reconciling items fully identified, investigated and resolved as necessary.
- The reconciliation should be signed and dated as prepared as evidence of completion.
- An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Loans and investments are made in accordance with the authority's Treasury Management Policy, properly authorised and supported by adequate documentation.
- Treasury management activities are regularly monitored and reported on an appropriate regular basis to Senior Management and the Authority.
- Appropriate segregation of duties and restricted access to the banking system should be ensured.

Payroll

- Review of a sample of new employee 'starters' that have been added to the payroll to check the accuracy of data input and appropriate authorisation.
- Review of a sample of employee 'leavers' to ensure they have been removed from the payroll in a timely manner and any over payments have been identified and recovered.
- Review over a sample of changes to payroll standing data, including increases to pay, hours contract details etc.
- Review over a sample of employees to confirm that pensions contribution rates deducted are at the correct level.
- Review over a sample of expenses paid to employees to verify that appropriate authorisation checks have been made.
- Review over a sample of timesheets to verify that appropriate checks and authorisation have been applied.
- Authorisation of monthly payroll payments.
- Exception report review.
- Payroll accounts are reconciled to the general ledger on a monthly basis. All reconciling items should be identified, investigated and resolved on a timely basis. An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Appropriate segregation of duties and restricted access should be ensured.

Payment and Creditors

- Whether appropriately authorised orders (within any delegated limits) should be raised for all purchases;
- Goods Received Notes (GRN) received should be agreed to orders raised;
- Invoices received should be matched to orders and GRNs (where appropriate) for accuracy and confirmation of receipt of the goods/service.
- Invoices should be appropriately authorised.
- Invoices input into the system should be checked for accuracy.
- BACS payments should be appropriately authorised.
- Creditor control accounts/purchasing system to general ledger interfaces should be reconciled and all reconciling items should be identified, investigated and resolved on a timely basis. An independent review of the reconciliation should be performed and evidenced on a timely basis.
- Appropriate segregation of duties and restricted access should be ensured.
- New vendor supplier forms should be appropriately authorised prior to a new vendor supplier being set up on the purchasing system. Suitable checks and authorisation should also be conducted for new suppliers and amendments to supplier details, including independent verification to a known contact.

Income and Debtors

- Confirm that the Income and Debt Management procedures are in place;
- Control over the raising of invoices and, supported by sufficient documentation.
- Controls over the raising of credit notes that they have been subject to relevant approval and are processed in a timely manner.

- Confirm the process for monitoring aged debt, providing narrative on aged debt levels.
- Confirm the process for chasing aged debts and the recording of debt chasing activity.
- Ensure that there are appropriate authorisation levels in place for write off of debts.

Asset Management

- Process in place for the identification of capital assets and accurate recorded on the asset register through sample testing.
- Processes in place for the identification of disposed or transferred assets and the amendment of the register through sample testing.
- The use of an asset verification process to ensure the accuracy of the asset register through a review of when the last verification exercise was undertaken.
- Access restrictions to the asset register through a review of whether staff members have an appropriate level of access.
- Reconciliation between the asset register and the general ledger.

Limitations to the scope of the audit assignment:

The following limitations apply to the scope of our work:

- This review considered the adequacy and application of controls in place over the organisations key financial controls.
- We have not confirmed when staff have taken on a secondary role within the Authority have been appropriately authorised due to limitations in the HR system.
- We did not substantially re-perform reconciliations.
- We did not provide assurance that all goods ordered provided value for money, nor will we verify the accuracy or completeness of information recorded on the ledger.
- We did not guarantee that the services and items being invoiced and paid for are correct with the events having actually taken place.
- We did not confirm that all staff had read and understood policy and procedures.
- We did not check that comprehensive tendering procedures are in place or that tendering procedures were followed for all purchases above the limit set as this was previously covered.
- The review was conducted on a sample basis and did not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Glenn McGuinness, Deputy Director of Finance
- Sandra Ruben, Finance Manager (Monitoring)
- Elaine Hodgson, Financial Processes Manager
- Simon, Finance Manager (Systems)
- Nikki Ludlow, Senior Finance Assistant
- Paula Drane, Finance Manager (Reporting)
- Kate Roast, Finance Processes Supervisor
- Sarah Webster, Payroll Manager
- Melissa Richardson, Senior Payroll Assistant

FOR FURTHER INFORMATION CONTACT

Suzanne Lane, Senior Manager

Suzanne.Lane@rsmuk.com

07720 508148

rsmuk.com

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