

Appendix C – Quarterly Report on Internal Audit and Counter Fraud Work

RECOMMENDATIONS FROM AUDIT REPORTS WHICH REMAIN OUTSTANDING AFTER FOLLOW UP

COLOUR KEY

High Risk
Medium Risk
Low Risk

REPORTS ISSUED 20/21

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
<p>Business Continuity Planning</p> <p>November 20</p>	Minimal	4	0	0	06.12.22	Fifth	<p>Partial</p> <p>The assurance level of this review was downgraded to Partial because of the lack of progress.</p>	1	0	0	Jun 23	<p>Business Continuity Plans for every department must be completed and adopted as soon as possible.</p> <p>(6 months)</p>	<p>AUDIT COMMENT</p> <p>The Regulatory Services Lead was contacted for an update on the production of departmental Business Continuity Plans. At the 4th follow up it was reported that guidance was being written for Heads of Service on how to convert their completed Business Impact Assessments into Business Continuity Plans.</p> <p>The Regulatory Services Lead responded that the majority of departments (as of late October 2022) had completed their Business Impact Assessments and were in the process of converting these into Business Continuity Plans. She added that training had been given and completed Business Continuity Plans were shown as examples as part of that training. A template for a Business Continuity Plan was also</p>

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													<p>given out at the training. This was delivered as an alternative to writing guidance.</p> <p>She stated that there was a deadline of completing Business Continuity Plans by the end of October and that she was monitoring what was coming in.</p> <p>The Regulatory Services Lead was asked to send Audit a list of completed Business Continuity Plans that had already been returned so that it could be seen how many had been returned and to select a sample to check.</p> <p>No response has been received to this request so the report was issued.</p>
<p>Procurement</p> <p>December 2020</p>	Partial	0	11	0	30.09.22	Third	Partial	0	5	0	Jan 23	<p>Performance against the Procurement Forward Plan must be monitored and reported.</p> <p>(6 months)</p>	<p>With the Forward Plan only recently established monitoring has not taken place.</p> <p>Management of the Contracts Register is a key element of the Forward Plan and its monitoring</p>

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												<p>Policies and procedures must clearly state that where corporate contracts exist these, and no other company, must be used.</p> <p>(12 months)</p>	<p>Amendments to the Contract Procedure Rules are still being worked on.</p>
												<p>Non-compliance of raising purchase orders must be monitored and persistent offenders reported to the head of the relevant service area.</p> <p>(6 months)</p>	<p>Lead up work to 'No PO – No pay' project has either been completed or under way. A provisional date of 01/11/22 has been set, after which suppliers' invoices without a PO will no longer be accepted and suppliers will be asked to resubmit with PO number supplied.</p>
												<p>A note must be added to guidance on raising invoices reminding officers to:</p> <ul style="list-style-type: none"> • check the contracts register to consider whether their order could fall under the remit of a supplier with whom the organisation has an outstanding contract. Where a corporate contract exists these, and no other company, must be used • prompt officers to consider using 	<p>This has not been actioned yet. Apologies for delay. A general email will be sent out to all CAFI users reminding them of this and also to update our, "How to raise a PO" instructions on the web.</p>

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												suppliers already set up on the creditors system for a similar product (3 months)	
												The ability to expand the "Types" facility within Creditors must be investigated and if possible use of "Types" implemented across EBC, LDC, EHL and SEESL. (6 months)	To date, a meeting has not been arranged.
Leaseholder Management and Recharges December 2020	Partial	0	2	0	04.10.22	Fourth	Substantial	0	1	0	Feb 23	The Leaseholder Handbook must be reviewed and updated. (6 months)	<u>Leasehold Manager</u> The consultation for the new handbook was held in July 2022. The handbook is currently under a further consultation following a recent change in the local fire safety regulations. The consultation is for the wording of the section of the handbook that covers local fire safety. The handbook should be made available in October 2022.

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Arrears Collection January 2021	Partial	2	2	3	07.11.22	Fourth	Substantial	0	0	1	Apl 23	An overarching corporate arrears collection strategy must be drawn up and adopted, under which the separate policies for the individual debt streams sit, to ensure council departments responsible for collecting monies are acting in accordance with approved guidelines. (3 months)	The Deputy Chief Finance Officer has indicated that, in order for a fully developed strategy to be written, the target for completion is for the new financial year (April 2023).
Members Allowances January 2021	Substantial	0	3	0	10.10.22	Third	Substantial	0	2	0	Feb 23	All expenditure must be evidenced by official VAT receipts. Where expenditure includes VAT, reimbursement must be claimed through the creditors system. (1 month)	<u>Audit Comment</u> Audit identified errors when testing was carried out for the follow up review. <u>Head of Democratic Services</u> On-line forms are being developed in an attempt to reduce the potential for errors.
												All expenditure must be charged to the correct general ledger code. (1 month)	<u>Audit Comment</u> Audit identified errors when testing was carried out for the follow up review. <u>Head of Democratic Services</u> On-line forms are being developed in an attempt to

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													reduce the potential for errors.
Officers Expenses February 2021	Substantial	2	2	11	06.12.22	Third	Partial	0	0	5	Ongoing	Officers expenses claims forms should be amended to have a tick box to be completed to show that a VAT receipt has been attached and a disclaimer that expenses claims may be questioned if there is no VAT receipt or the receipt is illegible. (3 months)	<u>Audit comment</u> The form on the intranet has been updated but does not include a tick box to show that a VAT receipt is attached.
							The assurance level of this review was downgraded to Partial because of the lack of progress.					Consideration should be given to listing the most regularly used detail codes on the instructions tab of the Officers Expenses claim form. (e.g. travel, subsistence, equipment etc) and a note to cross reference this put onto the form itself. (3 months)	<u>Audit comment</u> The form on the intranet has still not been updated.

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												<p>The mileage claim form must be changed to ask for the total mileage as calculated by AA route planner and not ask for mileometer readings. A screen dump of the AA route planner showing the route and total mileage should also be asked for on the claim and no claim processed unless a screen dump was sent with the claim.</p> <p>(3 months)</p>	<p><u>Audit comment</u></p> <p>The form on the intranet has still not been updated.</p>
												<p>Claims for off-peak travel between Lewes and Eastbourne must be paid at the post 9am return rail fare once the appropriate Easit discount has been applied regardless of whether the officer claiming used the Easit discount in accordance with the Travel Policy.</p> <p>(1 month)</p>	<p><u>Audit comment</u></p> <p>No examples of travel between officers came up in the sample. As other recommendations are outstanding, a further test will be carried out at the next follow up.</p>

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												Detail codes quoted on expense claim forms must be checked, prior to payment being made, to ensure that where the claim is relates to an obvious cost (e.g. subsistence) the correct code has been used. (3 months)	<u>Audit comment</u> Further testing showed that of 21 cases tested four had been incorrectly coded. Two were incorrectly coded by the originating department and two had been entered onto the financial system under the incorrect code.

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AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	Client Comment
Stage Door November 21	Minimal	7	8	2	21.10.22	Second	Partial	1	4	0	Feb 23	<p>Measures must be put in place to ensure stock controls are effective, and stock is strictly controlled.</p> <p>(3 months)</p>	<p>In progress</p> <p>Laptop in place</p> <p>New stock control procedures and processes in place and being implemented.</p> <p>Purchase Orders are now being completed on time and by TSD staff.</p> <p>Touch Office updated.</p> <p>Tablet purchased exclusively for stock movement and working across all sites. This is only just bedding in with some issues that still need refining.</p> <p>Touch Office training for 3 out of 5 supervisors, 2 to follow shortly. Bar staff need training.</p> <p>More frequent stock takes happening</p>
												<p>Consideration should be given to the purpose of the information collated, how much of the information is simply being copied into spreadsheets and IT consulted to establish whether a program can be written to automate part of the process.</p> <p>(3 months)</p>	<p>In progress</p> <p>Touch Office update is complete but reports not seen by auditor.</p> <p>Streamlining of information collated, in progress.</p> <p>IT to be contacted once streamlining complete.</p>

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												<p>Automatic Machine Services Ltd must be contacted as soon as possible to resolve the query concerning the rental fee, once resolved the discrepancies in the general ledger must be corrected.</p> <p>(3 months)</p>	<p>In progress</p> <p>Ledger code has been updated, however the corresponding E-return code still needs to be updated.</p>
												<p>A review of Health and Safety at The Stage Door Public House must be undertaken, and a plan of action developed to deal with the issues identified.</p> <p>(3 months)</p>	<p>In progress</p> <p>Many of the issues on the H&S report have been addressed.</p> <p>Still some outstanding issues.</p>
												<p>All staff working at the Stage Door Public House must attend Health and Safety training.</p> <p>(3 months)</p>	<p>In progress</p> <p>Some training complete, others still to happen.</p> <p>Auditor needs to see Training spreadsheet.</p>
<p>Love Clean Streets Application</p> <p>December 21</p>	Partial	3	1	0	22.09.22	Second	Partial	1	0	0	Jan 23	<p>A new contract must be negotiated with BBITS for the use of the Love Clean Streets service, in accordance with the Contract Procedure Rules. The contract must be passed through Legal Services.</p> <p>(3 months)</p>	<p>Going to work with Procurement and Legal Services to obtain a contract for the service.</p>

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<p>Furloughing December 21</p>	<p>Full</p>	<p>0</p>	<p>0</p>	<p>2</p>	<p>03.10.22</p>	<p>First</p>	<p>Full</p>	<p>0</p>	<p>0</p>	<p>1</p>	<p>Feb 23</p>	<p>A Risk Assessment Template for similar future events should be included in the Business Continuity Plan. (3 months)</p>	<p>Business Impact Assessments completed by each Senior Manager/Head of Service, that form part of the Councils Business Continuity Plan, are currently being reviewed by the Operational Lead for Emergency Planning and will include reference to similar future events.</p>
<p>Regeneration Projects December 21</p>	<p>Substantial</p>	<p>1</p>	<p>5</p>	<p>1</p>	<p>21.12.22</p>	<p>First</p>	<p>Substantial</p>	<p>0</p>	<p>1</p>	<p>0</p>	<p>Apl 23</p>	<p>Winter Garden Pentana (used for programme management) must be regularly updated to ensure its efficacy. (1 month)</p>	<p>Winter Garden Pentana not updated – last entry Oct 2021. Programme Manager (Corporate Assets) aware this needs addressing</p>
<p>Film Liaison Unit January 22</p>	<p>Minimal</p>	<p>13</p>	<p>2</p>	<p>0</p>	<p>28.09.22</p>	<p>First</p>	<p>Minimal</p>	<p>8</p>	<p>1</p>	<p>0</p>	<p>Jan 23</p>	<p>Governance, service standards and performance monitoring must be included in the contract. (3 months)</p>	<p>Initial contact made and information on the service supplied. Contract details to be defined in due course</p>
												<p>The Terms and Conditions issued by SFO on behalf of the council must be reviewed and agreed by Legal Services. (3 months)</p>	<p>Initial contact made and information on the service supplied. Contract details to be defined in due course.</p>
												<p>The invoicing process detailed in the contract and the invoicing process actually followed, must be aligned and the contract reworded as appropriate under the advice of the</p>	<p>Initial contact made and information on the service supplied. Contract details to be defined in due course.</p>

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													<p>End of year reconciliation, between permits granted, invoices received from SFO and paid over the year, must be carried out.</p> <p>(1 month)</p>	<p>Evidence of an end of year meeting was in place but no report. The next stage of Fame updates should provide the ability to complete this task with ease.</p>
													<p>The contract must be updated to include consideration of environmental, sustainability and carbon neutral policies when decisions are being made between the council and SFO, and when permits are being granted.</p> <p>(3 months)</p>	<p>Initial contact made and information on the service supplied. Contract details to be defined in due course.</p>
<p>Information Governance February 2022</p>	<p>Partial</p>	<p>1</p>	<p>11</p>	<p>0</p>	<p>11.10.22</p>	<p>First</p>	<p>Substantial</p>	<p>0</p>	<p>3</p>	<p>0</p>	<p>Feb 23</p>	<p>Regular and creative ways of reminding officers of their data protection responsibilities must be introduced into the daily working environment.</p> <p>(4 months)</p>	<p><u>Information Governance Manager</u> More awareness will be posted on the Hub to remind officers of their data protection responsibilities.</p>	
												<p>Consideration should be given to the method of recording and reporting data breaches so that any common themes are identified, and preventative measures investigated to assist in reducing the number of data breaches.</p> <p>(4 months)</p>	<p><u>Information Governance Manager</u> This has been mentioned at CMT and they have asked for a paper to be provided with further information. Information Governance Manager met with the Solicitor and the Head of IT, who were in agreement it would be a good idea.</p>	

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													<p>Evidence of consideration given to Environmental, Sustainable and Carbon Neutral policies must be documented as part of all decision-making processes.</p> <p>(4 months)</p>	<p><u>Transformation Programme Manager</u> The project is still to determine the framework for disposal for documents</p>
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REPORTS ISSUED 22/23

AUDIT	Original Assurance Level	High	Medium	Low	Latest Follow Up Date	Number of Follow Up	Assurance Level at Follow Up	High	Medium	Low	Next Follow Up Due	Outstanding recommendations	<u>Client Comment</u>
Rent Sense September 2022	Partial	2	6	0	2.11.22	First	Substantial	0	2	0	Mar 23	<p>The special payment arrangements being incorrectly reported must be investigated, with Mobyssoft, to determine a resolution</p> <p>(3 months)</p>	<p><u>Senior Specialist Advisor – Rents</u> We are currently working with Mobyssoft on this issue, in order for it to be addressed</p>
												<p>An operational risk assessment should be carried out for reviewing the risks associated with using third party software to monitor and evaluate the councils' rent arrears.</p> <p>(6 months)</p>	<p><u>Senior Specialist Advisor – Rents</u> We are liaising with the Business Applications Team, ICT</p>