Appendix 3g

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**DIRECTORATE OF AUDIT, RISK AND ASSURANCE**

**Internal Audit Service to the GLA**

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**Follow up Review of Income from the GLA Estate**

1. **Background**
   1. This audit follows up the progress made towards implementing the four agreed recommendations from the audit of Income from the GLA Estate that was completed in September 2014.

# 2. Audit Assurance

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| **Adequate**  Key risks are being managed effectively; however, a number of controls need to be improved to ensure business objectives are met. |

##### 3. Key Findings

* 1. The overall control framework for Income from the GLA Estate has improved. Since the original review two recommendations have been implemented and two recommendations are ongoing with revised target dates.

3.2 Regular meeting with contractors are minuted with agreed actions logged for follow up.

3.3 An independent review has been completed of the finance systems of contractors used by the GLA to manage sports centres. Spot checks of contractor financial records have been undertaken and confirmation obtained that amounts claimed by contractors are correct.

| Ref. | **Original Finding and Risk Identified** | **Priority** | **Original Recommendation** | **Follow Up Finding** | **Further Recommendations and Management Response** |
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| 7.2 | Income not received is identified by the Estates Officer, recorded and discussed with the Contractors on a monthly basis; however we found that no record of any action taken is maintained by the Estates Officer. There is a risk that action may not be taken to obtain all income due. | 3 | Records should be maintained by Strategic Projects and Property to show meetings held with contractors and to include any issues identified and the action taken.  **Management Response:**  Interim arrangements to be made with existing service providers.  **Target Date:**  September 2014  New processes to be introduced into consolidated Estate Management contract from start of next financial year.  **Target Date:**  April 2015 | **Implemented**  Monthly delivery meeting are held with contractors as well as quarterly strategic meetings. All meeting are minuted with an action log.  We were supplied with evidence of meeting notes and action logs ensuring a record of discussions and agreed actions. | **None** |
| 8.4 | Monthly and quarterly reports are produced by GLL showing income and expenditure which showed that no money was due to the GLA; however no further checks had been undertaken by GLA to confirm figures submitted are correct and whether any monies would be due to the GLA. There is a risk that money which may be due to the GLA is not identified and received. | 2 | Spot checks of contractor financial records should be undertaken by GLA to confirm amounts submitted and determine whether the correct amounts are being paid to the GLA.  **Management Response:** Contractual arrangements to be reviewed (including with LLDC as GLL undertake similar activity at the Aquatic centre and the Copperbox) to ascertain if spot checks are viable Identify appropriate party to undertake spot checks.  If appropriate, implement check.  **Target Date:**  October 2014 | **Ongoing**  Spot checks of contractor financial records has been undertaken to confirm amounts submitted are correct.  At present the contractual arrangements are still being reviewed following an independent review of the finance systems of contractors used by the GLA to manage sports centre. | **Original Recommendation Applies**  **Target Date:**  August 2015 |
| 9.4 | Monthly Management account reports produced from the Finance SAP IT system for GLAP are produced by the Senior Accountant and submitted to the Senior Manager Land Estates and Property on a monthly basis. The reports contained a number of transactions relating to other aspects of property and it was difficult to trace payments made in the bank account to the GLAP management reports, therefore we are unable to confirm that correct amounts have been posted to the GLAP management accounts and this may result in a risk that management accounts are not showing a true record. | 3 | A process should be explored whereby all rental income is clearly recorded to assist in confirming amounts paid into the GLAP bank account.  **Management Response:**  H&L and Finance are currently reviewing roles, responsibilities and processes in respect of the GLAP portfolio from an accounting perspective. This will be included within that review.  **Target Date:**  November 2014 | **Ongoing**  The planned review is ongoing. The review of H&L and Finance roles, responsibilities and processes in respect of the GLAP portfolio from an accounting perspective expected to be finalised in July 2015.  It is planned to add another line to the SAP system to separate licencing and rental payments, thereby making the reconciliation process clearer. | **Original Recommendation Applies**  **Target Date:**  July 2015 |
| 10.2 | We reviewed reconciliations submitted for the last two months and found that there was no evidence of who had undertaken the reconciliation or whether there had been an independent review of the reconciliations. | 3 | Reconciliations should be independently reviewed and evidence of the person preparing and reviewing the reconciliation should be clearly shown.  **Management Response:** Balance sheet reconciliations will be signed by preparer and approver.  **Target Date:**  July 2014 | **Implemented**  Balance sheet reconciliations are signed by preparer and approver with a clear audit trail.  We review a sample of reconciliation made and found that they were clearly signed off and had been independently review by the Head of Finance. | **None** |