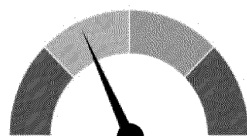




7. BoE Note Circulation Scheme (Ref. 2021/22-02)

3.3



Needs Improvement

Sponsor:

AI Cameron

Audit actions:

P1	1
P2	4
P3	3
Total	8

Appendix 3

The objective of this audit was to review the controls in place to ensure compliance with the rules in relation to the Bank of England's Note Circulation Scheme; this included ensuring that all notes held in BoE Bond were correctly reported and the process of moving notes to 'borrow' from, and pay into BoE were correctly declared to BoE and subject to appropriate accounting treatment.

We found that effective controls have been implemented in response to the issues that occurred in late 2020. However, we identified some control weaknesses that require remediation, most importantly:

- Processes and controls are not standardised across cash centres;
- Staff undertaking site/vault access reviews are not always independent and site access reviews are not evidenced;
- The delivery model for training of staff in relation to NCS rules, should be reviewed, standardised and formalised;
- There is no standardised process for recording of issues and incidents;
- There are key person dependencies at each cash centre.

Management Comment provided by Russell Hancock (Supply Chain Director)

"Thanks to Garry and his team for their continued support, guidance and challenge as we continue to refine and enhance our capability with regards to NCS standards. It is comforting to know that we are heading in the right direction, we need to ensure consistency across the whole of the cash operations teams and work to close the gaps identified. All of the findings will be rectified quickly.

We will continue to work with the Internal Audit team to ensure these actions are closed down and look forward to welcoming the team back into our cash operations to measure further improvement."

8. IDG Assurance Phase 3 (Ref.2021/22-15)



Needs Improvement

Sponsor:

Dan Zinner

Audit actions:

P1	4
P2	-
P3	-
Total	4

Appendix 4

Internal Audit were tasked to provide an assessment of the effectiveness of the improvements completed up to 30th June 2021. Prioritisation of improvements for review was again based on the impact status.

Phase 3 commenced 12th July 2021 and reviewed the effectiveness of all improvements (excluding those rated yellow) not previously assessed that were due for completion by end June 2021. There were 29 improvements for review in Phase 3: Oxblood Red (2), Red (11) and Orange (16).

Progress continues to be made on implementing the improvements identified by the various workstreams and under the oversight of the IDG. Whilst the majority (23 out of 26) of the improvements in Phase 3 have been delivered on schedule there remain examples of improvements that have been marked as complete but, on testing, have elements that are still in progress. These require focus and follow up by IDG.

At the end of Phase 3, we conclude that 120 of the 126 improvements assessed to date are effective, with the remainder being put back in remediation or deferred. We also highlight that reconciliation of the tracking of actions is required to ensure consistency in the numbers being reported.

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