


### Audit Objective

To review financial processes and controls within the Service to provide assurance that Service's budgets are being utilised in accordance with the requirements of the Team's Service Plan and statutory responsibilities.

Assurance Opinion	Number of Actions
 <p><b>Limited (Medium)</b> - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited</p>	Priority
	Priority 1
	Priority 2
	Priority 3
	Total

Priority	Number
Priority 1	0
Priority 2	6
Priority 3	4
Total	10






### Risks Reviewed

Financial control deficiencies within the Service may lead to budget overspends while also increasing the risk that fraudulent requests for financial support may be processed in good faith owing to poor segregation of duties and/or a lack of management oversight.

### Assessment

Medium

### Key Findings

	<p><u>Management Overview of Spend on Procurement Cards:</u>                      There is currently a lack of management checks on p-card transactions which is contrary to the requirements of the P-Card Policy. There is a risk that the use of a procurement card can be abused and not identified without a management overview.</p>
	<p><u>Homeless Loans Payments:</u>                      Payments are being processed through the Imprest account for suppliers that are set up on Business World This is inefficient, and increases the risk of duplicate payments, as payments cannot be identified clearly against suppliers on Business World.</p>
	<p><u>Imprest Accounts Authorisation and Supporting Documentation for Payments:</u>                      There is lack of detailed supporting documentation for payments made and there is not a clear audit trail of the authorisation process by the two required signatories.</p>
	<p><u>Staff Resources:</u>                      There is a risk to service delivery as all processing is left to one member of the team.</p>
	<p><u>Commitment Accounting:</u>                      Large expense can be incurred at the end of every tenancy for maintenance and repairs, but no commitment is made for this on Business World</p>

### Audit Scope

The agreed audit scope consisted of the following:

- Budgetary control- responsibilities within the team, meetings, monitoring and project codes.
- Imprest accounts- processes, segregation of duties and reconciliation
- Processing of orders and payments – segregation of duties, authorisation levels
- Homelessness loans – are they still in place if not what has replaced them and look at process followed.

### Background / Summary

An audit of the Housing Solutions Team Financial Processes was undertaken by SWAP Internal Audit Services as part of the agreed 2022/23 Internal Audit Plan, following some control weaknesses identified during the recent grant audits for the Service, and was informed by a comprehensive risk assessment and through discussions with senior management.

Concerns raised during the previous grant certification process relating to the administration and financial processes within the service.

The purpose of the audit was to provide assurance on the adequacy of the controls and procedures that are in place.

## Appendix 1

## Findings & Action Plan

Finding 1	Action												
<p><b><u>Management Overview of Spend on Procurement Cards</u></b></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>	<p>1<sup>st</sup> training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (PBIRO) being able to see the coding and check – or whether this responsibility falls with the budget manager (FU). 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> <table border="1"> <tr> <td>Priority</td> <td>2</td> <td>SWAP Reference</td> <td>AP#995</td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Fidelis Ukwenu</td> </tr> <tr> <td>Timescale</td> <td colspan="3">30<sup>th</sup> April 2023</td> </tr> </table>	Priority	2	SWAP Reference	AP#995	Responsible Officer	Fidelis Ukwenu			Timescale	30 <sup>th</sup> April 2023		
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<p><b><u>Procurement Card Transaction Input and Coding</u></b></p> <p>P-card transactions are currently being input by the Performance Budget &amp; 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>	<p>1<sup>st</sup> training session for cardholders to code their own cards has taken place, further training is required. An issue remains with the account management officer (PBIRO) being able to see the coding and check – or whether this responsibility falls with the budget manager (FU). 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> <table border="1"> <tr> <td>Priority</td> <td>2</td> <td>SWAP Reference</td> <td>AP#1210</td> </tr> <tr> <td>Responsible Officer</td> <td colspan="3">Fidelis Ukwenu</td> </tr> <tr> <td>Timescale</td> <td colspan="3">30<sup>th</sup> April 2023</td> </tr> </table>	Priority	2	SWAP Reference	AP#1210	Responsible Officer	Fidelis Ukwenu			Timescale	30 <sup>th</sup> April 2023		
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<b>Finding 3</b>	<b>Action</b>		
<p><b><u>Homeless Loans Payments</u></b></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>	Suppliers such as Registered Providers (RP's) will have to provide invoices in the future. 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.		
	<b>Priority</b>	2	<b>SWAP Reference</b> AP#973
	<b>Responsible Officer</b>		Fidelis Ukwenu
	<b>Timescale</b>		30 <sup>th</sup> April 2023
<b>Finding 4</b>	<b>Action</b>		
<p><b><u>Imprest accounts authorisation and supporting documentation for payments.</u></b></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>	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.		
	<b>Priority</b>	2	<b>SWAP Reference</b> AP#945
	<b>Responsible Officer</b>		Fidelis Ukwenu
	<b>Timescale</b>		30 <sup>th</sup> April 2023
<b>Finding 5</b>	<b>Action</b>		
<p><b><u>Process and Procedure Notes</u></b></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>	Review the current procedure documents, update them and add missing ones		
	<b>Priority</b>	2	<b>SWAP Reference</b> AP#1209
	<b>Responsible Officer</b>		Fidelis Ukwenu
	<b>Timescale</b>		31 <sup>st</sup> May 2023

<b>Finding 6</b>	<b>Action</b>		
<b><u>Staff Resources</u></b>	This will be picked up in a review of the housing service that is currently being conducted by Ewen Archibald. (Head of Community Commissioning and Resources)		
There is currently only one member of staff in the Housing Solutions Team that processes requisitions, and goods receipted. This a risk to the service delivery if this member of the team were to leave or have long term sick or annual leave.	<b>Priority</b>	<b>2</b>	<b>SWAP Reference</b>
	<b>Responsible Officer</b>		Ewen Archibald
	<b>Timescale</b>		31 <sup>st</sup> October 2023

<b>Finding 7</b>	<b>Action</b>		
<b><u>Cash Imprest Account (Petty Cash)</u></b>	Agreed – and will be closed at the earliest opportunity.		
The Cash Imprest account is no longer used and should now be reconciled and closed.	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>
	<b>Responsible Officer</b>		Fidelis Ukwenu
	<b>Timescale</b>		30 <sup>th</sup> April 2023

<b>Finding 8</b>	<b>Action</b>		
<b><u>Imprest - Cheque Book Account</u></b>	Final review & close Imprest account at the earliest opportunity.		
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.	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>
	<b>Responsible Officer</b>		Fidelis Ukwenu
	<b>Timescale</b>		30 <sup>th</sup> April 2023

<b>Finding 9</b>	<b>Action</b>		
<b><u>Use of Imprest account when Business World could be used.</u></b>	We have agreed that the imprest process will only be used for one-off suppliers mostly landlords for the prevention of homelessness.		
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.	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>
	<b>Responsible Officer</b>	Fidelis Ukwenu	
	<b>Timescale</b>	30 <sup>th</sup> April 2023	

<b>Finding 10</b>	<b>Action</b>		
<b><u>Commitment Accounting</u></b>	Liaise with TA team to ascertain the mandatory costs associated with void works and then add an account/analysis code with budget attributed to it		
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.  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.	<b>Priority</b>	<b>3</b>	<b>SWAP Reference</b>
	<b>Responsible Officer</b>	Janet Shortland	
	<b>Timescale</b>	31 <sup>st</sup> May 2023	