

**Chamberlain's Department**

Chris Bilsland CPFA

Chamberlain (Finance Director)

Mr Frank Smith  
 Director of Corporate Resources  
 London Councils  
 59 Southwark Street

Telephone 02073321356

Our ref IA/JEL/LC-Fnck14

Date 27<sup>th</sup> June 2014/ 2014

Dear Frank

**Spotcheck - London Councils Petty Cash, Safe, Creditors (CDT) and Inventory****Introduction**

A spotcheck of the London Council's finance operations was recently conducted by my Auditor in accordance with the 2013/14 Internal Audit Plan. The check included an examination of procedures over the petty cash imprest, safe access and security, inventory and a creditor depth test for a sample of transactions.

**Summary**

**For a sample of transactions reviewed, the majority of the systems reviewed were operating satisfactorily and in accordance with Financial Regulations. There are, however, weaknesses in the maintenance of inventories which needs to be reviewed. .**

**Conclusions****Petty Cash Imprest**

Controls over the administration and management of the petty cash are operating satisfactorily and in accordance with Financial Regulations with a satisfactory level of division of duties.

**Safe**

Controls over security and access to the safe and petty cash float are satisfactory.

**Creditor Depth Test**

Controls over the checking, authorising and over the promptness of the payment of invoices are robust and in accordance with Financial Regulations.

## Inventory

Controls over the maintenance and security of inventories are unsatisfactory and not in accordance with Financial Regulations. Inventories of furniture and equipment have not been reviewed since 2010.

A physical check of a sample of items to the furniture and equipment inventories categorised as 'Miscellaneous' identified that some electrical items on the inventory (fridge, microwave, dishwasher and a toaster) originally in the kitchen located on the ground floor were replaced and moved elsewhere. The replaced items, which were not on the inventory, were not asset tagged.

In addition, it was noted that two Konica Printers found on the same floor, which were not on the IT inventory, had been replacements for HP Laserjet printers found on the inventory. The location of the HP printers, however, could not be identified although it was understood from discussions with staff that they still exist within the building. It is understood that since IT support was transferred to the City of London's IS Department, an up-to-date record of all IT hardware has been maintained by the City Chamberlain's IS function. *It is advisable to obtain a copy of this record so that clarity can be obtained concerning which specific assets the City is supporting, and to raise any issues where equipment that should be maintained under the Service Level Agreement has not been included on the list.*

I have enclosed a schedule containing recommendations to address the weakness identified which includes a management action plan. I should like to thank you for your prompt response. I should also like to thank your staff for their co-operation. If you have any further queries, please contact Joseph Lee on the above number.

Yours sincerely

*Paul Nagle*


Paul Nagle  
Head of Audit & Risk Management

cc: David Sanni, Head of Financial Accounting



## **SECTION C : ISSUE, RISK & RECOMMENDATION ACTION PLAN**

### **Inventory**

No.	Priority	Issue	Risk	Recommendation
1		The inventories of furniture and equipment as well as IT equipment have not been updated since 2010.	Items could be lost or stolen.	Inventories of furniture and equipment and IT equipment should be updated as a priority.

### **Management Response and Action Plan**

Recommendation Agreed \*

There were no significant acquisitions of furniture and equipment between 2010 and the extensive refurbishment of the Southwark Street office in 2012. There have been significant changes to personnel within the Corporate Resources section since the completion of the refurbishment project which along with the impact of other competing priorities, such as IT upgrades, has meant that the inventories register has not been maintained.

However, London Councils IT support is provided by the City of London under a service level agreement since August 2011. The City's IT team keeps a record of all IT equipment that it supports.

A new register will be set up to record all furniture and equipment held by London Councils.

Responsibility: Roy Stanley, ICT & Facilities Manager Target Implementation Date: October 2014

\* Where recommendation not accepted indicate alternative action that will be taken to mitigate risk or reasoning for accepting risk exposure to be provided

### **Priority Risk Rating Key**



= Green – Low risk and/or weaknesses already being addressed



= Amber – Medium risk requiring mitigation and prompt action.



= Red – High risk – urgent action required.