

Appendix 1 - Action Plan

Controls

● High – Significant effect on control system

● Medium – Effect on control system

● Low – Best practice

Ref#	Title	Recommendation	Management response	Assessment
1	IFRS 16 Implementation	In finalising assessment of the impact of IFRS 16, in preparation for its implementation, the Council must ensure completeness of the assessment of leases so that all relevant leases are included in the assessment.	<p>All leases on the balance sheet have been assessed. This included a detailed review of over 839 individual leases (covering lessees, lessors, intermediate, finance and operating leases). We also consulted extensively with service departments and had regular dialogue with CIPFA on certain technical matters. The work concluded that there will be no material impact on the council's balance sheet or accounts as a result of the change.</p> <p>The completeness of the assessment of the leases on the database will be ongoing to ensure that:</p> <ul style="list-style-type: none"> • We have identified all arrangements that contains a lease per IFRS 16. • We have obtained sufficient and appropriate evidence to ensure that all liabilities are recorded and stated at the fair value. • Any new lease arrangements entered into (between the date of this exercise and implementation of the new standard) is considered. <p>The assessment will carry on until March 2021, in time for the April 2021 scheduled implementation of the new standard.</p> <p>A complete set of working papers that demonstrate compliance with IFRS16 is now available for the auditors to review at their leisure.</p>	Medium
2	Aged Collection Fund debtors and creditors	In our testing of the Council's Collection Fund debtors and creditors we have identified items over 6 years old with little prospect of clearing that should be considered for write off. Review debtor and creditor amounts over 6 years and consider for write off.	Work has begun to identify and write off uncollectable debt relating to Council Tax and Non-domestic Rates that are held on the relevant debtor systems for periods beyond 6 years. Some accounts are actively being paid and will remain. The process is due to be substantially complete by the end of December 2020 and will continue through until the end of the year. Credit balances for untraceable creditors will also be written back.	Medium

3	Housing Benefit expenditure	The Council is unable to fully reconcile non-HRA expenditure charged to the CIES and the non-HRA expenditure recorded in the Northgate system. Non-HRA expenditure recorded in Northgate is £3.6m higher than that recorded in the general ledger. Fully reconcile Housing Benefit expenditure per the Northgate system to Housing Benefit expenditure recorded in the general ledger on a regular basis.	The Housing benefit expenditure in Northgate and the general ledger have now been reconciled. Timing differences relating to rent weeks used for the benefit system and the 31st of March resulted in the discrepancy identified. A reconciliation between the rent system and benefits system on a quarterly basis together with an end-of-year accrual to adjust for timing differences will remove this discrepancy moving forward.	Medium
4	Creditors – purchase order accruals	Our testing of PO accruals identified 4/12 items that should have been cleared or cancelled. Processes should be in place to ensure that PO accruals are cleared or cancelled if they are no longer required.	Officers are reviewing how the procure to pay process is being used, and is working on strengthening the process to review accruals from the previous year to reduce the risk of invalid accruals being brought forward.	Medium
5	Unallocated income	In total there is £2.8m of unallocated income in the 2019/20 Accounts. Ensure that unidentified income received is traced to its source to ensure the income is valid and correctly classified.	Finance and the Transformation team have been working on a programme of changes to address this. We've reviewed how the processes currently are operated, and already developed a way of allocating responsibility using statistical analysis. These changes will be implemented over the next months, along with a push to shift receipts to channels that are automatically allocated to the right place.	Medium
6	Oracle security and access controls	Control weaknesses were identified in the security and access of the Council's Oracle system. IT audit findings to be reviewed by the Council's ICT Clienting and Applications team and any inappropriate access / responsibilities to be resolved/removed.	<p>All recommendations in relation to oracle security and access controls were reviewed internally and responded to in October 2020.</p> <p>In a few cases where it is necessary to tolerate lesser controls such as generic built in passwords, management accept the associated risk of this and consider that this is low.</p> <p>All other recommendations arising from the audit have been implemented.</p>	Medium