

Supplement to the agenda

Audit and Governance Committee

Monday 31 July 2023, 10.00 am

Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE

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Item	Title and purpose	Page(s)
8.	Internal Audit - “Limited” Opinion Reports Q1 2023/24 The attached document, Housing Solutions: Financial Processes Audit March 2023: Progress Made Against Actions, has been provided by the Community Wellbeing Directorate and forms Appendix E to agenda item 8.	3 - 6

Housing Solutions: Financial Processes Audit March 2023: Progress Made Against Actions

Finding No.	Finding	Risk Rating	Responsible Officer/Deadline	Agreed Action	Progress as Reported by Management: July'23
1	<p><u>Management Overview of Spend on Procurement Cards</u></p> <p>There is currently no management overview and approval of individuals spend on their procurement cards (P-cards), which is contrary to the Procurement Card Policy. Budget holders are required to review procurement card usage for their staff, in order to identify errors, inappropriate spend, and manage the risk of fraud.</p> <p>This is leaving the use of the Service's procurement cards open to abuse if users are not challenged at any time on their spend.</p>	2	Housing Service Lead 30 th April 2023	First training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (Performance, Budget & Income Resource Officer) being able to see the coding and check – or whether this responsibility falls with the budget manager. Some cardholders have yet to get access to the SDOL website to enable them to code their transactions. A further review of P-Card usage will be carried out to e.g. set up business accounts with providers to reduce the need to use P-cards.	<p>The review of P-card usage has been completed which has enabled the establishment of business accounts with providers to reduce the need to use P-cards.</p> <p>The Interim Housing Solutions Manager has also now put in place management overview and approval of individual spend on the P-cards.</p>
2	<p><u>Procurement Card Transaction Input and Coding</u></p> <p>P-card transactions are currently being input by the Performance Budget & Income Resource Officer; however, this is contrary to the P-Card Policy. It is a requirement of the policy for the card holder to input their transactions via Nat West SDOL. Each card holder signs up to the terms and conditions of use, and therefore must comply with this.</p>	2	Housing Service Lead 30 th April 2023	<p>First training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (Performance, Budget & Income Resource Officer) being able to see the coding and check – or whether this responsibility falls with the budget manager. Some cardholders have yet to get access to the SDOL website to enable them to code their transactions. A further review of P-Card usage will be carried out to e.g. set up business accounts with providers to reduce the need to use P-cards.</p> <p>Some cardholders are as yet, unable to gain access to the SDOL website to enable them to code.</p>	As above

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3	<p><u>Homeless Loans Payments</u></p> <p>Although very few homelessness loan payments are now made (seven new loans have been made in 2022/23 totalling £4,466.64), there is a concern that the payments are raised through the Imprest account. This is not necessary especially for suppliers who are already set up on Business World (BW) e.g., Housing Associations.</p> <p>A clear audit trail can be seen on BW from the source document through to payment.</p>	2	Housing Service Lead 30 th April 2023	<p>Suppliers such as Registered Providers (RP's) will have to provide invoices in the future.</p> <p>The need for smaller "one-off" suppliers to supply invoices will cause potential homelessness due to the slow payment process, so Imprest forms & load sheets can continue to be used for these suppliers.</p>	This is complete - The service is now compliant with the agreed action
4	<p><u>Imprest accounts authorisation and supporting documentation for payments</u></p> <p>Seven of the 25 Imprest payments tested had none or insufficient supporting evidence for the payments to be made and no clear authorisation process.</p> <p>There was not clear evidence of the required two authorised signatories for all payments that are made through the Imprest account.</p> <p>The Covid-19 pandemic brought its problems with an easy work through for authorisation in many areas, but it is essential that there is a clear audit trail with supporting evidence and authorisation for all payments made through the Imprest account.</p>	2	Housing Service Lead 30 th April 2023	The agreed process will be followed, i.e., obtaining two signatories (via e-mail forwarding process). Forwarding of e-mails will provide an e-mail trail showing requestor and approvers in all cases which we hope will meet this requirement.	This is complete - two signatories approval process is in place

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5	<p><u>Process and Procedure Notes</u></p> <p>There are currently spend procedure and procedure reasoning notes in place, however these do not provide details of the processes that have to be followed for specific tasks.</p> <p>These processes and procedure notes are important to have in place to help ensure that any delegated officer can complete a task if the regular officer is unavailable.</p>	2	Housing Service Lead 31 st May 2023	Review the current procedure documents, update them and add missing ones.	This review is in progress. Operational and personnel matters have slowed progress on completing this action, which is a priority within the service leads' service delivery plan with a timescale for completion of 30 September 2023
6	<p><u>Staff Resources</u></p> <p>There is currently only one member of staff in the Housing Solutions Team that processes requisitions, and goods received.</p> <p>This a risk to the service delivery if this member of the team were to leave or have long term sick or annual leave.</p>	2	Head of Community Commissioning and Resources 31 st October 2023	This will be picked up in a review of the housing service that is currently being conducted by the Head of Community Commissioning and Resources.	A future structure for the housing service formed one of the recommendations of the housing review and the risk around this particular element of staff resource was highlighted. A revised structure, focusing on resilience, will be implemented by the newly appointed Acting Head of Housing.
7	<p><u>Cash Imprest Account (Petty Cash)</u></p> <p>The Cash Imprest account is no longer used and should now be reconciled and closed.</p>	3	Housing Service Lead 30 th April 2023	Agreed – and will be closed at the earliest opportunity.	Although the Cash Imprest Account has not yet been formally closed, it continues not to be used and this will be completed by 31 August 2023.
8	<p><u>Imprest - Cheque Book Account</u></p> <p>If cheque book is still in use/available for the Imprest account, the signatories must be reviewed and updated accordingly otherwise the cheque book account should be closed.</p>		Housing Service Lead 30 th April 2023	Final review & close Imprest account at the earliest opportunity.	This will be completed by 31 August 2023

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9	<p><u>Use of Imprest account when Business World could be used</u></p> <p>Some payments that are made through the Imprest account could be made through Business World when there is already a supplier set up. This would provide a clear audit trail, and less administration and time involved than the longer process of raising the payment through the Imprest account which requires two authorisations and the preparation of a load sheet before being passed for payment.</p>		Housing Service Lead 30 th April 2023	We have agreed that the imprest process will only be used for one-off suppliers mostly landlords for the prevention of homelessness.	This is complete
10	<p><u>Commitment Accounting</u></p> <p>At the end of a tenancy, a maintenance charge is incurred. Unfortunately, this is always an unknown cost as it is not known if repairs will be required in the premises.</p> <p>No commitment is made on Business World to allow for this additional expense, although there will always be an expense incurred, as the tenant will eventually leave. Therefore, it would be prudent to consider placing a commitment to this expense against the cost code at the outset, or a separate budget allocation to a dedicated account code.</p>	3	Housing Service Lead 31 st May 2023	The Housing Service lead will ascertain the mandatory costs associated with void works and then ask the Directorate Accountant to add an account/analysis code with budget attributed to it.	This is complete