

Summaries of Finalised Internal Audits for 2022/23

Assurance level	Significance	Directorate	Audit title
Limited	Extensive	Corporate	Management of Members' Interests and Related Parties Interests
Limited	Moderate	Children and Culture	Bangabandhu Primary School
Limited	Moderate	Children and Culture	St Michael's and St. Mary's Primary School
Reasonable	Extensive	Place	Readiness to Implement Building Safety Legislation
Reasonable	Extensive	Resources	Review of Creditor Payments made without Purchase Orders (AP1 Payments)

Limited / Reasonable Assurance

Title	Date of Report	Comments / Findings	Scale of Service	Assurance Level
Management of Members' Interests and Related Parties Interests	March 2023	<p>This audit sought to provide assurance over the systems and controls for the management and monitoring of Members' Interests. The following good practices were reported:-</p> <ul style="list-style-type: none"> • The requirement for the Monitoring Officer to establish and maintain a register of interests for Members is clearly set out in the Council's Code of Conduct for Members. In addition, the Members Hub website contains useful information and guidance in relation to Member Registers of Interests. • The Members Register of Interests and registered gifts and hospitalities is published on the Council's website. Audit testing confirmed that there was a completed Declaration of Interest (DOI) form for each of the 45 members and the Mayor, which had been submitted since the May 2022 Election. There were completed DOIs for recently appointed Co-opted members have yet to be finalised. • Completed DOI forms received from Members, are reviewed by the Democratic Services Team Leader (Civic and Members) to ensure their accurate completion. Any contentious or potentially 'sensitive information' is raised by Members with the Head of Democratic Services and forwarded to the Monitoring Officer to provide a view with regards to publication. • Regular reminders are issued by Democratic Services to members so that they should update their declarations of interest for any changes that have taken place since their original/most recent declaration. Twice a year the Member Support team proactively contact each Member to confirm their Register is up to date. 	Extensive	Limited

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		<ul style="list-style-type: none"> • As part of Cabinet’s and Committees’ standard agenda, there is an item covering declarations of disclosable pecuniary interests and other interests. Members are reminded to consider the categories of interest identified in the Code of Conduct for Members to determine whether they have an interest in any agenda item and any action they should take. There is also guidance to members set out in the committee from the Monitoring Officer advising members what types of interests that need to be declared at the meeting. • Members are reminded to declare the nature of the interest at the earliest opportunity and the agenda item it relates to. Therefore, members are reminded at each committee meeting of the requirements with regards to declarations of interests. • The Director of Legal and Monitoring Officer produces a quarterly report to the Standards Advisory Committee covering members register of interests and details of gifts and hospitality. This requirement forms part of the Standards Advisory Committee’s Work Plan. <p>Key issues, risks and findings from the audit are as follows:</p> <ul style="list-style-type: none"> • The procedure covering Members Declarations of Interests (for the Elected Mayor, Councillors and Co-opted members) is dated 2016. A review of the procedures was undertaken in 2020, but the review was not finalised and the proposed amendments/updates to the procedures remain in draft form. In addition, the current procedures do not cover the work undertaken by Democratic Services (on behalf of Finance) in issuing the Related Party Interests returns required from Members. 		

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		<ul style="list-style-type: none"> • We noted delays between the date when the DOI was submitted and the date when the information was published on the Council’s website. This ranged from between 9 to 31 working days and covered 15 out of 45 DOIs (33.33%) which had been updated between August and September 2022. We were advised that in these cases, either councillors or the Monitoring Officer had some queries or there was a need for further information to be considered. • Our testing highlighted differences in the information held on members appointments made to outside bodies and membership of voluntary organisations, between the Members Register of Interests and the more up to date information published on the members webpage. • Members are reminded at each committee meeting of the requirements with regards to declarations of interests. Although the Democratic Services team endeavours to conduct checks between the committee minutes and the Register of Interests, this process has not been formalised. • Finance have no documented procedures in place for managing the Related Party Transactions process and the information which feeds into the Council’s annual accounts process. This increases the risk that not all Related Party transactions and processes are picked up during the final accounts stage and complete audit trail not being present. Finance have only now completed their work on the queries raised by Deloitte (External Auditor) on Related Parties Note for 2018/19. The Chief 		

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		<p>Accountant prepared a spreadsheet to map out interests declared as per Register of Interests at the beginning of 2018/19 and updates at the end of 2018/19 to Finance and found gaps in 30 cases and further information had to be obtained from previous or subsequent years records. This demonstrated that the end of year declaration to Finance was not undertaken as it should have been and that the records were not kept to retain the full audit trail.</p> <ul style="list-style-type: none"> • Our review of the published Final Accounts for 2020/21 showed that there was a Related Parties Note for 2020/21 and 2019/20. However, our testing of the 2019/20 published Related Party Note with the corresponding working paper on Members Interests showed that the two did not reconcile. We were informed by the Interim Chief Accountant that the 2020/21 accounts were published back in January 2022. Since then numerous changes have been made to the 2018/19 and 2019/20 accounts, and this will have an impact on 2020/21 accounts. Therefore, it is expected that Related Parties Note for 2019/20 will be re-stated and presented to the Audit Committee. Similarly, the Related Parties Note for 2020/21 will also be re-stated as part of the wider re-statement of the accounts. • Although there is no requirement to report to Audit Committee on the progress made by members in completing their annual declarations for Finance, it is considered good practice to report on the progress made by members in completing their declarations on related party transactions in line with reporting deadlines for related party transaction disclosures in the 		

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		<p>Council's Statement of Accounts. We have recommended that this should be included in the work plan for the Audit Committee,</p> <p>In view of the weaknesses in the controls for managing the Related Party Transactions process and the information which feeds into the Council's annual accounts process, we have provided Limited Assurance to this audit. All findings and recommendations were agreed with the Head of Democratic Services, the chief Accountant and the Director of Finance, Procurement and Audit. Final report was issued to the Monitoring Officer and the Corporate Director of Resources.</p>		
Bangabandhu Primary School	January 2023	<p>This audit sought to provide assurance that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school. The budget for 2022/23 was £3,356,148. The surplus brought forward from 2021/2022 was £53,666 and the forecast cumulative budgeted surplus for 2022/23 is £74,188.</p> <p>The following good practices were identified:</p> <ul style="list-style-type: none"> • Full Governing meeting and Committee meetings were held under quorate conditions. • Our review of the school Improvement Plan (SIP) confirmed that it includes the financial costs and resource requirements to meet the schools' objectives. We also noted that the School Development Plan had been approved by Governors in the last 12 months. • For a sample of three we confirmed that payroll had been notified in a timely manner and all leavers had been removed 	Extensive	Limited

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		<p>from the monthly payroll in accordance with their departure to ensure no further payments have been made.</p> <ul style="list-style-type: none"> • We reviewed the 2021/22 Full Governing Body meeting minutes and confirmed that there was an opportunity to declare any interests. No interests were declared in the minutes provided. • For a sample of five procurement card transactions there was evidence of email approval obtained from the Executive Head Teacher or Head of School prior to the purchase being made. All five purchases were appropriate school-related expenses. • A whistleblowing policy is in place stored on the shared drive for staff to access and they are reminded of the whistleblowing policy each year in September. <p>The following issues were reported:</p> <ul style="list-style-type: none"> • Review of five monthly procurement card statements between October 21 – April 22 identified that the statements are not signed and approved by the Executive Head Teacher. • The Finance Manual states that all petty cash payments exceeding £50 require Executive Head Teacher approval. However, our test identified two of the five payments had not been approved by the Executive Head Teacher. • For a sample of 10 procurement samples there was no evidence to demonstrate that a purchase order had been raised before the items were acquired. In addition, three purchases were made using petty cash (£95, £32.95 and £103.50) instead of following the purchasing route. 		

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		<ul style="list-style-type: none"> • Payments made to two individuals highlighted that the school does not complete the HMRC Tool Kit exercise to confirm whether the individuals are self-employed or an employee for tax purposes. • Local authority advice was not sought before entering into the lease for 300 laptops in 2020. Also, only two quotes had been obtained instead of undertaking a tender exercise as per the Schools Finance Manual for expenditure above £15k and committee approval had not been obtained for the lease. • There is no policy log and listing of approved suppliers in place. Whilst a contract register is in place which includes the length of contracts, it does not include contract start and end dates. • For a sample of five higher value payments ranging from £5,650 to £13,395, evidence of three quotes or a rationale for single quotation could not be evidenced. • For a sample of three-monthly bank reconciliations between November 21 – February 22, the reconciliations were not signed off by the Executive Head Teacher as required. The samples had been reviewed and signed off by the Financial Consultant and Head of School. • Whilst training updates are reported in Full Governing Body meetings, there is no training log to list all training completed by Governors to identify possible skill gaps. • Review of the Declarations of Interest (DOIs) for 15 Governors and one staff member with financial responsibilities found that two Governors had not completed their declaration of Interests 		

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		<p>for the 2021 academic year. They were last completed in 2020 academic year.</p> <ul style="list-style-type: none"> • Review of the DBS certificates for sixteen Governors found that DBS certification dates for eight out of the sixteen governors were not within three years. In line with good practice, DBS certificates should be renewed every three years to ensure any convictions or cautions are identified. • There is no cash handling procedure in place. The Finance Manual was last updated in January 2019. Whilst the Scheme of Delegation (SoD) is included within the Schools Finance Manual and includes the financial limits for officers, it had not been reviewed since January 2019. • There was no evidence to show that the budget monitoring reports were sent to governors before the Full Governing Body meeting for meetings 05/05/2021, 08/03/2022 and 06/06/2022. • The Curriculum and Standards minutes for 10 January 2022 did not record that the opportunity to declare declarations of interests had been provided at the start of the meeting. <p>All findings and recommendations were discussed and agreed with the Head Teacher in December 2022, and the final report was issued to the Headteacher, Chair of Governors and Corporate Director of Children and Culture.</p>		
St Marys & St Michaels RC Primary School	Dec. 2022	This audit sought to provide assurance that the Head Teacher and the Governing Body have implemented adequate and effective controls over the administration and financial monitoring affairs of the school. The agreed budget for 2022/23 was £3,109,230.76 and	Extensive	Limited

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		<p data-bbox="674 284 1668 467">budgeted expenditure was £3,416,432.73. The brought forward balance from 2021/22 was £330,513.95 resulting in cumulative budgeted surplus for 2022/23 being £23,311.98. £137,212 of the brought forward balance was committed to accruals and outstanding invoices due to be paid</p> <p data-bbox="674 483 1299 520">The following good practices were reported:</p> <ul data-bbox="725 555 1659 1388" style="list-style-type: none"> <li data-bbox="725 555 1659 627">• The Scheme of Delegation and Financial Procedures are up to date for the current year being 2022/23. <li data-bbox="725 663 1659 847">• A whistleblowing policy is in place and was last reviewed in February 2020 and is due to next be reviewed in February 2023. The policy is accessible on the shared drive for all members of staff to access. Staff are further reminded of the whistleblowing policy each year in September. <li data-bbox="725 884 1659 1027">• Governors have received appropriate induction and on-going training for their role. Details of training available and attended by governors is recorded within the Governing Body meeting minutes. <li data-bbox="725 1064 1659 1248">• The 2021/22 School Improvement Plan identifies the financial cost and resources required for implementation and has been approved by the Governing Body. Regular updates regarding the School Improvement Plan are presented to governors in Full Governing Body meetings. <li data-bbox="725 1284 1659 1388">• All Petty Cash payments made were within the petty cash limit of £20 and were appropriate school purchases. For a sample of five petty cash payments, all were made upon completion of 		

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		<p>a petty cash voucher which was authorised by the Head Teacher and supported by receipts.</p> <p>The following key issues and findings were reported:-</p> <ul style="list-style-type: none"> • There were three high value sample of procurements where quotes had not been obtained and the rationale for not obtaining quotes was not recorded. Higher value payments ranged between £10,308.13 - £28,844. • Three of the school's bank accounts (School Fund, School Journeys and Capital Account) are not reconciled on a monthly basis. There was no evidence to confirm the School Fund account being audited. Main disbursement account reconciliations are not signed off the preparer. The petty cash reconciliation for May 2022 was not signed off by the preparer and neither was it dated. • Two Finance and Resource Committee meetings did not take place as scheduled in September 2021 and April 2022 with no explanation recorded for these meetings being cancelled or rescheduled. Whilst the Scheme of Delegation includes the financial limits for the Head Teacher being up to £20,000, it does not include financial limits for the Full Governing Body, Finance and Resource Committee and School Business Manager. The Financial Procedures Manual includes no reference to procurement quotes, tendering, inventory management and the management of the School Fund. • Review of 12 Declaration of Interest forms completed noted the following: six governors had interests declared however, there is no action plan in place to document and monitor the 		

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		<p>interests declared; one form was not completed in full with sections left blank therefore, we are unable to confirm whether there were any interests to declare; None of the declarations of interests forms were signed off as reviewed by the Head Teacher and Chair of Governors.</p> <ul style="list-style-type: none"> • Six governors' DBS had surpassed the three-year cycle, with one governors DBS certificate having been last updated in 2012. It is not a legal requirement to have DBS certificates renewed every three years however, it is considered good practice as any new convictions will be identified. • For a sample of 10 procurement transactions, the following exceptions were noted: One sample did not have evidence of a purchase order raised. Of the nine purchase orders raised, eight were raised retrospectively following receipt of the invoice. Three samples had no evidence of purchase order approval. One invoice was not paid within 30 days (payment made after 106 days). One payment was made on the basis of an email without receipt of an invoice. • For a sample of five purchases made via the procurement card, none of them had a purchase order raised or evidence of goods received. • There was no inventory check completed in the current academic year and evidence of a previous inventory check could not be located due to no handover provided by the previous School Business Manager. • Equipment loan forms are not completed detailing the name of the staff member, model, serial number, anticipated return or 		

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		<p>inspection date and employees' responsibilities for insurance and safekeeping.</p> <ul style="list-style-type: none"> • For a sample of four new starters, we noted that for one sample, right to work documents were not saved on file and for another, a second reference was not saved on file. • For a sample of three leavers identified that the school does not complete a leavers checklist to evidence the school has recovered cards, loans, and equipment prior to last day. Furthermore, there was a delay in notifying payroll for one leaver resulting in an overpayment of £4,121.91 in January 2022, although the overpayment had been recouped in February 2022. • The current Disaster Recovery Plan is dated October 2017 with an expected review date of October 2020 however, this was not reviewed. • The school had one journey in 2021. There was no evidence to confirm how the trip was procured, whether income was recorded and reconciled to amounts owing, whether expenditure was supported by invoices and whether an end of journey statement was prepared and presented to Governors. • Whilst the budget is monitored on a monthly basis by the School Business Manager and Head Teacher, there is no evidence to confirm this as the budget monitoring reports are not signed off by either the preparer or the reviewer. <p>All findings and recommendations were discussed and agreed with the Head Teacher in November 2022, and the final report was issued</p>		

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		to the Head Teacher, Chair of Governors and Corporate Director of Children and Culture.		
Planning and Implementation of the New Building Safety Legislation	Jan 2023	<p>This audit provided assurance over the Council’s arrangements for planning and implementation the New Building Safety Legislation .</p> <p>The Building Safety Act 2022 (the “Act”) provides for greater accountability and responsibility for fire and structural safety issues throughout the lifecycle of buildings that are within scope of the new regulatory regime for building safety. A new Building Safety Regulator has been established to oversee the new, more stringent regime for higher-risk buildings and drive improvements in building safety and performance standards in all buildings; ensuring residents have a stronger voice in the system (including the resident engagement strategy); driving industry culture change and incentivising compliance; and providing a stronger and clearer framework for national oversight of construction products.</p> <p>The Act also defines and places duties on the Accountable Person (the Council, as the building owner). The Act sets out new compliance and safety requirements for landlords (building owners) who own high-rise buildings that are 18m or 7 storeys and above with two or more residential units. The Council has 78 blocks that fall within the scope of the Act.</p> <p>During the audit we identified areas of good practice which are as follows:</p> <ul style="list-style-type: none"> • There are clear governance arrangements in place between the Council and Tower Hamlet Homes (THH) to meet the requirements of the Act which have been formalised and 	Extensive	Reasonable

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		<p>approved by Cabinet. The Shadow Framework, which sets the required working arrangements between the Council and THH to meet the requirements of the Act was approved by Cabinet on 24th November 2021.</p> <ul style="list-style-type: none"> • Through the creation of the Shadow Framework, there are clear roles and responsibilities for the Council. Under the Shadow Framework, the Council (as an entity) is the Accountable Person which has a statutory duty for overseeing building safety risks and building safety management. Cabinet have responsibility for making building safety decisions in line with the Council's Constitution. In addition, there are a number of teams in the Council that contribute to the building safety regime which include the ALMO Clienting Team, Building Control, Planning, Asset Management, Housing Supply, Capital Delivery team and Facilities Management. • Under the Shadow Framework, THH have been assigned Building Safety Management duties with responsibility for contributing towards preparations for the building safety regime and assessing, managing, and reporting building safety risks. This includes the development of the Safety Case, providing information for the Safety Case Report, assisting with the registration of High Rise Buildings, the creation of a Residents Engagement Strategy, recruiting staff and continuing to seek approval for building safety works in line with the Council's Constitution. • The Council has recently appointed a Building Safety Lead (BSL). The BSL is the Building Safety Regulator's main point of contact and has responsibility for preparing the Council and 		

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		<p>THH for the new building safety regime, advising senior officers and members regarding building safety issues, carrying out inspections of buildings where required, assessing building safety risks, and for reviewing and submitting various statutory returns. The BSL is required to work closely with THH who has been given responsibility for delivering some of the Accountable Person's duties on behalf of the council including developing the resident engagement strategy and providing the information for the safety case report. The BSL will also review THH programmes of work to ensure they comply with Building Safety requirements etc. The BSL reports directly to the Corporate Director, Place, with the Director of Housing & Regeneration taking on some of the day-to-day line management responsibilities on behalf of the Corporate Director.</p> <ul style="list-style-type: none"> • There is a record of the key events for the planning and implementation of the requirements of the Act. The key events record covers the period from 2021 through to 2023 and demonstrates the preparedness for the Act. Key events such as Building Safety Case, Mandatory reporting, Building defect remedial responsibilities, Design and construction stage requirements etc. were identified. There is evidence of updating this log and monitoring the progress of key actions. • There is an adequate management oversight and steer provided by the Building Safety Act Working Group (BSAWG). The BSAWG is provided with regular reports and briefing papers (covering building safety management). There is a clear Terms of Reference for the BSAWG in place which includes reviewing any subsequent secondary legislation, so 		

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		<p>relevant Council departments and THH are fully aware and prepared for their responsibilities to fulfil the new building safety regime (to be fully implemented by October 2023). In addition there is the requirement for communicating information to tenants and leaseholders in a timely manner so they are aware of their new responsibilities under the Act. The Working Group is chaired by the Director of Housing and meets on a monthly basis with a set agenda. Actions together with action owners are recorded and updated on the BSAWG Action List. . In addition, briefings on the requirement of the building safety legislation have been provided to the Mayor and members.</p> <ul style="list-style-type: none"> • Testing confirmed that the Framework arrangements are reviewed by the BSAWG as part their Action List monthly. The shadow Building Safety structure will be updated with relevant changes to comply with secondary legislation once published and Cabinet will be informed of the changes before full implementation of the Act (October 2023). • The Council’s corporate risk register includes the risk of failing to prepare and take action in relation to the proposed Building Safety Bill). The Risk Register is required to be reviewed quarterly by the BSL but as good practice it is reviewed monthly to ensure all risks are being properly identified and managed, so that CLT and members have visibility of these. The Action List captures the work streams/projects in place. This is also reviewed and updated at the BSAWG. • There are clear timetables in place which covers the work required to ensure compliance with the Act which includes 		

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		<p>Building Safety IT requirements and the production of the Safety Case and all supporting information (i.e. External Wall Surveys, Type 4 Fire Risk Assessments, Structural Surveys, Floor Plans and Means of Escape Survey).</p> <ul style="list-style-type: none"> • The Council has a dedicated webpage in place covering the Act. This signposts the relevant government webpages which sets out the building safety regime requirements for landlords of higher risk buildings together with the responsibilities of tenants and leaseholders under the Act. There are clear links to the legislation, the new Homes Ombudsman and to other important building safety information. <p>Key risks, issues and findings from this audit are as follows:</p> <ul style="list-style-type: none"> • When the Shadow Framework was approved by Cabinet, members were advised that the Council's Constitution may need to be amended in order to delegate appropriate responsibilities to the BSL. Audit noted the Council's Legal Department is to review the LBTH/THH Management Agreement to allow THH to carry out the building safety management duties as outlined in the Cabinet report of 22 November 2021. However, testing confirmed that there is no action or timeline established for reviewing the Council's Constitution. • There is the requirement to review all policies, procedures and strategies regarding the new building safety management regime. The BSL advised that this work is dependent upon secondary legislation and the Council will need to await to ensure it is fully compliant. Although the work on developing the required policies and procedures has not yet commenced 		

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		<p>as polices and procedure cannot be fully drafted until secondary legislation is published, there is currently no action for this work programme or timeline recorded on the BSA Action List.</p> <ul style="list-style-type: none"> • IT are currently undertaking work to investigate digital storage methods to maintain the Golden Thread of Information. Audit noted that the Keystone Asset Management system used by THH, is at end of its life and needs to be replaced urgently so it is imperative that the replacement is compliant with the Act and the golden thread. In the short term, a system (ActivePlan) has been procured by THH for a year's contract to store all the BSA information and both THH and LBTH staff (including Capital Delivery) will have access to store data and test the system. • In addition, across the Council, there are different systems being used including the use of MS Teams, information being saved to folders, and various feeder systems that do not speak to each other. Therefore, the work to align this information needs to be scoped and an IT Project Plan developed. The timetable for IT Deliverables (updated on 22/09/2022) and presented to BSAWG on 05/10/2022 shows the Key Date for Golden Thread of Information is required by October 2024. However, the Indicative BSB (Building Safety Bill) Project Preparedness Timetable (updated on 30/09/2022) covering ICT solution/delivery, shows the rollout and review of ICT requirements is due to be completed over a three-month period (i.e. April 2023 to July 2023). It is not clear whether this time 		

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		<p>period will provide sufficient time in order to implement a long term solution.</p> <ul style="list-style-type: none"> • There are a number of actions for the Council's Legal Services team to undertake, including reviewing existing building contracts to ensure they comply with the Act's requirements and to check that THH's Building Safety Manager (now building safety management) duties are in line with the LBTH/THH Management Agreement. We recommended that these actions should be completed. • It should be noted that with regards to controls around building safety design to ensure that the requirements of the Act are complied with, relevant information is required from the Interim Head of Capital for preparations in this work area. • There are issues being reported by the Council and THH concerning the recruitment of suitably qualified personnel and there is concern that failure or delay to do this could have a significant impact on the work of building control, building safety management and fire regulations enforcement work. • The BSAWG is provided with regular reports and briefing papers covering the work being done on building safety management. However, these meetings are not formally minuted as these are considered working meetings and instead of having notes/minutes of meetings, the group have an action plan as the main record of the meeting. There is no record of who attends these meetings. In addition, monitoring of key activities needed to be improved. 		

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		<ul style="list-style-type: none"> There are a number of sub-groups that support the work of the BSAWG i.e. Safety Case and On-going Building Safety Cost meetings in order to focus on key areas better. However, there are no Terms of Reference in place covering the work of these sub-groups. <p>All findings and recommendations were agreed with Building Safety Lead Officer and LBTH Director of Housing. Final report was issued to the Corporate Director of Place.</p>		
Review of Creditor Payments made without Purchase Orders (AP1 Payments)	April 2023	<p>The objective of this audit was to provide assurance that systems and controls for making AP1 payments are sound and secure. To undertake appropriate audit testing, an AP1 report showing all AP1 payments made during the financial year 2021/2022 was run. This report provided the basis for selecting a sample of transactions for audit testing. The report contained 3,301 AP1 transactions, which totalled £32,3M. We tested a sample of 29 AP1 payments.</p> <p>During the audit we identified areas of good practice which includes the following:</p> <ul style="list-style-type: none"> Collaboration between the Procurement and Payments sections has created an exception list which showed the reasoning behind payments which can be classified as AP1 payments where there is no expectation that a purchase order could be raised and therefore payments needed to be made on a proforma AP1 form. 	Moderate	Reasonable

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		<ul style="list-style-type: none"> • All the 29 payments tested, matched the payment amount request on the proforma AP1 form. <p>The following issues and risks were reported to ensure the controls are made more robust to manage risks:-</p> <ul style="list-style-type: none"> • Policies and procedures – there were no clear documented procedures relating to the AP1 payments process to provide clear guidance to officers stating what AP1 payments are for, when AP1 process should be used and the types of payments (such as advance payments) which should not be made via the AP1 process. In addition, there was no guidance on supporting documents that are required to be submitted, checked and verified before an AP1 payment can be approved by an approving officer. • Segregation of Duties – The AP1 payment approval process requires an AP1 proforma voucher to be completed and signed for by one officer to certify “goods/services received and prices checked”. The AP1 is then required to be approved by a second officer and then certified by a third officer, thereby having segregation of duties from three different officers. This is required due to the risks attached to these types of creditor payments. However our testing of a sample of 29 AP1 payments showed that in 8 cases, there was no evidence of segregation of duties. • Management Information and Analytical Review – No management information on AP1 payments is produced and reported to senior management. As AP1 payments are non-PO payments, there is risk of management override of control and 		

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		<p>therefore may warrant a higher level of probity and scrutiny, considering the ease with which these payments can be made. We noted that there is currently no further critical and analytical review and investigation of AP1 payments. Our testing showed that in cases where payments were made to suppliers who might be sole traders, volunteers etc, directly into their personal bank accounts, there may be risk of possible breach HMRC regulations.</p> <p>All findings and recommendations were agreed with Payments Manager and Director of Finance. Procurement and Audit. Final report was issued to the Interim Corporate Director of Resources.</p>		