

Area	Observation	Management Response	Priority
Review of Statement of Accounts	<p>Finding – A number of inconsistencies and casting errors were identified in the draft Statement of Accounts that were shared with the audit team. It is our expectation that these issues would be identified and amended before the Statement of Accounts are presented for audit.</p> <p>Recommendation - A detailed review of the Statement of Accounts and the accounting treatment for all significant transactions should be undertaken by senior members of the finance team to identify any issues before the Statement of Accounts are presented for audit.</p>	<p>Prior to 2018/29 there would be 2 sets of accounts, a draft and an audited set of accounts. Due to the nature of the audit amendments particularly around infrastructure assets there have been a number of versions of the accounts since the draft accounts were published.</p> <p>A process is now in place for a senior member of the Finance Team to review all versions of the Statement of Accounts and working papers before they are sent to audit.</p>	<p>High</p>
Exit package agreements	<p>Finding – As part of our audit procedures, we have tested a sample of exit packages that are disclosed in note 40 of the draft Statement of Accounts. During our testing we identified that the Council does not retain a copy of the signed exit package agreement between the Council and the former employee.</p> <p>Recommendation – We recommend that the Council ensures that signed exit package agreements are retained.</p>	<p>For a small number of the exit packages the final signed copy was not kept in the system.</p> <p>The Council has reviewed a sample of exit packages for 2021/22 and all have signed agreements on file.</p> <p>This is to be monitored on a regular basis going forward.</p>	<p>Medium</p>
Valuation of Heritage Assets	<p>Finding – The Council’s Heritage Asset portfolio was most recently revalued by the Head of Heritage in 2018. The Council deemed that the revaluation by the Head of Heritage was appropriate as they have extensive experience of working with heritage assets. However, we would expect heritage asset revaluations to be performed by an external body who have appropriate qualifications in place, in order to allow them to provide the valuation.</p> <p>Recommendation – We recommend that the Council engage an external body to provide updated Heritage Asset revaluations in future years.</p>	<p>Valuation of Heritage Assets will start in 2021/22. However due to the large volume of items in the collection it is expected that a full valuation will take 3-4 years to complete.</p>	<p>Medium</p>
Accruals review meetings	<p>Finding - As part of the year-end procedure to identify accruals, the finance team hold meetings with the Director of Resources to discuss the month 12 budget monitoring and the adjusted cash limited budget. This allows the finance team to identify any missed accruals. No evidence of these meetings, such as meeting minutes, are produced.</p> <p>Recommendation – The Council should look to maintain minutes of these discussions to provide evidence of this control taking place.</p>	<p>At year-end a meeting is held between the Director Resources, Chief Accountant and Corporate Finance Accountant to review the outturn position and to compare it against in year budget monitoring.</p> <p>Before the meeting the Corporate Finance Accountant reviews the accruals posted to ensure there are none are missing which would affect the outturn position.</p> <p>Notes of the meetings are kept by all attendees.</p>	<p>Medium</p>

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Review of Property Valuers reports	<p>Finding – On an annual basis the Council commissions a number of property valuers to provide valuations of the Council’s property assets. We would expect officers at the Council to would review and challenge these reports when they are received. However, we have not identified any evidence of this review taking place.</p> <p>Recommendation – Officers should review and challenge all property valuation reports when received before they are added to the Statement of Accounts.</p>	A process has now been added into the year end timetable to review the property valuations, challenge where appropriate and provide evidence of the review.	Medium
Long term debtor – signed loan agreements	<p>Finding - We have identified that the loan agreements between the Council and its subsidiary companies have not been signed. It should be noted that both the Council and the subsidiaries are aware of the terms of the loan agreements.</p> <p>Recommendation – In order to avoid potential legal challenge it is recommended that the Council ensure all agreements are signed going forward.</p>	Final signed loan agreements with the Council's subsidiary companies will be placed on Finance file going forward.	Medium
Going concern assessment	<p>Finding - We have identified that management do not prepare a formal going concern assessment on an annual basis. This is because the Council prepares the Statement of Accounts on a continuing provision of service basis, which means that only an act of parliament could result in the Council no longer being a going concern. It is however best practice for an assessment to be prepared.</p> <p>Recommendation – The Council should perform a going concern assessment on an annual basis.</p>	A formal going concern assessment will be prepared on an annual basis going forward.	Low
IT findings – CEDAR: Mirroring access	<p>Finding - Access for Starters are specified by mirroring an existing user's access privileges; this is an option provided in the new Starters form. This poses a risk that access which is not required may be mistakenly passed onto the new starter and therefore privilege creep could occur.</p> <p>In mitigation, the process is formalised with a specific form that needs to be filled in and sent to the IT team by the relevant line manager, therefore access is approved by an appropriate user.</p> <p>Recommendation – The Council should consider ending the process of mirroring access rights when adding a new starter to the system.</p>	<p>The current system prevents creating the same role in the system multiple times e.g. all assistant accountants have the same role. Also if someone leaves their replacement would have the same role copied to them.</p> <p>The system does not allow self approval so if someone had incorrect access they wouldn't be able to make payments without approval.</p> <p>The Council is implementing a new financial system which will go live on 1st April 2023. The issue will be addressed when setting up the new system.</p> <p>Update - The new Technology One system does not allow a user to make payments without approval. All approvers have set limits in line with the Council's Scheme of Delegation.</p>	Medium

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IT findings – CEDAR, Capita and Orchard leavers access	<p>Finding - For CEDAR, Capita and Orchard leavers, access is revoked on a monthly basis by the System Administration Teams once a leavers report is received from HR. The System Administration Teams then go through the list to check if that individual had access to the systems and that their access has been removed. The risk is therefore that an individual may have access to a system for up to a month before their access is withdrawn, as IT are not notified of the leaver until they receive the report from HR.</p> <p>Recommendation – The Council should consider introducing a process whereby line managers are required to inform the IT department of leavers in advance of their leaving date, so that access can be revoked on a more timely basis.</p>	<p>The risk that the employee may have access to systems up to a month after they have left is minimal. On the day the employee leaves their line manager is responsible for collecting their Council device. Staff are unable to access the systems on a personal device as the systems can only be installed locally on a Council networked device.</p>	<p>Medium</p>
IT findings – User access reviews	<p>Finding - There are no periodic reviews of the appropriateness of user access rights for CEDAR, Orchard and Selima, thereby increasing the risk that management fail to detect where user access rights are in excess of expected access rights or where a user has access rights that override an effective segregation of duties. In turn, this increases the risk that users are able to create inappropriate transactions or inappropriately amend financial data within the application.</p> <p>Recommendation – The Council should implement a formal, proactive review of the appropriateness of user access rights for CEDAR, Orchard and Selima.</p>	<p>Users are unable to self approve so any payments would require manager approval. Any journals would need to go to the relevant accountant for checking and uploading to the system so there is a minimal risk of inappropriate transactions being created.</p> <p>A review/check of user access rights will be carried out and recorded on a quarterly basis. This will also be looked at for the implementation of the new HR/payroll system going live on 1st April 2022 and the new financial system going live on 1st April 2023.</p>	<p>Medium</p>
IT findings – Change Management	<p>Finding - For multiple applications (CEDAR, Orchard and Selima) the user who develops and tests a change, also has the ability to implement the change into the live IT environment. Thereby there is no segregation of duties in place to ensure only appropriate changes to the systems are implemented.</p> <p>Recommendation – The Council should look to restrict the access of individuals who can develop and test changes, so that they are unable to also implement the change in the live IT environment.</p>	<p>Since the new systems have gone live a Systems Development Group has been set up to look at developing and making changes to the systems. Any changes come from this group and are tested and implemented by the Systems Team rather than an individual.</p>	<p>Medium</p>
IT Findings – Password lockout	<p>Finding - Password lockout thresholds are not enabled for Selima, Orchard and Cedar and are set below the recommended practise for Captia and Windows AD at 3 attempts. Further, lockout duration was not enabled for Cedar and Selima.</p> <p>There is therefore a risk that the accounts are more easily hacked as passwords are not enforced with recommended parameters. In mitigation, all systems meet the recommended parameters for Minimum length. In addition, Complexity is enforced on all passwords across the systems.</p> <p>Recommendation – The Council should consider introducing password lockout thresholds and lockout durations.</p>	<p>Since 2020/21 passwords of 16 characters or more are required and there is lockout after 3 incorrect attempts.</p> <p>iTrent replaced Selima on 1st October 2022 and Technology One replaced Cedar on 1st April 2023. Access to the systems is via a 6 digit access code unique to each laptop and then a user name and 16 character password (using upper case, lower case, numbers and special characters).</p>	<p>Medium</p>