

Audit and Corporate Governance Committee Report

Report of Audit Manager

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AGENDA ITEM NO 7

Internal Audit Activity Report 2008/2009

Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity for the Committee to consider. The Committee is asked to review the report and the main issues arising, and seek assurance that action has been or will be taken where necessary.

Background

2. Internal Audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the Councils' objectives. It assists the Councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary.
3. After each audit assignment, Internal Audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

4. Assurance ratings given by Internal Audit indicate the following:

Full Assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.

Satisfactory Assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

Limited Assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

Nil Assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

5. Each recommendation is given one of the following risk ratings:

High Risk: Fundamental control weakness for senior management action

Medium Risk: Other control weakness for local management action

Low Risk: Recommended best practice to improve overall control

Internal Audit Activity

6. Since the last Audit and Corporate Governance Committee meeting, the following planned audits have been completed:

Planned Audits

Full Assurance: 2

Satisfactory Assurance: 9

Limited Assurance: 2

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. Payroll 07/08	Satisfactory	10	0	N/A	5	4	5	4
2. Housing Development 07/08	Satisfactory	5	0	N/A	2	2	3	3
3. Agresso 07/08	Full	0	0	N/A	0	N/A	0	N/A
4. Academy 07/08	Satisfactory	2	0	N/A	1	1	1	1

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
5. Licensing	Limited	20	3	3	14	14	3	3
6. Petty Cash Spot Checks	Full	0	0	N/A	0	N/A	0	N/A
7. Gifts & Hospitality	Satisfactory	11	0	N/A	6	6	5	4
8. Petty Cash Procedures	Satisfactory	12	0	N/A	8	8	4	4
9. Out of Hours Arrangements	Satisfactory	7	0	N/A	1	1	6	6
10. SOLL Leisure	Satisfactory	5	0	N/A	3	3	2	2
11. Concessionary Fares	Satisfactory	3	0	N/A	1	1	2	2
12. Consultation	Limited	17	5	5	10	10	2	2
13. Complaints	Satisfactory	11	0	N/A	6	6	5	3

7. **Appendix 1** of this report sets out the key points and findings relating to the completed audits
8. Members of the Committee are asked to seek assurance from the internal audit report and/or respective managers that the agreed actions have been or will be undertaken where necessary.
9. A copy of each report has been sent to the appropriate Service Manager, the relevant Strategic Director, the relevant Section 151 Officer and the relevant Member Portfolio Holder.
10. A 6 month follow up is undertaken on all non-financial audits undertaken to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

ADRIANNA PENN
AUDIT MANAGER

1. PAYROLL 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 20th May 2008.
- 1.2 The following areas have been covered during the course of this review:
- Implementation of agreed recommendations from previous audit;
 - Verification that the Payroll is secure, accurate and up to date;
 - Verification that amendments to Payroll are appropriately authorised and documented;
 - Verification that the Payroll is reconciled to the Council's Establishment List;
 - Verification that procedures for dealing with Starters and Leavers and the appropriate additions and deductions to pay are made when necessary;
 - The provision of management information from the Payroll system.

2. BACKGROUND

- 2.1 The Council adopted a new payroll system known as Ingenuity at Work (IAW) in January 2007.
- 2.2 At the time of the audit the Payroll Section consisted of one part time payroll officer and a full time Assistant Payroll/Human Resources Officer, whose duties were split between Payroll and Human Resources. However, since the 1st February 2008, SODC has taken responsibility for the VWHDC payroll which included the transfer to two posts to SODC.

3. PREVIOUS AUDIT REPORTS

- 3.1 Payroll was last subject to an internal audit review in August 2006 and seventeen recommendations were raised and a satisfactory opinion was issued.

4. 2007/2008 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Ten recommendations have been raised in this review. Five Medium and Five Low.

5. MAIN FINDINGS

- 5.1 **Previous Audit Recommendations**
- 5.2 Internal Audit noted that two audit reports were produced following the 2006/2007 audit review of payroll, the first report related directly to payroll matters whilst the second report related to Human Resources issues arising from the payroll audit. Seventeen recommendations were made across both audit reports and Internal Audit noted that six recommendations have been implemented with the remaining eleven recommendations awaiting implementation.
- 5.3 The implementation of a number of the previous audit recommendations was largely dependent on the introduction of the Ingenuity at Work (IAW) Human Resources module; however since May 2008 the Council has taken the decision to adopt the ASR payroll system which is the same as used at the Vale of White Horse District Council (VWHDC). Staff changes within Human Resources has also impacted on the timetable for the implementation of the previous audit recommendations, however

Internal Audit still considers that previous recommendations should be reviewed and resolved in light of the impending introduction of the ASR Human Resources system. One recommendation has been made as a result of the work undertaken in this area.

5.4 **Security of Payroll**

5.5 Internal Audit is aware of the drive to introduce the revised HR system within the next six months, and to assist this process Internal Audit would recommend that Human Resources adopt a single document to accommodate starters/leavers/variations to standardise the information recorded for both Human Resources and payroll purposes. Currently there are a range of forms used to accommodate this requirement; the forms can be generated by Human Resources or Payroll dependant on their purpose.

5.6 The review also identified users of the payroll system had not been reviewed for some time; three members of staff who have left the employment of the Council were still registered as active users which can only serve to undermine the security of the payroll system. Furthermore the Council's draft storage policy did not reflect the guidelines for data retention in line with those issued by the HMRC. Internal Audit has made three recommendations as a result of the work undertaken in this area.

5.7 **Amendments to Payroll**

5.8 Internal Audit acknowledges that the Payroll section adopts thorough and effective processes to validate input and the resultant payments. Internal Audit noted that one employee had not had the appropriate car loan deductions made since July 2007; the error was noted by the employee and corrected in January 2008. However the review process has highlighted that car loans are not included in the reconciliation process as this error would have been identified earlier. Therefore Internal Audit has made one recommendation as a result of the work undertaken in this area.

5.9 **Payroll Reconciliation**

5.10 Internal Audit noted from the review of the payroll reconciliation process a number of anomalies relating to tax and national insurance deductions and payments to the HMRC. Internal Audit also noted that the Council is in discussion with IAW regarding the mistreatment of VAT which has been highlighted as a result of the reconciliation process in relation to the Payroll system. The Accountancy and Payroll sections have yet to meet to resolve these issues but to assist with this process Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.11 **Additions and Deductions**

5.12 Internal Audit has acknowledged that a review process for new employees and leavers is imminent, however this review did highlight that Statutory Sick Pay (SSP) is treated differently across both Councils. Internal Audit considers that the non recording of SSP on the Payroll system could result in employees not receiving the correct SSP payments.

5.13 In view of the recent merging of the payroll teams Internal Audit considers that the arrangements for the payment of SSP should be harmonised to maintain a consistent approach to the delivery of payroll services. One recommendation has been made as a result of the work undertaken in this area.

5.14 **Management Information**

5.15 During the course of this review Internal Audit noted two issues regarding Capita failing to communicate essential information relating to the Payroll system (IAW). Both issues resulted in additional work for the Payroll section when it became known that system changes had occurred. Internal Audit considers that Capita should be

reminded that any changes to the IAW system should be communicated to the Payroll section promptly to avoid additional work to the section which is already working to its capacity.

- 5.16 Internal Audit has also noted that South Oxfordshire District Council manage the arrangements for the reimbursement of travel expenses with the use of spreadsheet and production of a P11D for each employee at the end of the financial year. The Vale of White Horse District Council use Premier Case Envoy for the reimbursement of travelling expenses, this system operates on the basis that tax and national insurance deduction are deducted on an ongoing basis thus avoiding the need to produce a P11D. The HMRC intend to withdraw the P11D within the next few years so an alternative to the process adopted by South Oxfordshire District Council should be found before that deadline. Internal Audit would suggest that consideration is given to adopting the Premier Case Envoy system for the reimbursement of travel expenses as soon as possible.

OBSERVATIONS AND RECOMMENDATIONS

PREVIOUS AUDIT RECOMMENDATIONS

1. Previous Audit Recommendations

(Medium)

Recommendation	Rationale	Responsibility
That the eleven recommendations arising from the 2006/07 Payroll audits which are still outstanding are reviewed and an updated action plan is drafted following implementation of the ASR Human Resources system. Internal Audit noted that the majority of the outstanding recommendations are the responsibility of Human Resources.	<p><u>Best Practice</u> Implementation of previous audit recommendations ensures that the control environment remains robust.</p> <p><u>Findings</u> The implementation of eleven of the recommendations is largely dependant on the introduction of the IAW HR system, this has since May 2008 been superseded by the ASR HR module. Staff changes within Human Resources have also impacted on the timetable for the implementation of the recommendations.</p> <p><u>Risk</u> Failure to implement previous audit recommendations against identified weakness may result in breakdown of controls.</p>	HR Manager and Payroll Officer
Management Response		Implementation Date
Recommendation is Agreed Will be implemented on an `on – going` basis as ASR is developed.		By 30 September 2008

PAYROLL SYSTEM SECURITY

2. Payroll Security

(Medium)

Recommendation	Rationale	Responsibility
That the Payroll system administrator should review the users of the Payroll system with a view to deleting users	<p><u>Best Practice</u> Access to the payroll system should be restricted to designated users and reviewed periodically to ensure the security of the payroll system.</p>	Payroll Officer

who have left the employment of the Council.	<p><u>Findings</u> Internal Audit reviewed the list of current users on the Payroll system and noted three officers who have left the employment of the Council and should be deleted from the list of users.</p> <p><u>Risk</u> Failure to retain information relating to payroll securely and restricting access to authorised personnel could result in a breach of confidentiality.</p>	
Management Response		Implementation Date
Recommendation is Agreed All users have been reviewed and records updated accordingly. Procedure now in place to update as and when, and reviewed as a minimum on an annual basis.		Implemented

3. Storage Policy

(Low)

Recommendation	Rationale	Responsibility
That the draft storage policy is amended to reflect that documentation relating to tax and national insurance should be preserved for the tax year and for the previous 6 years.	<p><u>Best Practice</u> That data is held in accordance with the Council information classification and data retention policies, which is in accordance with legislation.</p> <p><u>Findings</u> Internal Audit noted that income tax, NI returns and records retained for Inland Revenue purposes are only noted within the policy as being retained for 3 years. Internal Audit further confirmed from the HMRC website that documentation relating to Tax and National Insurance should be preserved for the tax year and for the previous 6 years.</p> <p><u>Risk</u> Failure to ensure that payroll data is secure and held appropriately could result in the data held not being in accordance with the Council information classification and data retention policies.</p>	Payroll Officer
Management Response		Implementation Date
Recommendation is Agreed Income tax and NI data is retained for the minimum 7 years requirement. An error in the draft storage policy suggested otherwise. Storage policy amended to reflect payroll practices.		Implemented

4. Starters and Leavers

(Low)

Recommendation	Rationale	Responsibility
That one document is created (starter/leaver/variation form) to serve as a	<p><u>Best Practice</u> That one document is provided to serve as a definitive record of an employee employment details;</p>	N/A

<p>definitive record of an employee's employment details including memberships of the LGPS, NI number, capture of P45, etc. Once completed the information should be passed to Payroll for processing having been signed and dated by the appropriate HR officer.</p>	<p>information is collated by Human Resources and distributed to Payroll when complete.</p> <p><u>Findings</u> Internal Audit is aware of the drive to introduce the integrated IAW Payroll/HR system within the next six months and to assist this process, Internal Audit would recommend that Human Resources adopt a single document to accommodate starters/leavers/variations to standardise the information recorded for both Human Resources and payroll purposes.</p> <p><u>Risk</u> Failure to ensure data is coordinated centrally and is also compliant with Data Protection could result in breach of confidentiality and compliance with the Data Protection Act 1998.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Not Agreed A review of formwork and its format has resulted in a conclusion of retaining existing formwork. Slight amendments have been made on form content, but for clarity purposes the need to place all scenarios on one document is not desirable.</p>		<p>N/A</p>

PAYROLL AMENDMENTS

5. Car Loan Repayments

(Low)

Recommendation	Rationale	Responsibility
<p>That car loan repayments are reconciled as part of the monthly reconciliation process to ensure car loan repayments are in accordance with the employee's car loan agreement.</p>	<p><u>Best Practice</u> Car loan deductions should be made in accordance with their stated agreements and checked on a monthly basis for any subsequent amendments.</p> <p><u>Findings</u> From a sample of five, one employee had not had their car loan taken from salary since July 2007 and a correction to pay was being made in January 2008 following identification of the error. This suggests that no reconciliation of car loan payments is undertaken as it should on a monthly basis.</p> <p><u>Risk</u> Failure to have a full monthly reconciliation of payroll payments could result in discrepancies not being identified and corrected in a timely manner.</p>	<p>Payroll Officer</p>

Management Response	Implementation Date
Recommendation is Agreed Car loan deductions procedure now in place to reconcile on a monthly basis, rather than an annual.	Implemented

RECONCILIATION

6. VAT Reconciliation

(Medium)

Recommendation	Rationale	Responsibility
That Capita should be required to resolve the issues relating to the treatment of VAT to assist with the reconciliation of Payroll to the General ledger	<p><u>Best Practice</u> Any issues relating to the reconciliation process should be resolved promptly to facilitate the completeness of the reconciliation process.</p> <p><u>Findings</u> The only issue currently unresolved with Capita relates to VAT and Capita have been made aware of this issues but it remains unresolved.</p> <p><u>Risk</u> Failure to resolve the issues relating to VAT will affect the reconciliation of Payroll to the General Ledger. This may hide fraudulent anomalies within the reconciliation process, which won't be identified or dealt with appropriately.</p>	CAPITA payroll and SODC Finance
Management Response		Implementation Date
Recommendation is Agreed The Council's finance team have been raising this with CAPITA since July, 2007. Both parties are intending to resolve this for end of year processes.		May 2008

7. Tax and National Insurance Reconciliation

(Low)

Recommendation	Rationale	Responsibility
That Payroll and Accountancy staff should meet to resolve any differences identified as a result of the reconciliation of income tax and national insurance deductions to payments made with a view to resolving the issues before the end of the financial year.	<p><u>Best Practice</u> Any issues relating to the reconciliation process should be resolved promptly to facilitate the completeness of the reconciliation process.</p> <p><u>Findings</u> Unfortunately due to the focus of the Payroll service in adopting a shared service for VWHDC and SODC, meetings to resolve differences in the reconciliation process between payroll and Agresso have not taken place as</p>	Payroll Officer and Finance Team

	<p>expected. Internal Audit identified discrepancies relating to Income tax amounting to an overpayment of £5261.64 and an underpayment of £80647.60 for national insurance. Both areas need to be resolved before the end of the financial year.</p> <p><u>Risk</u> Failure to resolve the issues relating to income tax and national insurance deductions will affect the reconciliation of Payroll to the General Ledger. This may hide fraudulent anomalies within the reconciliation process, which won't be identified or dealt with appropriately.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed These meetings have been taking place since the audit inspection, and will continue as an `on – going` monthly process.</p>		Implemented

ADDITIONS AND DEDUCTIONS

8. Statutory Sick Pay

(Medium)

Recommendation	Rationale	Responsibility
<p>That the Human Resources/Payroll service area should review the arrangements for the payment of SSP to assist with adopting the same harmonised approach to payments SSP for both Councils.</p>	<p><u>Best Practice</u> That both Councils adopt the same procedures for the payment of SSP to develop a consistent approach to sickness recording and payment.</p> <p><u>Findings</u> Internal Audit noted that the both Councils treat the payment of SSP differently albeit they adopt the same payroll system. Internal Audit considers there could be a risk to the Council if an employee has exhausted their occupational sick pay but still should be in receipt of SSP if we do not record sickness on the Payroll.</p> <p><u>Risk</u> Failure to adopt a consistent approach to the recording and payment of SSP could result in errors in sickness payments.</p>	N/A
Management Response		Implementation Date
<p>Recommendation is Not Agreed. SSP is overridden by the Council's occupational sick pay scheme. In the extremely rare occurrence when this is not the case, the council issues an SSP1 for the individual concerned. This explains the reason to central government for not paying SSP, and enables any payments to be made direct, if necessary. The harmonising of processes between South and Vale is an aim, but it is recognised that this may</p>		N/A

not be practical or viable in some instances.	
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MANAGEMENT INFORMATION

9. Change Notification

(Low)

Recommendation	Rationale	Responsibility
That Payroll staff should review with Capita/IAW any possible changes to the payroll system on a quarterly basis to ascertain whether those changes may have repercussions on other feeder systems.	<p><u>Best Practice</u> That Capita/IAW should review all system changes with the client prior to implementation.</p> <p><u>Findings</u> Two issues have arisen that illustrate that Capita/IAW is failing to alert the Council when substantial changes are being made to the Payroll system. This can have a significant impact on the work of the section which is already working to its capacity.</p> <p><u>Risk</u> Failure to alert client to system changes can impact on the work of the service area and can cause extra work for staff.</p>	CAPITA payroll and Payroll Officer
Management Response		Implementation Date
Recommendation is Agreed Procedure now in place.		Implemented

10. Travel Expenses

(Medium)

Recommendation	Rationale	Responsibility
That SODC should consider the use of the Premier Envoy case system for the reimbursement of travel expenses, this would ensure that the appropriate tax and national insurance deductions are made on an ongoing basis.	<p><u>Best Practice</u> Develop a reimbursement system for travel expenses which allows for the appropriate deductions to be made on an ongoing basis.</p> <p><u>Findings</u> Internal Audit noted that SODC manage the arrangements for the reimbursement of travel expenses with the use of spreadsheet and produce P11Ds at the end of each year. Internal Audit noted the merging of the two payroll section at 1st February could enable SODC to adopt the Case system for travelling expenses and harmonise the Council's approach in dealing with the reimbursement of travel expenses which in turn will deliver efficiencies across the service area.</p> <p><u>Risk</u> Failure to adopt a harmonised approach to the payment of travel</p>	HR Manager and Payroll Officer

	expenses could give rise to inconsistencies in payments to employees.	
Management Response		Implementation Date
<p>Recommendation is Agreed Consideration will be given to using Premier Envoy or some other harmonised process for dealing with travel expenses. Any change to existing arrangements will not take place until April,2009.</p>		<p>Consideration undertaken by December,2008.</p>

2. HOUSING DEVELOPMENT 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 11th July 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that a Housing Strategy is in place which is being adhered to and which includes the development of new affordable housing.
 - To ensure that there is a clear and detailed plan for the provision of new affordable housing.
 - To ensure that there are adequate arrangements in place to monitor the provision of new affordable housing.
 - To ensure that a Supplementary Planning Guidance for affordable housing has been agreed and implemented.
 - To ensure that the Council proactively encourages development and pre-application discussions with developers and housing associations on section 106 agreements.
 - To ensure that development briefs are provided to, and followed by, developers in order for schemes to meet the Council's strategic housing objectives.

2. BACKGROUND

- 2.1 Increasing the supply of affordable housing is one of the Council's key aims set out in its Housing Strategy. The Council provided 266 affordable homes between April 2004 and March 2007 and was just short of the target to provide 300. Affordable Housing is listed as an area for improvement within the draft of the Housing Strategy 2006 – 2011.
- 2.2 At the time of the audit, the Development Team within Housing Services had a vacant post for a Housing Development Assistant which was having an impact on the team's workload. The Housing Services Team are also undergoing the initial stages of the Council's Fit for the Future programme.

3. PREVIOUS AUDIT REPORTS

- 3.1 Housing Development was last subject to an internal audit review in August 2004. Two recommendations were raised and a satisfactory opinion was issued.

4. 2007/2008 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Five recommendations have been raised in this review. Two Medium and three Low.

5. MAIN FINDINGS

- 5.1 **Housing Strategy**
- 5.2 The Council has a Housing Strategy Report 2003 – 2006 and a Housing Strategy Update August 2005 which covers all areas of the housing service. The strategy met the Government's Fit for Purpose standard in June 2004 and supports the Council's Community Strategy and Local Plan 2011. A Draft Housing Strategy 2006 – 2011 is under development. From the testing undertaken Internal Audit find the draft to be well constructed and comprehensive. It is acknowledged that the report is still in draft

stages but contact details and some final checks are needed, e.g. the title of Appendix 1 was missing from the table of contents.

- 5.3 Comprehensive procedures covering the work of the Housing Development Team are lacking despite being a previous audit recommendation which had been agreed to be implemented by March 2006. Internal Audit recommends that this is addressed and procedures and guidance notes should be introduced in order to provide a uniform and consistent approach and allow for suitable cover in case of absence.
- 5.4 Two recommendations have been made as a result of our work in this area.
- 5.5 **Plan for Affordable Housing**
- 5.6 The Local Plan 2011 was adopted January 2006 and includes the Council's Objectives for meeting the need for Affordable Housing. The service plan for the Housing Service Team includes actions and Local Performance Targets to address the provision of affordable housing.
- 5.7 The majority of funding relating to affordable housing is allocated by the Housing Corporation to the Registered Social Landlords following consultation with various entities including the Council. A rolling programme for Affordable Housing New Build is included within the Council's Provisional Capital Programme. Capital funding for the provision of affordable housing is agreed at Cabinet meetings.
- 5.8 No recommendations have been made as a result of our work in this area.
- 5.9 **Monitoring Provision of Affordable Housing**
- 5.10 Various documents and strategies refer to targets for different periods of time. E.g. A listing of targets by service area shows affordable housing targets for 2007 to 2010 whilst the Community Strategy lists targets for 2004 to 2007. The Local Plan 2011 states overall objectives but not actual target amounts per year. Performance against the Local Plan 2011 is reported in an Annual Monitoring Report. From the testing undertaken, the targets and performance stated in the Annual Report from December 2007 were consistent with those listed in the Draft Housing Strategy 2006 – 2011 and in the List of Targets by Service Area.
- 5.11 No recommendations have been made as a result of our work in this area.
- 5.12 **Supplementary Planning Guidance for Affordable Housing**
- 5.13 The Council provided an Affordable Housing Supplementary Planning Guidance (AHSPG) document in 2004. This contains references to policies and targets that are now slightly different to those introduced in the Local Plan 2011 adopted January 2006. A note at the front of the AHSPG does state that the thresholds will be different but the policies stated within the document also differ. E.g. Policy H7 referred to in the AHSPG is now H9 in the Local Plan 2011. Internal Audit recommends that the AHSPG should be updated to reflect the correct Housing Policies as in the Local Plan. Whilst it is acknowledged that documents are being revised and incorporated into the Local Development Framework, key policies should mirror each other in all relevant documentation.
- 5.14 The currently adopted, albeit soon to be replaced, Housing Strategy 2003 – 2006 stated that the Council intended to set up a joint panel with Housing and Planning to consider all housing development applications. The Head of Housing has advised that an agreement has been reached with the Head of Planning and Building Control and the Strategic Director to form a Strategic Sites Board. Internal Audit support this proposal and recommend that it is implemented as soon as possible to identify and resolve potential issues with key developments.

- 5.15 Two recommendations have been made as a result of our work in this area.
- 5.16 **Section 106 Agreements**
- 5.17 From the testing undertaken, Internal Audit is satisfied that affordable housing officers are involved in seeking suitable sites. During the course of the audit the Interim Housing Enabling manager introduced a sheet listing work areas in the Housing Development Team. Whilst this is a good initiative, Internal Audit recommend that this is enhanced to provide a summary record showing key stages, dates, responsible officers and actions taken, or needed, to progress with affordable housing developments.
- 5.18 Proposals from the Head of Planning and Building Control to appoint a section 106 monitoring officer are welcomed by Internal Audit, as are other proactive initiatives such as plans to introduce developers tariffs to fund enhancements within the area and Building Control officers utilising tablet pc's to cross check planning conditions which will assist in monitoring compliance.
- 5.19 One recommendation has been made as a result of our work in this area.
- 5.20 **Development Briefs**
- 5.21 The Council assists developers with their design briefs and clarifies requirements by providing guidelines in the South Oxfordshire Design Guide Supplementary Planning Guidance, The Chilterns Buildings Design Guide Supplementary Planning Guidance and South Oxfordshire Landscape Assessment Supplementary Planning Guidance. Individual Development briefs are provided specifically for larger developments, such as Vauxhall Barracks in Didcot.
- 5.22 The Council encourages developers to use preferred Registered Social Landlords (RSL's) to manage affordable housing properties but cannot enforce this and requires agreements with any new partners regarding the occupancy criteria. The Head of Housing intends to establish a regular RSL Development Forum and hopes to be able to advertise for a Head of Development and Regeneration Officer who will promote affordable housing and provide key liaison with the RSL's.
- 5.23 No recommendations have been made as a result of our work in this area.
- 5.24 **Previous Recommendations**
- 5.25 Two previous recommendations were made and followed up in August 2005, at which point, one regarding procedures had been partially implemented and the other, regarding delegated authority, was to be considered by the Head of Housing. The recommendation regarding delegated authority powers has been addressed. Adequate procedures are not in place covering the work of the Housing Development Team and has this requirement has been reiterated in the current recommendations.

OBSERVATIONS AND RECOMMENDATIONS

HOUSING STRATEGY

1. Draft Housing Strategy to be Finalised

(Low)

Recommendation	Rationale	Responsibility
The Draft Housing Strategy should incorporate contact details for the Housing	<u>Best Practice</u> The Housing Strategy should be accurate and contain appropriate contact details.	Housing Initiatives Officer

Services Team, be drafted in an agreed layout design and fully proofed before finalisation.	<p><u>Findings</u> Whilst comprehensive and well structured, the Draft Strategy at the time of the audit did not contain any contact details. Also, the table of contents did not list a description for Appendix 1. Internal Audit were advised that the format and design layout had still to be finalised and contact details would be incorporated within that layout.</p> <p><u>Risk</u> The content of the Housing Strategy needs to be accurate and complete in order to avoid potential embarrassment to the Council.</p>	
Management Response		Implementation Date
The recommendation is Agreed The Housing Strategy is being finalised and in discussion with the Housing initiatives Officer, these suggestions will be incorporated in the final version.		By September 2008

2. Documented Procedures/Guidance Notes

(Medium)

Recommendation	Rationale	Responsibility
Documented procedures and guidance notes for Housing Development and affordable housing should be introduced which include appropriate authorisation and version control.	<p><u>Best Practice</u> Adequate version controlled procedures covering Housing Development duties should be in place to assist in providing a consistent approach.</p> <p><u>Findings</u> Procedure notes were seen which covered basic office functions such as taking calls regarding housing needs, but none which directly related to the housing development processes or the enabling officers role. The lack of procedures had been raised at the previous audit in 2004/05 but not addressed.</p> <p><u>Risk</u> Without documented procedures it would be difficult to cover the duties of key staff in cases of absence or staff handovers.</p>	Head of Housing Services and Housing Enabling Manager (or expected new role of Housing Development and Regeneration Manager)
Management Response		Implementation Date
The recommendation is Agreed in Principle It is agreed that procedures are necessary, and should be in place. The General Housing drive contains much information on various aspects of development (e.g s106 agreements, development schedules etc.) although these are historical, and give information using past examples. The interim Housing Enabling Manager advises that some procedures were written for some work areas, but there is insufficient process guidance.		Fit For the Future programme to conclude by September 2008 for ongoing implementation thereafter. Head of section post to

Process mapping of services to include affordable housing is being carried out through the Fit for the Future workshops, to improve efficiency and this will assist in meeting this objective. This will also be a priority for the new Head of section when they start (post currently being evaluated).	be advertised July/August 2008, to enable procedures to be documented before the end of 2008.
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SUPPLEMENTARY PLANNING GUIDANCE

3. Affordable Housing Supplementary Planning Guidance

(Low)

Recommendation	Rationale	Responsibility
The Affordable Housing Supplementary Planning Guidance document should be updated to incorporate the new Housing Policies stated in the South Oxfordshire Local Plan 2011.	<p><u>Best Practice</u> An Affordable Housing Supplementary Planning Guidance (AHSPG) is in place which addresses and supports the Council's policies and objectives.</p> <p><u>Findings</u> Whilst an AHSPG is in place, it refers to Housing Policies prior to the South Oxfordshire Local Plan 2011, for example policy H7 stated in the AHSPG is now policy H9 in the new Local Plan. A note at the front of the AHSPG refers to the changed thresholds for affordable housing. However, paragraph 6 of the introduction section states the guidance will need to be revised to reflect changes once the new local plan is adopted. Since the Local Plan was adopted in January 2006, the changes are overdue and incorrect policies are stated within the AHSPG. It is acknowledged that several documents are undergoing revision and being incorporated in the Local Development Framework.</p> <p><u>Risk</u> Documents which support each other should all refer to the same set of Policies in order to minimise confusion as to the Council's objectives.</p>	<p>Head of Housing Services</p> <p>Head of Planning and Building Control</p>
Management Response		Implementation Date
The recommendation is Agreed in Principle It is accepted that documents will undergo revision as part of the development of the LDF. This process constrains changes to other previously agreed policies such as the Local Plan and the SPG, which have to remain until the LDF is finalised and adopted. In order to minimise confusion, and for the benefit of affordable housing delivery, it is agreed that an interim solution should be sought and this will be considered jointly with the Planning Department which has responsibility for the LDF and policy documents which flow from this.		Joint meetings between planning and housing will take place from July 2008 onwards which will address this issue.

4. Liaison between Housing and Planning Officers

(Medium)

Recommendation	Rationale	Responsibility
The proposal to form a	<u>Best Practice</u>	Head of Housing

<p>Strategic Sites Board should be progressed as soon as possible to establish regular and documented monitoring of developments and improvements to the delivery of affordable housing.</p>	<p>The provision of Affordable Housing requires close links between the Planning and Housing Service Areas so appropriate channels of communications are required.</p> <p><u>Findings</u> The current Housing Strategy 2003 – 2006 states that the Council intends to set up a joint panel to consider all housing development applications before they are registered. The joint panel has not yet been adopted however the Strategic Director has agreed with the Head of Housing and Head of Planning and Building Control to establish a Strategic Sites Board which would oversee the development programme and progress issues, particularly on major developments.</p> <p><u>Risk</u> Without adequate liaison between Housing and Planning, delays in providing affordable housing may occur resulting in failure to meet targets and objectives in this area.</p>	<p>Services</p> <p>Head of Planning and Building Control</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>The recommendation is Agreed A preparation meeting to prepare for the first Strategic Sites Board meeting will take place on 30th June. This mechanism is intended to establish regular and documented monitoring of developments and improvements to the delivery of affordable housing.</p> <p>Formal Housing and Planning liaison meetings will also commence in August to further progress this objective.</p>		<p>Meetings starting in August 2008.</p>

SECTION 106 AGREEMENTS

5. Enhancements to 'Work Areas' Listing

(Low)

Recommendation	Rationale	Responsibility
<p>The document 'Work Areas in the Housing Development Team' should be enhanced and incorporate details such as key stages reached with dates, responsible officers and actions taken/needed in order to progress.</p>	<p><u>Best Practice</u> Comprehensive and up to date records exist to reflect progress and actions required against affordable housing developments and potential developments.</p> <p><u>Findings</u> The Interim Housing Enabling manager recently introduced a document listing work areas in the Housing Development Team. Whilst this is a useful document, it doesn't provide a comprehensive summary record supporting what progress is being made to push through projects and resolve potential delays and what status the development is at.</p> <p><u>Risk</u></p>	<p>Head of Housing Services and Housing Enabling Manager (or expected new role of Housing Development and Regeneration Manager)</p>

	<p>If housing developments are not evidenced as being vigorously pursued it will be harder for the Council to justify that all possible attempts have been made to meet its targets and objectives in providing affordable housing.</p>	
Management Response		Implementation Date
<p>The recommendation is Agreed in Part There is a need to monitor and drive the affordable housing programme. The interim Housing Enabling Manager ensures that development file records do map progress on schemes. Reviews of the teams work plan take place which report progress and prioritise activity. Tightening up this area further will be a priority for the new Head of section when they start (post currently being evaluated).</p>		<p>Activity to tighten up monitoring of progress on schemes is ongoing.</p> <p>Head of section post to be advertised mid-July 2008, to enable procedures to be documented before the end of 2008.</p>

3. AGRASSO 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 9th September 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate procedures have been produced and that they contain sufficient detail relating to the various processes;
 - To ensure that there are adequate controls in place to manage all areas of the cheque production process;
 - To ensure that there is adequate control of all processes relating to payment by BACS;
 - To ensure that the recovery action plan is adequate, being appropriately managed and all issues contained within are being addressed by the appropriate officers.
- 1.3 This area will be subject to a full post implementation review during the current 2008/09 financial year. The above areas were selected as they were considered of fundamental concern during the implementation. At the time of this review, an Agresso recovery plan was still in place and had not yet been fully completed. Due to this, it was decided that it would be inappropriate to undertake a full post implementation review at this juncture.

2. BACKGROUND

- 2.1 The Vale of White Horse and South Oxfordshire District Councils took the decision to undertake a joint implementation of the Agresso financial information system. This was managed by Capita, the Council's financial contractor.
- 2.2 When Agresso went live in April 2007, a number of problems were immediately identified including:
- Officers being unable to view their cost centre details,
 - A lack of controls within Accounts Payable resulting in duplicate payments being made,
 - Incorrect user and deputy rights and,
 - End users not having received adequate training and therefore unable to effectively use the system,
 - At SODC, the Agresso Workflow could not be relied upon.
- 2.3 As a result of these problems, SODC decided to revert back to 'pink slipping' on Accounts Payable. It was decided by both senior management teams that a recovery plan was required. This was jointly owned between both Councils and a number of meetings took place with representatives from both Councils and Capita to establish a way forward. The recovery plan was effectively completed on target at the beginning of April 2008 and since that point the system has been working much more effectively.

3. 2007/2008 AUDIT ASSURANCE

- 4.1 **Full Assurance:** There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.
- 4.2 On the basis of our work completed in this review, no recommendations have been made. However, it should be noted that there are many processes still being

developed and embedded. The performance of Agresso will continue to be assessed in 2008/2009 through Internal audits key financial system reviews.

5. MAIN FINDINGS

5.1 Procedures

5.2 Policies and procedures have been produced for both sites, although they are still at an evolving draft stage and as the recovery plan has progressed, necessary amendments have been incorporated. These are available to all officers and cover all main tasks. They have been handed out during the training sessions for the system. No recommendations have been made as a result of our work in this area.

5.3 Cheque Production

5.4 The cheques for SODC are held in a secure environment with only appropriate staff having access to them. The stocks are monitored and controlled by means of stock control sheets. The cheques are printed electronically from within Agresso following the Exchequer Services Manager reviewing and approving a payment proposal. Any cheques greater than £10,000 are required to have a second authorising signatory from the Council.

5.5 Once the payments proposal has been completed, each payment is now checked to the system to ensure that it will not result in a duplicate payment.

5.6 The cheques issued are reconciled weekly to the bank statement by a member of the Accountancy team. No concerns were noted and no recommendations have been made as a result of our work in this area.

5.6 BACS Controls

5.7 Payments by BACS are treated in many respects as for cheques. The BACS runs are completed on Agresso and the Exchequer Services Manager checks and signs off the payment request report. This is then sent to Accountancy to authorise all payments above £10,000. The BACS report is then reconciled by the Exchequer Services Manager to the Agresso Payment Run report. The BACS file confirmation, produced by BACS, is then reconciled to the weekly bank statement as per cheques. Any anomalies are notified to the supplier and the client team and where necessary, a credit note is requested. The Exchequer services team are responsible for collecting the outstanding payment. No concerns were noted and no recommendations have been made as a result of our work in this area.

5.9 Recovery Plan

5.10 The recovery plan was instigated due to a number of concerns over the way that Agresso had been set up and was functioning. A review of the documentation detailing the actions that occurred or were due to occur against this plan provided Internal Audit with a degree of assurance that not only had all significant issues been identified, but that also that they were being successfully addressed.

5.11 A large amount of time has been spent ensuring that the access and menu privileges are correct for all users and all user groups. In addition, work has been undertaken to ensure that approved roles correlate to correct users, cost centre and codes.

5.12 Two of the main issues have been the lack of effective training that occurred during the implementation phase and also the lack of quality control surrounding the input functions. It appears that both of these issues are being addressed. No recommendations have been made as a result of our work in this area.

4. ACADEMY 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 9th September 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate procedures have been produced and that they contain sufficient detail relating to the various processes;
 - To ensure that there are adequate controls in place to manage all areas of the cheque production and issue process;
 - To ensure that regular and accurate interfaces and reconciliations are undertaken between Academy and Agresso;
 - To ensure that adequate management information and reports can be provided by Academy;
 - To ensure that the actions to complete the implementation by the deadline are being adhered to.

2. BACKGROUND

- 2.1 As part of the joint working initiative to use a single contractor to provide Revenue and Financial services, SODC and the VWHDC agreed with Capita (contractor) to undertake a joint implementation of the Academy Revenues system.
- 2.2 The Academy system went live on 24th October 2007 at SODC and the 15th January 2007 at the VWHDC. This was an ambitious project for both councils and was undertaken with guidance from a Capita CST Conversion Project Manager.

3. PREVIOUS AUDIT REPORTS

- 3.1 This area has not previously been subject to a post implementation review.

4. 2007/08 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Two recommendations have been raised in this review. One Medium and One Low.

5. MAIN FINDINGS

5.1 Procedures

- 5.2 Capita have produced extensive procedures for the use of the Academy system and its essential processes. The procedures appear comprehensive and in relation to the more technical processes, such as daily Cash Balancing, contain screen prints of the system as an aid. It was noticed that whilst the procedures contain a version/issue number, there is no version date. One recommendation has been made as a result of our work in this area.

5.3 Cheque Production

- 5.4 Internal Audit reviewed the processes relating to the controls and management of the cheque production process. The cheque storage, cheque handling and cheque production processes all appear robust. There is adequate security associated with the processes and for all cheque movements, signatures are required from appropriate officers. No recommendations have been made as a result of our work in

this area.

5.5 Reconciliations to Agresso

5.6 Internal Audit questioned how payments made through Academy are reconciled to Agresso and the BACS payments. The reconciliations for cheque payments are completed on the Academy to BACS interface prior to the journal entries being provided for Agresso upload. For each BACS transmission, a reconciliation of the Academy system totals, both pre and post job creation is undertaken. This is then reconciled to the file uploaded into Webseries prior to transmission to BACS. No recommendations have been made as a result of our work in this area.

5.7 Management Information and Monitoring

Internal Audit sought to establish that appropriate monitoring reports existed and that they were being provided to management for review. There are a number of standard system reports that are system generated and auto-emailed to their recipients, and are therefore not checked or validated before being sent out. However, adequate monthly monitoring reports are also sent, which are scrutinised by Capita before being sent to SODC. No recommendations have been made as a result of our work in this area.

5.8 Implementation Deadlines

5.9 Internal Audit sought to establish whether the implementation had been adequately managed and whether there were any outstanding actions that required attention. It is clear that the implementation was very closely monitored both by Capita and the Client. There is one data cleaning exercise that remains outstanding.

5.10 Internal Audit questioned whether there have been any major issues subsequent to the system going live. The Senior Revenues & Benefits Client Officer informed us that there have been certain issues, but these were resolved and measures put in place to ensure there would be no repeat. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

PROCEDURES

1. Procedure Revision Dates

(Low)

Recommendation	Rationale	Responsibility
Internal Audit recommends that all Academy procedures should be amended to include a revision date.	<p><u>Best Practice</u> All procedures should contain both a version number and a version date.</p> <p><u>Findings</u> A number of the Academy procedures did not have a version date.</p> <p><u>Risk</u> Without having a version date, staff may not be aware of the latest revision and whether the version being used was before or after a fundamental change to the system.</p>	Revenues Manager
Management Response		Implementation Date
Recommendation is Agreed		August 2008

IMPLEMENTATION

2. Data Cleansing

(Medium)

Recommendation	Rationale	Responsibility
<p>Internal Audit recommends that the data cleansing exercise where benefit exceeds liability is undertaken as soon as is practicable.</p>	<p><u>Best Practice</u> All implementation issues should be resolved as a matter of urgency so that the newly introduced system is fully functional.</p> <p><u>Findings</u> There remains outstanding a data cleansing exercise to be undertaken where benefits exceed liability.</p> <p><u>Risk</u> Inaccurate data may exist on the system thereby allowing incorrect data to be used for both daily processes and for monitoring/reporting</p>	<p>Revenuesand Benefits ClientManager/ ContractManager (Capita)</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle Discussions will take place between the council and CAPITA.</p>		<p>To be confirmed</p>

5. LICENSING 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 11th July 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure appropriate documented procedures and adequate resources are in place and are being adhered to.
 - To ensure that licences are appropriately issued, properly controlled and accurately recorded.
 - To ensure that income is promptly received and correctly accounted for.
 - To ensure that licences are promptly and accurately renewed.
 - To ensure that adequate controls are in place to restrict/prevent individuals and organisations operating without an appropriate licence.

2. BACKGROUND

- 2.1 The Council processes and issues a number of licences including Hackney Carriage and Private Hire vehicles, drivers and operators within the district of South Oxfordshire.

3. PREVIOUS AUDIT REPORTS

- 3.1 Licensing was last subject to an internal audit review in January 2007, twelve recommendations were raised, however the final report was not issued.
- 3.2 A review of the recommendations found that two were no longer applicable, six had been implemented and four recommendations would be incorporated into the 2008/2009 audit testing.

4. 2008/2009 AUDIT ASSURANCE

- 4.1 **Limited Assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.
- 4.2 Twenty recommendations have been raised in this review. Three High, Fourteen Medium and Three Low.

5. MAIN FINDINGS

- 5.1 **Procedures**
- 5.2 In the area of procedures, it was identified that there are no documented procedures in place for the Licensing Officers or the Administration Team. It was also noted that Hackney Carriage Guidance notes need to be reviewed. Issues relating to the various Policy documents in place were highlighted. Four recommendations have been made as a result of our work in this area.
- 5.3 **Issue, Control and Recording of Licences**
- 5.4 There were instances where appropriate documentation was not on file for authorised and issued licences. It was also identified that working practices and procedures need to be enhanced to ensure the correct fee is charged for all licences.
- 5.5 Inspection records were not on file in all cases and testing highlighted that a licence was issued to a person who was different from the applicant. The Licensing Register

needs to be verified for accuracy and an exercise should be undertaken to determine how Ocella can be used as a reporting tool

5.6 Six recommendations have been made as a result of our work in this area.

5.7 **Income**

5.8 Testing identified that no annual fee invoices for premises licences have been raised since September 2007 and the responsibility for raising such invoices needs to be assigned and agreed. It was confirmed that income reconciliations are not being undertaken.

5.9 An exercise should be undertaken to ensure that the fees charged by the Council cover the actual expense incurred. The scale of charges need to be reviewed to ensure the correct fee is being charged and all fees are included.

5.10 Seven recommendations have been made as a result of our work in this area.

5.11 **Licence Renewal**

5.12 It is not possible to identify all licences that were due for renewal and also any instances where the licence has lapsed/expired. One recommendation has been made as a result of our work in this area.

5.13 **Operating Controls**

5.14 The work of the Enforcement Team is currently reactive rather than pro-active. It is envisaged that upon recruitment to the vacant post, a risk assessment system will be introduced. One recommendation has been made as a result of our work in this area.

5.15 **Pro-Active Anti-Fraud**

5.16 It was ascertained that there are no formal processes in place to pro-actively identify occurrences of fraud and corruption. In relation to the Annual Governance Statement, the processes for formulating risks does not appear to be pro-active. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

PROCEDURES

1. Licensing Officer Procedures

(Medium)

Recommendation	Rationale	Responsibility
Procedure notes for the Licensing Officer and Assistant Licensing Officer are produced, are kept up to date and are available to all appropriate employees.	<p><u>Best Practice</u> Documented procedures notes allow for responsibilities to be covered if key personnel are absent. They also allow a consistent and uniform approach to be followed</p> <p><u>Findings</u> There are no procedures in place for the Licensing Officer and the Assistant Licensing Officer. It is envisaged that they will be produced when the Quality Management System is introduced.</p> <p><u>Risk</u> Responsibilities cannot be covered if</p>	Licensing Officer

	key personnel are absent.	
Management Response		Implementation Date
Recommendation is Agreed		By 1 April 2009

2. Administration Team Procedures

(Medium)

Recommendation	Rationale	Responsibility
Procedure notes for the Licensing Administration Team are produced, are kept up to date and are available to all appropriate employees.	<p><u>Best Practice</u> Documented procedures notes allow for responsibilities to be covered if key personnel are absent. They also allow a consistent and uniform approach to be followed.</p> <p><u>Findings</u> There are a number of work instructions available within the Licensing Administration Team, however there are no documented procedures in place. It is envisaged that they will be produced when the Quality Management System is introduced.</p> <p><u>Risk</u> Responsibilities cannot be covered if key personnel are absent.</p>	Administration Manager
Management Response		Implementation Date
Recommendation is Agreed		By 1 April 2009

3. Hackney Carriage Procedures

(Medium)

Recommendation	Rationale	Responsibility
Procedure notes in relation to Hackney Carriage, Private Hire vehicles and drivers should be reviewed to incorporate aspects of the Taxi and Private Hire Vehicle Licensing: Good Practice Guide as deemed appropriate. Also the guidance notes issued with the application forms should be reviewed as previously recommended.	<p><u>Best Practice</u> Procedures should be relevant and contain good practice guidance. Also guidance notes sent to applicants should be up to date.</p> <p><u>Findings</u> It was confirmed that the recommendation made following the 2006/2007 audit of Licensing had not been implemented.</p> <p><u>Risk</u> Inaccurate information could be sent to applicant and may not be relevant and up to date.</p>	Licensing Officer
Management Response		Implementation Date
Recommendation is Agreed		By 31 December 2008

4. Licensing Policy

(Medium)

Recommendation	Rationale	Responsibility
a) The Statement of Licensing Policy is	<p><u>Best Practice</u> Policy documents should be reviewed</p>	Licensing Officer

<p>reviewed, updated and a version control is introduced and used on the document.</p> <p>b) The Licensing Enforcement Policy is reviewed and updated where necessary as stated in the Oxfordshire Licensing Act Memorandum of Understanding and Enforcement Protocol.</p> <p>c) The Licensing Inspection and complaint procedure is made available on the Council's website</p> <p>d) The Taxi Licensing Policy is approved by the appropriate Committee and incorporates the outcome of the consultation. The approved policy should then be placed on the Council's website.</p>	<p>regularly to ensure they are up to date, approved by the appropriate committee and be available for inspection.</p> <p><u>Findings</u> A review of the Statement of Licensing Policy highlighted that there is no version control and it was not possible to ascertain the date it was last reviewed. It was also noted that some amendments are required. It is stated within Appendix B: The Oxfordshire Licensing Act Memorandum of Understanding and Enforcement Protocol (Licensing Enforcement Policy) that the document should be reviewed regularly and suggests that the first review should take place no later than one year following the Second Appointment Day, 24 November 2006. As the document is dated March 2006, it would appear that it has not been reviewed appropriately. The Licensing Enforcement Policy makes reference to 'Licensing Inspection and complaint procedures', however this document could not be located by Internal Audit. The Taxi Licensing Policy was under review and the consultation period ended on 11 February 2008. The Draft policy is on the website but there is no reference to the policy being approved despite the consultation period ending.</p> <p><u>Risk</u> Without accurate, up to date policies being in place there is a risk that the function does not contribute to corporate objectives, there are no defined parameters for the function and work may not be efficient and effective.</p>	
Management Response	Implementation Date	
Recommendation is Agreed	By 31 December 2008	

ISSUE, CONTROL AND RECORDING OF LICENCES

5. Licence Issue

(Medium)

Recommendation	Rationale	Responsibility
<p>Licences should only be authorised and issued upon receipt of appropriate documentation. Procedures should be enhanced to ensure such documentation is retained on file.</p>	<p><u>Best Practice</u> Licences should only be authorised and issued when all appropriate documentation has been received.</p> <p><u>Findings</u> Appropriate documentation was not available for 7 licences that had been authorised and issued from a sample of</p>	Administration Officer

	<p>28. Of a sample of 20 Hackney Carriage Vehicle and Taxi Driver licences, appropriate documentation was not available in 6 cases.</p> <p><u>Risk</u> Non-compliance to legislation. There is also a risk of financial implications if a licence is inappropriately issued.</p>	
Management Response		Implementation Date
Recommendation is Agreed		1 September 2008

6. Licence Payment

(Medium)

Recommendation	Rationale	Responsibility
<p>The two instances where the fee paid did not agree to the scale of charges as highlighted during testing are investigated and resolved. In addition, working practices and procedures are enhanced to ensure the correct fee is paid prior to a licence being issued.</p>	<p><u>Best Practice</u> Licences should only be authorised and issued when the appropriate fee has been paid.</p> <p><u>Findings</u> Two instances were identified during testing where the fee paid varied to the approved scale of charges.</p> <p><u>Risk</u> If the incorrect fee is charged, the Council is receiving reduced income.</p>	<p>Licensing Officer / Administration Manager</p>
Management Response		Implementation Date
Recommendation is Agreed		By 31 March 2009

7. Inspections

(Medium)

Recommendation	Rationale	Responsibility
<p>Inspections are undertaken for all animal related licences and other relevant licences prior to the licence being issued and evidence of the inspection is retained on file.</p>	<p><u>Best Practice</u> Inspections should be undertaken where appropriate especially in the case of animal licences prior to the licence being authorised and issued.</p> <p><u>Findings</u> In 4 cases, there were no inspection records on file.</p> <p><u>Risk</u> Non-compliance to legislation and inappropriate issue of a licence.</p>	<p>Principal Officer</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle The timing and number of inspections is dictated by our risk assessment of the premises. Already carrying out risk assessment of inspection process.</p>		Ongoing

8. Licence Issue

(Medium)

Recommendation	Rationale	Responsibility
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Licences should only be issued to the person who completed and submitted the application form.	<u>Best Practice</u> Only applicants who submit appropriate application forms should be issued with a licence. <u>Findings</u> Testing highlighted that a licence had been issued to a person who was different from the applicant. <u>Risk</u> Inappropriate issue of a licence.	Administration Manager
Management Response		Implementation Date
Recommendation is Agreed		1 September 2008

9. Licensing Register

(Medium)

Recommendation	Rationale	Responsibility
The Licensing Register should only contain accurate and valid licences. An exercise should be undertaken to ensure that the licences listed within the register are correct and appropriate.	<u>Best Practice</u> Registers should only contain relevant licences and should be up to date and accurate. <u>Findings</u> Testing highlighted that dummy accounts, in particular Private Hire / Hackney Carriage Operators have been included within the Licensing Register. <u>Risk</u> Non-compliance to legislation and inappropriate issue of a licence.	Licensing Officer
Management Response		Implementation Date
Recommendation is Agreed		1 September 2008

10. Licensing Register on Ocella

(Low)

Recommendation	Rationale	Responsibility
An exercise should be undertaken to determine how Ocella can be used as a reporting tool. The possibility of extracting reports should also be investigated.	<u>Best Practice</u> The source database, Ocella, should be used to its full potential and used as a reliable reporting tool. <u>Findings</u> It is not possible to successfully interrogate Ocella to produce reports for a specific period of time. <u>Risk</u> Inaccuracies on Ocella may go undetected, leading to the Licensing Register being updated with inaccurate information.	Environmental Protection and Licensing Manager
Management Response		Implementation Date
Recommendation is Agreed		31 March 2009

INCOME

11. Premises Licence Annual Fee

(High)

Recommendation	Rationale	Responsibility
An exercise is undertaken to ensure that invoices have been raised for all premises licences annual fees due in 2007/2008.	<p><u>Best Practice</u> Invoices for annual fees should be promptly raised and sent to the Licensee.</p> <p><u>Findings</u> It was confirmed that no annual fee invoices for premises licences have been raised since September 2007. It was not possible to ascertain if an invoice had been raised appropriately for each premises licence annual fee that was due.</p> <p><u>Risk</u> Loss of income to the Council. There is also potential embarrassment for the Council.</p>	Administration Manager
Management Response		Implementation Date
Recommendation is Agreed		1 October 2008

12. Premises Licence Annual Fee

(High)

Recommendation	Rationale	Responsibility
The responsibility for raising the premises licence annual fee invoices is assigned and agreed.	<p><u>Best Practice</u> The responsibility for raising the annual fee invoices should be clearly defined, assigned and agreed.</p> <p><u>Findings</u> It was confirmed that no annual fee invoices for premises licences have been raised since September 2007. It was not possible to ascertain if an invoice had been raised appropriately for each premises licence annual fee that was due.</p> <p><u>Risk</u> Loss of income to the Council. There is also potential embarrassment for the Council.</p>	Administration Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle Once recommendation 11 is actioned, the responsibilities will then be looked at.		By 31 March 2009

13. Cash Remittance Reconciliation

(Medium)

Recommendation	Rationale	Responsibility
Cash remittance sheets are regularly reconciled to the General Ledger to ensure any coding errors are detected.	<p><u>Best Practice</u> Income should be regularly reconciled to ensure the income has been appropriately coded.</p>	Administration Manager

	<p><u>Findings</u> It was highlighted during testing that the income as recorded on the cash remittance sheet could not be traced to the General ledger in all instances.</p> <p><u>Risk</u> Inaccurate recording of income in the General Ledger.</p>	
Management Response		Implementation Date
Recommendation is Agreed		1 September 2008

14. Scale of Charges

(Low)

Recommendation	Rationale	Responsibility
The scale of charges should be updated to include Exotic Animals within the Dangerous Wild Animals fee.	<p><u>Best Practice</u> Information should be clear to members of the public as to the fees payable.</p> <p><u>Findings</u> There is an Exotic Animal register, however it is not clearly stated in the Scale of Fees as to what the fee is. The entry for Dangerous Wild Animals includes Exotic Animals.</p> <p><u>Risk</u> Inaccurate or unclear information being available to members of the public could lead to loss of income.</p>	Principal Officer
Management Response		Implementation Date
Recommendation is Agreed		1 September 2008

15. Licensing Act 2003 Fees

(Low)

Recommendation	Rationale	Responsibility
The discrepancy between the prescribed fee for the 'application for a provisional statement where premises is being built' and the fee contained within the scale of charges is investigated and documented.	<p><u>Best Practice</u> The Council should levy fees in accordance with legislation.</p> <p><u>Findings</u> The prescribed fee for the 'application for a provisional statement where premises is being built' is £315, however the fee being charged by the Council is £195.</p> <p><u>Risk</u> There is potential for undercharging on income and non-compliance to legislation.</p>	Licensing Officer
Management Response		Implementation Date
Recommendation is Agreed		1 August 2008

16. Other Licensing Fees

(Medium)

Recommendation	Rationale	Responsibility
An exercise should be undertaken on fees charged (except for those prescribed by the Licensing Act 2003) to ensure that the fee covers the expenses incurred from issuing such licences.	<p><u>Best Practice</u> The Council should calculate their fees by taking into account the costs involved in issuing the licence to ensure the Council is appropriately charging for its services.</p> <p><u>Findings</u> It is not clear how the fees (except those prescribed by the Licensing Act 2003) are calculated. It was stated during the audit that there is potential for income to be enhanced.</p> <p><u>Risk</u> The Council may be incurring costs in providing the service if all costs are not considered when calculating the fees to be charged.</p>	Head of Environmental Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

17. Income Reconciliations

(High)

Recommendation	Rationale	Responsibility
As previously recommended, a full income reconciliation is undertaken regularly. In addition, the officer undertaking the reconciliation should receive appropriate training to undertake this task.	<p><u>Best Practice</u> Income should be regularly reconciled to ensure income is being received as expected and also to identify any coding errors.</p> <p><u>Findings</u> The recommendation made following the 2006/2007 audit has not been implemented as a full income reconciliation is not undertaken.</p> <p><u>Risk</u> Income is not received as expected and the income is not accurately recorded.</p>	Administration Manager
Management Response		Implementation Date
Recommendation is Agreed		31 October 2008

LICENCE RENEWAL

18. Licence Renewal Identification

(Medium)

Recommendation	Rationale	Responsibility
A reporting mechanism should be put in place to allow officers to establish which licences are due for renewal at any one time and in instances where a licence has lapsed/expired, the	<p><u>Best Practice</u> It should be possible to identify all licences that are due for renewal and also any instances where the licence has lapsed/expired.</p> <p><u>Findings</u> It was stated that the onus is on the</p>	Administration Manager

details should be passed to the Enforcement Team to follow up.	applicant to renew their licence when appropriate, however manual reminders are sent for Hackney Carriage Vehicle Licences and Taxi Driver licence holders. Lottery licence renewals are not identified and animal licences are identified by inspection date. <u>Risk</u> Loss of income to the Council and non-compliance to legislation. There is also potential embarrassment for the Council.	
Management Response		Implementation Date
Recommendation is Agreed in Principle We do this where appropriate (where operating without a licence is an offence, officers do enforce already). This is difficult with existing resources.		Ongoing

OPERATING CONTROLS

19. Controls in Place

(Medium)

Recommendation	Rationale	Responsibility
The risk assessment system for Licences or similar system is pursued to ensure there is pro-active enforcement of licences.	<u>Best Practice</u> There should be appropriate controls in place to restrict an individual / organisation from operating without an appropriate licence. <u>Findings</u> It was ascertained that the work of the Enforcement Team is mainly reactive rather than pro-active. It is envisaged that upon recruitment to the vacant post, a risk assessment system will be introduced therefore allowing the team to be pro-active in their visiting schedule. <u>Risk</u> Non-compliance to legislation. There is also potential embarrassment for the Council.	Licensing Officer
Management Response		Implementation Date
Recommendation is Agreed in Principle We consider that appropriate controls already exist, if licences are not renewed then enforcement action takes place. This is difficult with existing resources, however it is envisaged that the vacant post will be recruited into.		Ongoing

PRO-ACTIVE ANTI-FRAUD

20. Pro-Active Anti-Fraud

(Medium)

Recommendation	Rationale	Responsibility
Processes to pro-actively identify any evidence of fraud and corruption	<u>Best Practice</u> The chances of fraud and corruption occurring are limited through pro-active	Head of Environmental

<p>within the business area are introduced.</p>	<p>management processes being in place. There should be evidence available to confirm that sufficient action to limit occurrences of fraud and corruption has been undertaken.</p> <p><u>Findings</u> Key areas for fraud have not been identified within the business area and it was ascertained that there are no formal processes in place to pro-actively identify occurrences of fraud and corruption. In relation to the Statement of Internal Control, the process for formulating risks does not appear to be pro-active.</p> <p><u>Risk</u> If adequate processes are not implemented to pro-actively identify instances of fraud and corruption, there is a risk that sufficient action would not be taken to limit the chance of fraud and corruption occurring which could lead to significant financial, operational, legal and reputational implications.</p>	<p>Services</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p>		<p>31 October 2008</p>

6. PETTY CASH SPOT CHECKS 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 11th July 2008.
- 1.2 Internal Audit obtained details of float balances from Accountancy and the petty cash holder was visited unannounced during a specified period. The amount of cash held was counted by Internal Audit and recorded together with a list of receipts held for cash paid out. It is ex
- 1.2 Internal Audit obtained details of float balances from Accountancy and the petty cash holder was visited unannounced during a specified period. The amount of cash held was counted by Internal Audit and recorded together with a list of receipts held for cash paid out. It is expected that the cash and receipts held should total the agreed float amount.

2. BACKGROUND

- 2.1 At South Oxfordshire District Council (SODC) there are two float balances. One for £20 is held at Foxhall Manor Park and is used for change purposes rather than to purchase goods. This was outside the scope of this review and will be covered as part of Facilities Audits. The other float balance of £300 is used for SODC staff petty cash purposes and is managed by Capita's Cashiers function. This service is monitored by the Revenues and Benefits Client Team.

3. MAIN FINDINGS

- 3.1 **SODC – Cash Office - £300**
- 3.2 Petty cash is stored in a small lockable cash tin which is held in the safe within the cash office. Access to the safe is restricted to the cashier and deputy cashiers.
- 3.3 The spot check took place 24th June 2008 at 11:30. Two vouchers totalling £15.84 were held and had appropriate receipts attached. A claim for a replenishment of £118.22 had just been submitted. The cash in the tin totalled £165.94 so the amount to be replenished plus cash and vouchers held agreed with the £300 float amount.

4. CONCLUSION

- 4.1 Internal Audit would conclude from the testing undertaken, that the petty cash float balances are being adequately managed.
- 4.2 Internal Audit has not made any recommendations as a result of the spot check. Observations of individual transactions exceeding the agreed limit and appropriate authorisations are being addressed by the 2008/09 Petty Cash Procedures audit

7. GIFTS AND HOSPITALITY 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 16th July 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that there is a gifts and hospitality policy in place which incorporates any appropriate legislative acts i.e. Prevention of Corruption Act 1906 and 1916.
 - To ensure that the policy, procedures and guidance are available to all officers and members.
 - To ensure that there is a register of gifts and hospitality in place.
 - To ensure that the register is maintained and updated when appropriate.

2. BACKGROUND

- 2.1 Legal and Democratic Services receive declarations of Gifts and Hospitality from Members. Human Resources receive declarations of Gifts and Hospitality from Officers. The Monitoring Officer is the Head of Legal and Democratic Services.

3. PREVIOUS AUDIT REPORTS

- 3.1 An audit specific to Gifts and Hospitality has not been undertaken at South Oxfordshire District Council.

4. 2008/2009 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Eleven recommendations have been raised in this review. Six Medium and Five Low.

5. MAIN FINDINGS

- 5.1 **Gifts and Hospitality Policy**
- 5.2 The Code of Practice – Gifts and Hospitality document contains some inaccuracies and has not been reviewed since April 2003. Staff Information Leaflet no. 23 – Gifts and Hospitality document also requires amendment and review. Two recommendations have been made as a result of our work in this area.
- 5.3 **Documentation Availability**
- 5.4 No issues arose in respect of the documentation available to both Officers and Members. Guidance and forms are available on the Intranet for Officers and Members receive training upon election and hard copy guidance and forms are available upon request.
- 5.5 **Register of Gifts and Hospitality**
- 5.6 The Officers Register of Gifts and Hospitality is split into 6 monthly summaries and Internal Audit considers that a master register should be maintained.
- 5.7 Upon adoption of the revised system of recording declarations of Gifts and Hospitality from Members, the Council's website should be updated to ensure that members of the public are aware that Gifts and Hospitality is now included within declarations of

interests from Members.

- 5.8 Two recommendations have been made as a result of our work in this area.
- 5.9 **Maintenance of Gifts and Hospitality Registers**
- 5.10 Testing identified some inaccuracies on the summary register and the information should be checked for accuracy prior to being submitted to the Monitoring Officer. The declaration forms do not allow Officers to make an estimation of the Gifts and Hospitality offered or received, and consideration should be given to amending the forms to allow this.
- 5.11 As stated in the Code of Practice – Gifts and Hospitality document, Heads of Service should be asked to confirm that in all instances where gifts and hospitality have been offered to their team, they have been declared to Human Resources. Consideration should be given to sending out reminders to Officers in respect of their responsibility of declaring offers of Gifts and Hospitality on a quarterly basis.
- 5.12 A separate Gifts and Hospitality Register is maintained by Democratic Services, however under the new Members Code any declarations of Gifts and Hospitality are now asked for in conjunction with Declarations of Interests at the beginning of a Councillors term. An amendment form is available to Members to record any changes in Gifts and Hospitality. Internal Audit considers that the current register is no longer used and full advantage of the new Members Code is taken.
- 5.13 In light of this, a Register of Interests should be produced, be regularly reviewed and signed by the Monitoring Officer and consideration given to making the Register available on the Council's website.
- 5.14 Internal Audit suggests that an item is placed on the agenda of Council meetings to remind Members of their responsibility of declaring any offers of Gifts and Hospitality. Seven recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

GIFTS AND HOSPITALITY POLICY

1. Review and Amendment

(Medium)

Recommendation	Rationale	Responsibility
The Code of Practice – Gifts and Hospitality document is amended and reviewed regularly.	<p><u>Best Practice</u> Policy and guidance documents should be up to date and are subject to regular review.</p> <p><u>Findings</u> The Code of Practice – Gifts and Hospitality document has not been reviewed since April 2003. The document also contains some inaccuracies.</p> <p><u>Risk</u> Officers would not be aware of their responsibility if out of date and inaccurate information is available.</p>	Human Resources Manager
Management Response		Implementation Date
Recommendation is Agreed		January 2009

2. Review and Amendment

(Medium)

Recommendation	Rationale	Responsibility
Staff Information Leaflet no. 23 – Gifts and Hospitality is amended and reviewed regularly.	<p><u>Best Practice</u> Policy and guidance documents should be up to date and are subject to regular review.</p> <p><u>Findings</u> Staff Information Leaflet no. 23 – Gifts and Hospitality is generally up to date, however reference is still made to Finance who previously maintained the Register.</p> <p>There is no date as to when the Policy was implemented and also the document was due to be reviewed between October 2007 and December 2007 however this review has not been undertaken.</p> <p><u>Risk</u> Officers would not be aware of their responsibilities if out of date and inaccurate information is available. Policy documents are not being appropriately reviewed allowing the potential for them to be inaccurate.</p>	Human Resources Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle We've flagged the need for the Gifts and Hospitality policy to be reviewed and will factor this into our work plan in Q3.		January 2009

REGISTER OF GIFTS AND HOSPITALITY

3. Electronic Register

(Medium)

Recommendation	Rationale	Responsibility
A 'master' Register is maintained which includes all Officer declarations rather than being split into 6 monthly summaries.	<p><u>Best Practice</u> A register should be maintained that includes the declaration made within a financial year.</p> <p><u>Findings</u> The electronic version of the Register is saved in six month periods rather than a 'master' register.</p> <p><u>Risk</u> Possible deletion of a period of declarations and it may not be possible to view all declarations made within a financial year.</p>	Team Administrator
Management Response		Implementation Date
Recommendation is Agreed in Principle		September 2008

4. Availability of Members Register

(Low)

Recommendation	Rationale	Responsibility
<p>Upon adoption of the new system of recording declarations made by Members, the Councils website is updated to state that the Register of Interests also includes any declarations of Gifts and Hospitality.</p>	<p><u>Best Practice</u> It should be clear to members of the public as to what documents are available via the Council's website.</p> <p><u>Findings</u> The Register is currently held in paper version and Internal Audit suggests that a new system of recording declarations be introduced. Members of the public would not be aware of this based upon the information currently available on the website.</p> <p><u>Risk</u> Members of the public would not be aware that any declarations of Gifts and Hospitality made by Members are available to view on the Council's website.</p>	<p>Democratic Services Manager</p>
Management Response		Implementation Date
Recommendation is Agreed		September 2008

MAINTENANCE OF REGISTER

5. Updating of the Register (Officers)

(Medium)

Recommendation	Rationale	Responsibility
<p>The summary registers submitted to the Monitoring Officer are checked for accuracy prior to being submitted.</p>	<p><u>Best Practice</u> The Monitoring Officer should only receive accurate details on the Register.</p> <p><u>Findings</u> Testing identified that the figures input to the summary did not agree to the number of declarations on file and also the total figures on the summary has not been formulated properly. There were also instances where declarations had been entered on the register but there was not supporting paperwork on file.</p> <p><u>Risk</u> Out of date and inaccurate information is reviewed and signed by the Monitoring Officer. Without accurate information, the Monitoring Officer cannot undertake their duty.</p>	<p>Human Resources Manager</p>
Management Response		Implementation Date
Recommendation is Agreed in Principle We would need to make sure people were clear on who was checking the entries.		September 2008

6. Declaration forms (Officers)

(Low)

Recommendation	Rationale	Responsibility
Consideration is given to amending the declaration form to allow officers to make an estimation of cost in respect of the gift/hospitality received.	<p><u>Best Practice</u> To assist the responsible officer in correctly categorising and grading declarations of gifts and hospitality, the officer making the declaration should be asked to make an estimation of the value of the gift.</p> <p><u>Findings</u> The declaration form in use at the Vale of White Horse District Council requests that officers make an estimation as to the cost of the gifts and hospitality either offered or received.</p> <p><u>Risk</u> The responsible officer may incorrectly categorise and grade an officers declaration resulting in inaccurate information being passed to the monitoring officer.</p>	Human Resources Manager
Management Response		Implementation Date
Recommendation is Agreed		September 2008

7. Head of Service Declarations (Officers)

(Low)

Recommendation	Rationale	Responsibility
Heads of Service are regularly asked to confirm that all offered Gifts and Hospitality within their team has been declared.	<p><u>Best Practice</u> The Code of Practice – Gifts and Hospitality states that it is the responsibility of every Head of Service to inform the Finance Team of the details of offers, etc made to themselves or members of their staff, for inclusion in the register.</p> <p><u>Findings</u> Heads of Service are not regularly asked to confirm that all declaration within their team have been made.</p> <p><u>Risk</u> It would not be apparent to Managers if all offers of gifts and hospitality had not been declared, therefore gifts and hospitality may be inappropriately accepted.</p>	Human Resources Manager
Management Response		Implementation Date
Recommendation is Agreed		September 2008

8. Reminders (Officers)

(Low)

Recommendation	Rationale	Responsibility
Consideration be given to sending out reminders to Officers in respect of	<p><u>Best Practice</u> Officers are regularly reminded of their responsibility to declare offers of Gifts</p>	Team Administrator

their responsibility of declaring offers of Gifts and Hospitality on a quarterly basis.	and Hospitality. <u>Findings</u> Internal Audit was informed that reminders are sent to Officers once a year. <u>Risk</u> Officers are not aware of their responsibility in relation to making declarations of Gifts and Hospitality leading to non-declaration of offers.	
Management Response		Implementation Date
Recommendation is Agreed		September 2008

9. Members Register

(Medium)

Recommendation	Rationale	Responsibility
The current Register of Gifts and Hospitality for Members is no longer used and full advantage is taken of the requirements of the new Members Code. Any declarations of Gifts and Hospitality made by Members should now be included in the Register of Interests.	<u>Best Practice</u> Under the new Members Code, Gifts and Hospitality declarations are included with declarations of Interests, of which a separate register is maintained. <u>Findings</u> The Council still maintains a separate Gifts and Hospitality Register, however under the new Members Code any declarations of Gifts and Hospitality are now asked for in conjunction with declarations of Interests at the beginning of the Councillors term. There is an amendment form that can be used by Members which is signed by the Monitoring Officer. The current Register is not signed as reviewed by the Monitoring Officer. <u>Risk</u> There would be no record of declarations leading to the Monitoring Officer not being aware of all declarations made by Members.	Democratic Services Manager
Management Response		Implementation Date
Recommendation is Agreed		September 2008

10. Members Register

(Medium)

Recommendation	Rationale	Responsibility
Upon adoption of the revised system of recording declarations of Gifts and Hospitality with Interests, a Register of Interest should be produced, be regularly reviewed and signed by the Monitoring Officer. Consideration should be	<u>Best Practice</u> Under the new Members Code, Gifts and Hospitality declarations are included with declarations of Interests, of which a separate register is maintained. The Register should be regularly reviewed and signed by the Monitoring Officer. The Register should be available for inspection by members of the public.	Head of Legal and Democratic Services

<p>given to placing the amended Register onto the Council's website.</p>	<p><u>Findings</u> The current Register is not signed as reviewed by the Monitoring Officer. It was ascertained that there is no actual Register for recording declarations of Interests.</p> <p><u>Risk</u> There would be no record of declarations leading to the Monitoring Officer not being aware of all declarations made by Members. Up to date information is not available to members of the public.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed The production of a register will be implemented in conjunction with recommendation 9.</p>		September 2008

11. Reminders (Members)

(Low)

Recommendation	Rationale	Responsibility
<p>Consideration be given to placing an item on the agenda of Council meetings to serve as a reminder relating to the declarations of Gifts and Hospitality.</p>	<p><u>Best Practice</u> Members should be regularly reminded of their responsibility to declare any offers of Gifts and Hospitality. By placing an agenda item for Council meeting, this would serve as an appropriate reminder.</p> <p><u>Findings</u> It is current practice at Vale of White Horse District Council to include the Register of Interest/Gifts and Hospitality requirement at Council meetings, therefore acknowledgement of the requirement is minuted.</p> <p><u>Risk</u> Members would not be aware of their responsibility in declaring offers of Gifts and Hospitality leading to non-declaration of offers.</p>	N/A
Management Response		Implementation Date
<p>Recommendation is Not Agreed We suggest a quarterly WIS item to remind Councillors to declare the receipt of gifts and hospitality in the register and to declare these at meetings. We have very few declarations of gifts and hospitality and have had no declarations at meetings.</p>		N/A

8. PETTY CASH PROCEDURES 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 8th August 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure Petty Cash Procedures exist which incorporate and comply with any relevant policies and financial regulations, and are appropriately authorised;
 - To ensure there is appropriate and adequate documentary evidence to support the Petty Cash float amount, responsibilities regarding Petty Cash and transactions;
 - To ensure that comprehensive records are maintained of Petty Cash payments which are checked and reconciled regularly;
 - To ensure that the Petty Cash float is maintained in accordance with agreed procedures;
 - To ensure that Petty Cash transactions are legitimate, appropriate and completed promptly.

2. BACKGROUND

- 2.1 The Cash Office function has been managed by Capita since 1st August 2006 and is monitored by the Revenues and Benefits Client Manager. The cashier holds petty cash within the cash office safe for SODC staff usage.
- 2.2 At the time of the audit, only one petty cash float and cash office float are held and are both in the same location. When the Didcot Arts Centre opens, additional float balances will be required. Whilst current financial recording methods appear sufficient for the existing floats, it is likely that changes will be required in the way balances are recorded once more floats are in use and separate controls would be required.

3. PREVIOUS AUDIT REPORTS

- 3.1 Petty Cash Procedures was last subject to an internal audit review in October 2006 as part of the Cashiers Audit and four recommendations were raised and a satisfactory opinion was issued.
- 3.2 Three medium and one low risk rated recommendations were made and an implementation date of 30/11/06 was agreed. At the time of this audit review, one medium recommendation regarding security of the cash office has been addressed by the installation of panic alarms and a low risk recommendation regarding procedures had also been implemented. Two medium recommendations, for police alarm testing and provision of RAID training for all cashiers, have not been implemented. A further recommendation has been made as part of this review.

4. 2008/09 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Twelve recommendations have been raised in this review. Eight Medium and four Low.

5. MAIN FINDINGS

- 5.1 **Procedures and Policies**

- 5.2 Capita manage the cashiers function and hold £300 of petty cash for SODC within the cash office. The cash office has hard copies of procedures. SODC's own policy regarding petty cash is contained within the Financial Guidance Manual (FGM), January 2004. The FGM does not include details of insurance arrangements, refers to staff no longer employed and to Liberata rather than Capita. Whilst the FGM is available on the intranet, it is not easily apparent to staff that this is where petty cash guidance is provided. The document does not offer sufficient and comprehensive guidance as to what can or cannot be claimed via petty cash.
- 5.3 The FGM includes a requirement for a named officer to be responsible for petty cash at all times and a formal hand over process in the case of temporary absence of the named holder. This does not occur in practice and would be cumbersome to implement, but an amendment to the petty cash claim voucher to include an issued and received signature will provide adequate audit trail for transactions. Insurance documents for petty cash indicate that the value of insurance needs to be increased to meet the current float value. The key to the petty cash tin is held in the cash office safe together with the actual tin. When the float balance is replenished, the process to produce a cheque via the Agresso creditors system is resulting in delays in replenishment as authorisation are being sought for a second time regarding individual items.
- 5.4 Six recommendations have been made as a result of our work in this area.

5.5 **Documentary Evidence**

- 5.6 Written confirmation establishing the amount and purpose of the petty cash float balance was not provided during the course of this audit, but it is noted that the cashiers have held petty cash for a very long time. The FGM states who is responsible for setting the float amount but not what it actually is. The cashier obtains a completed and authorised petty cash voucher before paying out any monies. The Cashier uses a petty cash book to list the individual reimbursements and attaches the petty cash reclaim vouchers and receipts for each transaction with the reclaim sheet.
- 5.7 When float replenishment is needed, the cashier manually transfers details from the petty cash book onto a petty cash voucher with additional information such as the ledger input code, ready for input to Agresso. This is duplicating the work and the process within Agresso of obtaining another authorisation for payments which have already been authorised and paid out is causing delays. The Senior Revenues & Benefits Client Officer has suggested an alternative method of recording transactions within Excel. Internal Audit recommends implementing this suggestion and using a separate control account to produce the petty cash cheque and then detailed individual expenditure should be journalled out to the relevant costs codes.

- 5.8 One recommendation has been made as a result of our work in this area.

5.9 **Comprehensive Records**

- 5.10 All payments made should be listed within the cashier's petty cash book, which is used together with supporting receipts for replenishment of funds and reconciled back to the float balance. From the testing undertaken Internal Audit have no concerns in this area.
- 5.11 Once receipts are paid out and the float balance reimbursed, the supporting evidence is filed in lever arch files within Capita's creditor's office. The receipts are not marked to indicate that they have been reimbursed so could be used to reclaim amounts already paid.
- 5.12 One recommendation has been made as a result of our work in this area.

5.13 **Petty Cash Float**

5.14 Claims to replenish the float balance are made by the cashier, usually on a monthly basis, checked independently by the Customer Services Manager within Capita and passed to the Revenues and Benefits Client Officer or Senior Revenues and Benefits Client Officer for checking. The form used incorporates a total of receipts held which are to be reimbursed, cash held and the float balance by way of reconciliation. The claim is then passed to the creditors team for repayment. The petty cash float has not been returned since it has been in continuous use, however the FGM includes reference to the procedure to follow if should the float be returned.

5.15 From the testing undertaken, the amounts claimed and paid were accurately recorded and balanced. However, amendments to the details recorded on the claim for replenishment, such as signatures of who has prepared and checked the form, are suggested and incorporated into recommendations made in other areas. Capita's procedure includes the requirement to check the claim for errors but no details of the escalation process should discrepancies occur.

5.16 One recommendation has been made as a result of our work in this area.

5.17 **Transactions**

5.18 Petty cash is issued by the cashier upon receipt of an authorised request but Internal Audit testing suggests that the expenditure is not always appropriate and in accordance with the Council's FGM and travel and subsistence policy. 13 claims totalling £88.80 for travelling expenses and car park costs were submitted via petty cash rather than through travel and subsistence claims during 1/4/07 to 23/5/08. At the time of the audit, the staff restaurant facility had just been closed so external catering companies are asked to provide business lunches. The creditors team advised they were being asked to provide cheques in advance for provision of catering and it is expected that more claims will be made through petty cash for these purposes.

5.19 Staff guidance is needed as to the appropriate use of petty cash. The FGM states that petty cash should not be used for entertainment and hospitality (unless authorised by Chief Finance Officer) or provision of beverages other than to visitors. Analysis of spending for 01/04/07 to 23/05/08 showed that 32.5% of transactions and 33.2% of the value paid (74 transactions totalling £486.42) was spent on catering, refreshments, cups, coffee and tea. 59 of these claims included separation of VAT, but since only the proportion relating to visitors can be recovered and the claims include refreshments for meetings, it is likely VAT is not always correctly recorded. Nine transactions totalling £80.03 had no details of the expenditure and merely stated 'sundries'. 22 claims totalling £88.80 were made for postage. The FGM states that petty cash should not be used for regularly recurring expenses however regular claims are made for keys and other items of equipment and tools. This area of expenditure constitutes 43.4% of transactions and 44.5% of value (99 claims totalling £651.91).

5.20 One recommendation has been made as a result of our work in this area.

5.21 **Anti Fraud and Corruption**

5.22 The Council's risk register did not appear to contain any reference to identifying the potential for fraud and corruption within this area. A pro-active process was not seen to be in place to identify and address the risks.

5.23 One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

PROCEDURES AND POLICIES

1. Update Finance Guidance Manual

(Low)

Recommendation	Rationale	Responsibility
<p>Update sections of the Finance Guidance Manual relating to petty cash:-</p> <ul style="list-style-type: none"> • Replace reference to Liberata with Capita • Remove references to staff no longer employed • Include details of insurance arrangements • State actions needed if claim exceeds agreed amount • Detail amounts held, dates agreed & authorisers • Include documentation required. 	<p><u>Best Practice</u> Adequate and up to date policies and procedures are in place covering the establishment and use of petty cash floats.</p> <p><u>Findings</u> The Finance Guidance Manual dates from January 2004 and includes out of date references to staff and contractors. It does not include reference to insurance arrangements, requirements if claims exceed stated limit, amounts held and examples of documentation required.</p> <p><u>Risk</u> If Petty Cash floats are not held in accordance with the appropriate regulations then insurance cover may be invalidated which would expose the Council to financial risk.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed		December 2008
Management Response: Chief Accountant		

2. Guidance Provided to Staff Claiming Petty Cash

(Medium)

Recommendation	Rationale	Responsibility
<p>Clear guidance is provided to all staff on what can/cannot be claimed by petty cash and the correct procedure to claim funds. HR should email a reminder to all staff, including examples of what is and is not appropriate expenditure, and incorporate Finance Guidance regarding Petty Cash into HR policies and procedures.</p>	<p><u>Best Practice</u> All staff are aware of the correct use of petty cash and the appropriate authorisations required.</p> <p><u>Findings</u> The spreadsheet used as a voucher to claim petty cash refers staff to Financial Guidance on the intranet but this is under the section of notes to assist in calculating VAT. It is not obvious where the procedures covering petty cash are stored as they are within the documents and forms section of the intranet, then financial information and then Guidance Manual. As there is no search facility on the intranet, and petty cash is not referred to within HR documents or the councils travel & subsistence policy, it is not easy for staff to find what can be claimed via petty cash.</p> <p><u>Risk</u></p>	Chief Accountant, in conjunction with HR Manager

	If staff are not aware of the appropriate use of petty cash then funds could be misappropriated resulting in adverse financial implications for the Council.	
Management Response		Implementation Date
<p>Recommendation is Agreed HR Manager – as well as making the guidance easier to find on the intranet and sending reminder emails we could include guidance in the induction booklet.</p> <p>Management Response: Chief Accountant & HR Manager</p>		December 2008

3. Voucher Signatures

(Medium)

Recommendation	Rationale	Responsibility
The Petty Cash claim voucher should include a section for the cashier to sign and date to say cash has been paid over and the claimant to sign to say it is received. This should be updated within the Guidance Manual	<p><u>Best Practice</u> A named officer is responsible for the petty cash float balance at all times.</p> <p><u>Findings</u> The Finance Guidance Manual requires a named officer responsible for petty cash and a formal hand over process in cases of temporary absence. The manual does not state the named officer and it would not appear practical to impose this for the petty cash held by Capita as it would require formal counting and handover for each lunchtime cover. The claimant is required to sign the voucher claiming the petty cash but not to say it has been received or the date it is paid out.</p> <p><u>Risk</u> If it is not clear who has issued or received petty cash funds then this could result in unnecessary disputes should any discrepancies or queries arise from individual claims.</p>	Senior Revenues & Benefits Client Officer
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Senior Revenues & Benefits Client Officer</p>		Immediate

4. Insurance Cover

(Medium)

Recommendation	Rationale	Responsibility
The amount of cash insured whilst in a locked receptacle other than a safe is increased from £200 to £300 to match the current float balance.	<p><u>Best Practice</u> The amount of cash held in petty cash is fully insured.</p> <p><u>Findings</u> The float balance had been amended from £200 to £300 some years ago but the insurance documents cover up to £200 for items in a locked receptacle other than a safe. Whilst the petty</p>	Chief Accountant

	<p>cash tin is usually stored in the safe, full insurance is still required for those occasions when the safe is opened or the tin is not in the safe.</p> <p><u>Risk</u> If the amount insured is insufficient then there is a risk that the Council will not be able to recoup all losses should an insurance claim be needed.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Cover increased in new insurance contract currently out to tender.</p> <p>Management Response: Chief Accountant</p>		October 2008

5. Petty Cash Tin

(Low)

Recommendation	Rationale	Responsibility
<p>The key to the petty cash tin is located separately to the tin itself, perhaps with the main safe keys.</p>	<p><u>Best Practice</u> The key for the petty cash tin is held in a separate location to the tin itself.</p> <p><u>Findings</u> The petty cash tin is kept within the cash office safe but at the time of the audit, so was the key to the tin.</p> <p><u>Risk</u> If petty cash funds are not held securely then funds could be misappropriated and insurance cover may be invalidated leading to adverse financial implications to the Council.</p>	Customer Services Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Customer Services Manager, Capita</p>		Immediate

6. Petty Cash Replenishment Process

(Medium)

Recommendation	Rationale	Responsibility
<p>The request to replenish petty cash should be processed within creditors using a separate control account requiring a single coding and routing to the Revenues & Benefits Client Officer for authorisation. Journal transfers would then be needed to code expenditure to the appropriate departments.</p>	<p><u>Best Practice</u> Appropriate authorisation is obtained when the float balance is replenished.</p> <p><u>Findings</u> Individual claims for petty cash are authorised before they are reimbursed by the cashier. Once the individual vouchers are listed on the claim for replenishment they are checked and authorised by the Revenues & Benefits Client Officer and passed to the creditors section for payment. The current creditors process requires individual authorisation of each of the items comprising the replenishment claim, despite that already having been obtained. This was seen to have</p>	Chief Accountant

	<p>a significant effect on the time processing the request for replenishment and has left the petty cash amount available at £6.95. At the time of the audit two claims from 25/4/08 & 23/5/08 had not been paid.</p> <p><u>Risk</u> If petty cash funds are not replenished promptly then a lack of funds may prevent the reimbursement of claims.</p>	
Management Response		Implementation Date
Recommendation is Agreed		October 2008
Management Response: Chief Accountant		

DOCUMENTARY EVIDENCE

7. Excel Listing of Claims

(Low)

Recommendation	Rationale	Responsibility
<p>The cashier should use Excel to produce a listing of petty cash claims which have all the relevant details and codings required. This sheet would be in the format required for the creditors replenishment claim and include additional details such as the reconciliation checks made to avoid duplication of work.</p>	<p><u>Best Practice</u> A single comprehensive record of petty cash claim details is held and used for reconciliations & replenishment claims.</p> <p><u>Findings</u> The cashier lists individual petty cash claims in a petty cash book with each sheet consecutively numbered. The items listed need to be transferred onto a petty cash voucher when replenishment is required as this voucher has space for the general ledger codes to be listed. This is time consuming and a duplication of work. The Senior Revenues and Benefits Client Officer discussed an alternative process during the audit and Internal Audit fully support this suggestion. At the time of the audit only one sheet remained in the cashier's petty cash book and no further stock was held on site.</p> <p><u>Risk</u> If a single comprehensive record of transactions is not maintained then work is unnecessarily duplicated and delays may occur in replenishing float balances.</p>	Customer Services Manager
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008
Management Response: Customer Services Manager, Capita		

COMPREHENSIVE RECORDS

8. Reimbursed Receipts

(Medium)

Recommendation	Rationale	Responsibility
The cashier should mark each receipt that has been repaid so that it would be clear it cannot be represented for payment at a future date.	<p><u>Best Practice</u> Once repaid, receipts should be cancelled to confirm payment has been made.</p> <p><u>Findings</u> None of the receipts tested during the audit were marked to show they had been repaid. The receipts supporting claims for petty cash to be replenished are filed in lever arch files kept on open shelving within the creditors office so would be available for re-use.</p> <p><u>Risk</u> If receipts are not cancelled or otherwise marked as repaid then they could be used to obtain reimbursement more than once.</p>	Cashier
Management Response		Implementation Date
Recommendation is Agreed		Immediate
Management Response: Customer Services Manager, Capita		

MAINTENANCE OF FLOAT

9. Discrepancy Procedure

(Low)

Recommendation	Rationale	Responsibility
The cash office procedures should include the process to be followed in the case of any discrepancy in the float balance.	<p><u>Best Practice</u> Any discrepancies identified in the float balances should be escalated, independently checked and resolved.</p> <p><u>Findings</u> Although the Senior Cashier knew to escalate any discrepancies this is not included within the cash office procedures. The procedure does state the need for vouchers and entries to be checked for errors but not what to do if errors are found. No discrepancies have been reported.</p> <p><u>Risk</u> If discrepancies in float values are not reported and independently checked there is a risk that monies may have been misappropriated.</p>	Cashier
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008
Management Response: Customer Services Manager, Capita		

TRANSACTIONS

10. Appropriate Use of Petty Cash

(Medium)

Recommendation	Rationale	Responsibility
<p>Expenditure should be reviewed and either the use of petty cash should be more rigidly enforced or the guidance manual amended to reflect current practices.</p>	<p><u>Best Practice</u> Petty cash is used only for minor, approved expenditure in accordance with the Council's Financial Guidance.</p> <p><u>Findings</u> The Finance Guidance Manual states that petty cash should not be used for provision of beverages other than to visitors, entertainment & hospitality, reimbursement of travelling & subsistence, regular purchases and gifts to employees. Testing showed evidence of claims being made for all of these prohibited items. 32.5% of transactions (74 claims) related to catering, refreshments, cups, spoons, coffee etc so would appear to be provision of hospitality. 13 claims (5.7%) were for travel & car park expenses. Whilst regular items such as key cutting were claimed it would be difficult to establish an account with the businesses concerned. Claims were made for chocolates for appraisals and wine for recruitment events. 59 of the 74 catering/refreshment claims separated out Vat but if these claims are for business entertainment then VAT cannot be recovered. 5 transactions were over the stated £15 claim limit. Some of the authorisations did not appear to comply with the guidance manual as the authoriser was not a section head.</p> <p><u>Risk</u> If petty cash transactions are not legitimate and appropriate then funds may be issued inappropriately.</p>	<p>Chief accountant in conjunction with HR</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Chief Accountant to liaise with Head of Finance and HR staff to determine most appropriate course of action.</p> <p>Management Response: Chief Accountant</p>		<p>October 2008</p>

PREVIOUS RECOMMENDATIONS

11. Previous Recommendations

(Medium)

Recommendation	Rationale	Responsibility
<p>The previous recommendations to test the cashiers alarm and to provide RAID training should be implemented.</p>	<p><u>Best Practice</u> Recommendations agreed at the previous audit are still relevant and should be fully implemented.</p> <p><u>Findings</u> Two of the four previous recommendations</p>	<p>Customer Services Manager</p>

	<p>have not been implemented. One required that the alarm is tested for effectiveness and response and the other that RAID training is provided for all staff engaged on cash office duties.</p> <p><u>Risk</u> If the cashiers alarm is not regularly tested then its suitability, should it be required, is not proven hence may prove inadequate. If RAID training is not provided to cashiers then they and other officers may be at personal risk should an incident occur.</p>	
Management Response		Implementation Date
Recommendation is Agreed		31 December 2008
Management Response: Customer Services Manager, Capita		

ANTI FRAUD AND CORRUPTION

12. Pro-active Identification of Fraud and Corruption

(Medium)

Recommendation	Rationale	Responsibility
Processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.	<p><u>Best Practice</u> The chances of fraud and corruption occurring are limited through pro-active management processes being in place. There should be evidence available to confirm that sufficient action to limit occurrences of fraud and corruption has been undertaken.</p> <p><u>Findings</u> Key areas for fraud have not been identified within the business area and there are no formal processes in place to pro-actively identify occurrences of fraud and corruption. The process for formulating risks does not appear to be pro-active.</p> <p><u>Risk</u> If adequate processes are not implemented to pro-actively identify instances of fraud and corruption, there is a risk that sufficient action would not be taken to limit the chance of fraud and corruption occurring which could lead to financial, operational, legal and reputational implications.</p>	Chief Accountant (plus others)
Management Response		Implementation Date
Recommendation is Agreed		31 October 2008
Management Response: Chief Accountant		

9. OUT OF HOURS ARRANGEMENTS 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 11th August 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate policies and procedures have been documented regarding out of hours working arrangements.
 - To ensure that all officers who have responsibilities for out of hours are aware of them and have access to the relevant policies and procedures.
 - To ensure that appropriate staff have been selected for out of hours working arrangements, and that a reasonable staff rota on an ongoing basis is in place.
 - To ensure that adequate records are maintained to register all out of hour's issues and subsequent actions, to ensure the issues are resolved satisfactorily.
 - To ensure that out of hours incidents are dealt with in accordance with the policies and procedures (to include sample testing within service areas), and a management review is in place.
 - To ensure that payments for standby/out of hours visits are accurate and in accordance with authorised schedules.

2. BACKGROUND

- 2.1 South Oxfordshire District Council has chosen to outsource the call handling aspect of their Out of Hours service to Oxford City Council, who they provide with guidance as to how to deal with calls and whom to refer complaints to if deemed necessary. Internal Audit noted that Environmental Services, Housing Services and Facilities Management are the only service areas involved in the Out of Hours arrangements. Both Environmental Services Officers and Housing officers are paid for being on standby to accommodate the out of hour's arrangements, whilst it should be noted that Facilities Management officers are paid an enhanced payment only in the event that they are called to deal with an incident.
- 2.2 The Council's Out of Hours arrangements are supported by 4 Environmental Health Officers, 5 Housing Officers and 4 Facilities Management officers.

3. PREVIOUS AUDIT REPORTS

- 3.1 The Out of Hours arrangements for Building Control was last subject to an internal audit review in February 2002, however the out of hours service has since been suspended for Building Control and therefore has not been reviewed as part of this review.

4. 2008/2009 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Seven recommendations have been raised in this review. One Medium and Six Low.

5. MAIN FINDINGS

5.1 POLICIES AND PROCEDURES

- 5.2 Internal Audit has noted that a number of amendments are required to the content of

the Environmental Services out of hours manual and has advocated that the manual is reviewed as soon as possible. In addition Internal Audit has requested that the Standby and Call Out Policy is reviewed following the review of the Environmental Health Out of Hours arrangements. The Council's out of hours manual should be cross referenced to the Emergency Plan arrangements and officers involved in the out of hours arrangements or based at the call centre should be provided with a copy of the emergency plan to enable them to respond appropriately in the event of an emergency. Three recommendations have been made as a result of the work undertaken in this area.

5.3 **ACCESS TO POLICIES AND PROCEDURES**

5.4 Internal Audit has concluded that procedures and information to assist officers to carry out their duties as part of the out of hour's service are present, however those procedures are in need of review as stated above. Environmental Services should ensure the information relating to the out of hours arrangements is distributed to the relevant personnel including staff operating from the Oxford City call centre. Furthermore the contact name and numbers listing found in the duty officer bags were also found to be in need of review. Internal Audit would also advocate that a definitive listing of all officers involved in the Out of Hours service is created and retained by Human Resources as a source document for all future reviews of the out of hours service. Two recommendations have been made as a result of the work undertaken in this area.

5.5 **STAFF SELECTION**

5.6 The current staffing arrangements to accommodate the provision of the out of hours service is adequate for Facilities Management and Housing Services. Environmental Health are struggling with acquiring sufficient officers to deliver what they consider to be a good service, however it should be noted that officers are flexible and this has contributed to a resilience in the service offered by the out of hours arrangements. It is anticipated that the review of the out of hours service currently being undertaken by the Head of Service should serve to increase the number of officers involved in the out of hours service. No recommendations have been made as a result of the review of this area of work.

5.7 **RECORDS**

5.8 Internal Audit considers that the current recording arrangements for the number of calls received via the out of hours service is adequate, service areas maintain case reports for all calls and calls requiring further involvement will be escalated to management if necessary. Both Environmental Health and Housing Services have mechanisms in place which easily identify when further actions should occur to ensure the issues are resolved satisfactorily. No recommendations have been made as a result of the work undertaken in this area.

5.9 **MANAGEMENT REVIEW**

5.10 The review of case records demonstrated that calls are being dealt with in accordance with the policy and procedures relating to the out of hours service. Internal Audit noted that there is no formal management review process in place but recognised that when necessary issues arising from calls are progressed with the appropriate officers and resolved satisfactorily. Internal Audit would advocate that a review of the out of hours service is undertaken by Housing Services and Environmental Health, with a view to exploring the possibility of a shared service arrangement with Vale of White Horse District Council to facilitate the development of the service within the current financial environment. One recommendation has been made as a result of the work undertaken in this area.

5.11 **STANDBY PAYMENTS**

- 5.12 Internal Audit was able to confirm that claims are submitted for standby payments, checked and authorised by a designated officer and the budgets are adequately controlled by the respective service area managers. However Internal Audit did note that the standby rates payable to officers within Housing Services had not been amended to reflect the annual percentage increase applied to employee salary payments. Internal Audit would advocate the Council adopt a consistent approach to standby and amend the payment to Housing Officers accordingly. One recommendation has been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Out of Hour's Manual

(Low)

Recommendation	Rationale	Responsibility
That the Out of Hours manual is reviewed and updated by Environmental Services following consultation with the relevant service areas to ensure the information is correct and current. Environmental Services should also ensure the Out of Hours manual is distributed to all relevant personnel who are involved in the Council's Out of Hours arrangements.	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit identified a number of discrepancies in the manual, namely the contact names of employees who have left the Council and telephone numbers which are no longer in use.</p> <p><u>Risk</u> Failure to ensure adequate policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	Simon Hill, Environment Officer
Management Response		Implementation Date
Recommendation is Agreed in Principle Env Services: An electronic version will be available. Each Dept will have responsibility for updating their section of the manual. Management Response completed by: Head of Env Services		31 December 2008

2. Standby and Call Out Policy

(Low)

Recommendation	Rationale	Responsibility
That following the review of the Out of Hours arrangements for Environmental Services the standby and call out payments policy is reviewed by Human Resources and amended to ensure the policy reflects the operational	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Environmental Services are undergoing a review of the out of hours service at present which will serve to inform the</p>	HR Manager/Head of Env Services

arrangements.	<p>review the standing and call out payment policy. Internal Audit noted that no date has been set for the review of this policy, which Internal Audit understands is the responsibility of Human Resources.</p> <p><u>Risk</u> Failure to ensure adequate policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed HR will be responsible for reviewing and updating the out of hours policy but the service team EG: Env Services should be responsible for reviewing out of hours arrangements.</p> <p>Management Response completed by: Human Resources Manager</p>		31 Dec 2008

3. Emergency Plan

(Low)

Recommendation	Rationale	Responsibility
That the out of hours manual should be cross referenced to the Council's emergency plan and officers at the call centre should be provided with a copy of the emergency plan to enable them to respond appropriately in the case of an emergency.	<p><u>Best Practice</u> All relevant officers should be provided with a copy of the Emergency plan alongside the out of hours manual to enable them to undertake their duties in accordance with agreed procedures.</p> <p><u>Findings</u> The Emergency Planning officer stated that the emergency plan is the definitive source document for dealing with an emergency in the district. Internal Audit noted that there is no connection made between the out of hours arrangements and the emergency plan. Calls regarding emergencies within the district could be conveyed through the out of hours service, and therefore the information present in the current manual is not sufficiently comprehensive.</p> <p><u>Risk</u> Failure to ensure staff have access to relevant procedures could result in staff not being aware of the appropriate action to take in the event of an emergency.</p>	Diane Moore, Principal Env Health Officer
Management Response		Implementation Date
<p>Recommendation is Agreed Env Services: Out of Hours manual will be appended to the emergency plan and the emergency plan will be made available to the Call Centre.</p> <p>Management response completed by: Head of Env Services</p>		31 December 2008

ACCESS TO POLICIES AND PROCEDURES

4. Duty Officer's Bag

(Low)

Recommendation	Rationale	Responsibility
That the content of the Env Health duty officer's bag is reviewed and updated to ensure the information is correct and available when required. In addition the out of hours contact name and telephone number should be reviewed to reflect current employees.	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit noted the comment made by the Environmental Health duty officer that the documentation in the duty officer bag has not been updated for some time and therefore could benefit from review.</p> <p><u>Risk</u> Failure to ensure adequate procedures and documentation are available to inform staff could result in the staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	Simon Hill, Environment Officer
Management Response		Implementation Date
Recommendation is Agreed		31 October 2008
Management response completed by: Head of Env Services		

5. Out of Hours List

(Low)

Recommendation	Rationale	Responsibility
That a definitive list of officers involved in the out of hours arrangements is created and maintained to accurately reflect employee's contract duties, this listing would be subject to review to ensure the service is adequately resourced and operating as intended.	<p><u>Best Practice</u> A definitive list of out of hour's officers is created to serve as a source document for appraisal and review purposes to ensure the service is adequately resourced and operating in accordance with Council policy.</p> <p><u>Findings</u> There is no definitive listing of officers on standby retained by the Human Resources service area. Both Human Resources and Payroll were asked for a definitive list of officers on standby, but were unable to state categorically the staff involved in the out of hours service. They stated that they would always refer to the service areas for confirmation of such information.</p> <p><u>Risk</u> Responsibilities cannot be covered within service areas if employee's duties are not clearly defined and stated.</p>	Human Resources Manager

Management Response	Implementation Date
Recommendation is Agreed Management Response completed by: HR Manager	31 Dec 2008

MANAGEMENT REVIEW

6. Shared Service Arrangements

(Medium)

Recommendation	Rationale	Responsibility
That an annual review of the out of hours service is undertaken by the Housing Services and Env Health with a view to exploring the possibility of a shared service arrangement with Vale of White Horse District Council for the out of hours service to facilitate the development of the service within the current financial environment.	<p><u>Best Practice</u> Regular reviews could enable service areas to develop the service to incorporate best practice, reduction in cost of service and widen officers knowledge base.</p> <p><u>Findings</u> Both Housing Services and Env Health stated that a routine annual review of the out of hour's service has not historically taken place.</p> <p><u>Risk</u> Cost of the service is disproportional to the available service with insufficient staff being available to respond to out of hours calls.</p>	Head of Env Services
Management Response	Implementation Date	
Recommendation is Agreed Management response completed by: Head of Env Services	Complete review by end of Q2 2009/10	
Recommendation is Agreed in Principal As the recommendation is to explore a shared services with VWHDC, and as it has also been agreed by both Councils to pursue the implementation of a shared corporate management structure, it is suggested that this is progressed when the Head of Housing has been appointed to cover both services. Management response completed by : Head of Housing	Complete review by end of Q2 2009/10	

STANDBY PAYMENTS

7. Standby Payments

(Low)

Recommendation	Rationale	Responsibility
That standby payment should be amended on an annual basis to reflect the annual percentage increase applied to all salary payments.	<p><u>Best Practice</u> Approved standby rates and annual percentage increases should be applied to all officers involved in the Council out of hours arrangements.</p> <p><u>Findings</u> Internal Audit noted that the housing standby rate had not been increased by the rate of the annual percentage rise applied to salaries.</p> <p><u>Risk</u> If payment for standby are not in</p>	Payroll Officer

	accordance with authorised schedules and applied to all officers across the board, then the Council could be criticised of not treating all officers involved in the out of hours arrangements fairly.	
Management Response		Implementation Date
Recommendation is Agreed		31 Dec 2008
Management response completed by: Head of Housing Services		

10. SOLL LEISURE 2008/2009

1. INTRODUCTION

1.1 Final issued on the 27th August 2008.

1.2 The following areas have been covered during the course of this review:

- To ensure that all variation claims for the 3 contracts (DDC, SODC and VWHDC) are valid and supported by adequate documentation;
- To ensure a fair method of apportionment and accurate calculation of central overhead charges by SOLL Leisure between the 3 contracts (DDC, SODC and VWHDC), and that they can be supported by adequate documentation;
- To verify that SOLL Leisure staff costs are allocated across the 3 contracts (DDC, SODC and VWHDC) fairly and accurately;
- To ensure that inappropriate/unauthorised transfer of funds are not made between the 3 contracts (DDC, SODC and VWHDC) contracts by SOLL Leisure;
- To ensure that adequate documentation is in place to support reported financial figures for the 3 contracts (DDC, SODC and VWHDC);
- To ensure that SOLL Leisure have adequate resources in place to effectively administer and execute the contracts.

2. BACKGROUND

2.1 SOLL Leisure is contracted by the Council to administrate and manage its leisure facilities.

A planning meeting was held with the Leisure Facilities Officer for SODC on the 5th June 2008. Issues raised are detailed in the scope above.

3. PREVIOUS AUDIT REPORTS

3.1 This is the first time that SOLL Leisure has been subject to an internal audit review. However a review was undertaken by a representative of the Accountancy team following a request by SOLL Leisure for additional grant funding in 2008/2009.

4. 2008/09 AUDIT ASSURANCE

4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

4.2 Five recommendations have been raised in this review. Three Medium and two Low.

5. MAIN FINDINGS

5.1 Variation Claims

The only variations in respect of the SODC contract have concerned the refurbishment of Henley leisure centre. Staff employed at this site were redeployed to other facilities where there were vacancies, and therefore no additional costs were charged to these centres. Variations for Henley were therefore based on the loss of income due to closure of the centre and the suspension of memberships.

5.2 Variations for Henley were calculated several times to factor in the issues faced by SOLL Leisure and SODC for late start of building works as well as additional costs for the works continuing past initial deadlines. The variation invoices were raised and

sent to SODC to be paid. No recommendations have been made as a result of our work in this area.

5.3 **Central Overhead Charges**

SOLL Leisure maintain a central allocation of overheads spreadsheet, which includes each item of expenditure and apportionment to each centre. Whilst our sample testing confirmed in a number of areas the methodology to be reasonable and supported by documentary evidence, there were some areas such as recruitment costs and hardware and software amounts which were difficult to substantiate to supporting documentation. We also noted the method of allocation for recruitment is based on historical information which is not an accurate method due to the turnover of staff. One recommendation has been made as part of this work our work in this area.

5.4 **Staff Costs**

Internal Audit looked at Abbey Leisure Centre and Castle Leisure Centre and found that the costs are allocated correctly to the individual centres. However, some staff work across both sites which made it difficult to reconcile the payroll reports obtained. Internal Audit also found it difficult to reconcile the staffing lists held on site to those held at Head Office. One recommendation has been made as a result of our work in this area.

5.5 **Inappropriate/Unauthorised Transfer of Funds**

SOLL Leisure has set up different modules within their finance system for each contract it manages. From this review, Internal Audit did not find any evidence of inappropriate transfers of funds.

5.6 There is an existing cross company loan in place where funds from SODC have been used for the SOLL Vale contract. This took place in 2004 and is listed in the 2004/2005 accounts as £373,778. At 2007/2008 this loan is still being repaid and £326,370 is owed. No recommendations have been made as a result of our audit work in this area.

5.7 **Supporting Documentation for Financial Figures**

Internal Audit were provided with reports from the Gladstone system which record the income received at the Centres, copies of the spreadsheets which the Centre Manager completes on a daily basis and the Management Accounts.

5.8 Internal Audit were given the Gladstone Reports for both February and March 2008. For the purpose of this review Internal Audit chose to look at the reports from March 2008, and found that the financial information on each of the documents was the same.

5.9 Internal Audit identified whilst operational performance information is made available to the SODC Leisure Facilities Officer, there is limited information on the financial performance of the contract provided. Meetings undertaken, including discussion over the financial implications arising from variations to contract are also not minuted. Two recommendations have been made as result of our work in this area.

5.10 **Resources**

Internal Audit reviewed the payslips for the Castle Leisure Centre and Abbey Leisure Centre and found that some of the staff are working across both of the sites. However, from our review Internal Audit found that there was no evidence that any member of staff working under the South Oxfordshire District Council contract were working across contracts for other centres.

5.11 Throughout the audit, the Head of Finance was the central person for obtaining all requested information for this review. It was identified that significant reliance is placed on the Head of Finance and there is limited resource/resilience available in the event of the Head of Finance being absent. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

CENTRAL OVERHEAD CHARGES

1. Central Overhead Costs

(Medium)

Recommendation	Rationale	Responsibility
SOLL Leisure should ensure that the allocation of central overhead costs is transparent and that sufficient information is available to justify the apportionment of such costs.	<p><u>Best Practice</u> A methodology and procedure for the apportionment of central overhead costs by expenditure type is documented.</p> <p>Evidence in support of the basis applied as well as actual costs incurred is retained.</p> <p><u>Findings</u> In testing Internal Audit were unable to obtain evidence to support the appropriate apportionment of overhead costs in respect of recruitment, hardware and software and advertising and printing costs.</p> <p><u>Risk</u> Inappropriate and inaccurate central overhead costs could be charged to the centres.</p>	Nicki Kilpin
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Formal document will be compiled detailing the methodology that is applied to apportion central overhead costs to include relevant evidence.</p> <p>Hardware costs are apportioned according to the number of PC's and software costs on the number of licences. Advertising and printing costs are based on the individual centres and their specific facilities and SOLL will review the basis for the allocation of recruitment costs.</p> <p>Management Response: SOLL Leisure</p>		By 31 October 2008

STAFF COSTS

2. Staffing Lists

(Low)

Recommendation	Rationale	Responsibility
SOLL Leisure should ensure that staffing lists maintained at Head Office and the respective Centres are kept up to date.	<p><u>Best Practice</u> Effective processes in place where changes in staffing establishment is communicated and recorded in a timely manner.</p> <p><u>Findings</u></p>	Joan Evans

	Internal Audit found instances whereby staff lists maintained by Centres and Head Office differed from one another. <u>Risk</u> Risk of inaccurate staffing figures being reported to management.	
Management Response		Implementation Date
Recommendation is Agreed SOLL has purchased the Sage HR system and is compiling an implementation plan for this project. Commencing work on this implementation plan by 19 September. Implementation date after 3 months. Management Response: SOLL Leisure		19 December 2008

SUPPORTING DOCUMENTATION FOR FINANCIAL FIGURES

3. Performance Reporting

(Medium)

Recommendation	Rationale	Responsibility
Monthly financial information should be provided to SODC to ensure that they are kept up to date with the financial performance of the contract.	<u>Best Practice</u> SODC receives regular and up to date financial management information providing assurance over the performance of SOLL Leisure. <u>Findings</u> The Leisure Services Officer is not currently provided with any detailed financial management information in respect of SOLL Leisure's contract with SODC. <u>Risk</u> Without regular financial performance information the Council cannot monitor the effectiveness of the contractual arrangements	Paul Bixley
Management Response		Implementation Date
Recommendation is Agreed in Principle It would be helpful if SODC could specify the information required, that is different to that currently provided, and the format. This could then be provided by the Contract Manager on a basis to be agreed. Management Response: SOLL Leisure		Ongoing

4. Meetings Minuted

(Low)

Recommendation	Rationale	Responsibility
Meetings with the Council about variations on contracts or building works should be minuted as evidence of discussions and action points arising.	<u>Best Practice</u> All meetings should be minuted to ensure that all actions are cascaded to the relevant people. <u>Findings</u> Internal Audit obtained copies of emails which the Contract Manager has sent to SODC regarding the Henley Variation meetings and actions taken as a result of	Managing Director to inform SOLL Managers

	<p>the meetings, but no minutes of meetings were obtained.</p> <p><u>Risk</u> If minutes are not taken then there is no formal record of what was discussed and therefore no ownership or responsibility will be admitted and actions not completed.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Prior to each meeting the Manager(s) attending from SOLL will need to agree with the Council officer(s) who will be taking the minutes and when the draft will be circulated eg within 5 working days. SOLL staff to be advised by 1 September.</p> <p>Management Response: SOLL Leisure</p>		1 September 2008

RESOURCES

5. Head Office Resources

(Medium)

Recommendation	Rationale	Responsibility
<p>SOLL Leisure should ensure that there are adequate back up arrangements in place in the event of absence of the Head of Finance</p>	<p><u>Best Practice</u> Adequate resources are in place at Head Office to cope with key staff being off sick.</p> <p><u>Findings</u> There are limited resources at the SOLL Head Office, and the Head of Finance who was very busy dealing with the financial management of the five Companies of the Group, was also having to answer Internal Audit's questions and obtain all supporting documentation.</p> <p>In the event of the Head of Finance absent, Internal Audit were not sure that all key work would be able to be completed.</p> <p><u>Risk</u> Without adequate back up arrangements, there is a risk that important work will not be completed in the event of key staff absence.</p>	Managing Director
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>At the Mazars Audit SOLL delegated the Head of Finance as the single point of contact to ensure clarity and co-ordination of site and company information. SOLL has a small Finance Team, all well trained with ongoing training. Timetables are in-place that specify all areas of work to be completed along with Outlook Task Lists that specify tasks and deadlines for completion. User manuals in-place for systems and many processes are automated along with external software support if required. In the case of a long term absence then additional resources at an appropriate level would be brought in to support the Finance Team.</p>		Ongoing: training and timetables in-place

Management Response: SOLL Leisure	
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11. CONCESSIONARY FARES 2008/2009

1. INTRODUCTION

1.1 Final issued on the 5th September 2008.

1.2 The following areas have been covered during the course of this review:

- To ensure that Agreements are in place for all bus operators the Council makes payment to;
- To ensure that claims are received from the bus operators in accordance with the terms of the Agreement;
- To ensure that invoices received from the bus operators are supported by documentary evidence of journeys made and reimbursement due;
- To ensure that payments made reconcile to the invoices;
- To ensure that all claim/ticket enquiries are raised with the appropriate bus operator, and are investigated and dealt with appropriately.

2. BACKGROUND

2.1 The Council has a statutory duty under the Transport Act 2000 to operate a Concessionary Fares Scheme including a full fare bus pass in order to provide the national concession as defined in the Concessionary Bus Travel Act 2007 (the 2008 scheme). The statutory minimum requirement to all persons aged 60 and over or disabled and applicable to all registered local bus services offers free travel within the boundaries of the District between 9.30am and 11pm weekdays and at all times on Saturday, Sunday and Bank Holidays.

2.2 The Council has also chosen to extend the concessionary fares scheme to includes companions to disabled persons as defined in the Transport Act 2000. In addition the Council has added a discretionary element to their scheme which provides for journeys which start at 9.00am.

3. PREVIOUS AUDIT REPORTS

3.1 Concessionary Fares was last subject to an internal audit review in June 2006 and seven recommendations were raised. Internal Audit noted that a majority of the recommendations related to the issue of bus tokens which is now solely handled and distributed by National Transport Tokens. Due to the significant changes in legislation governing Assisted Travel schemes and its application to the Council's Concessionary Fares scheme Internal Audit has not followed up any previous recommendations made.

4. 2008-2009 AUDIT ASSURANCE

4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

4.2 Three recommendations have been raised in this review. One Medium and Two Low.

5. MAIN FINDINGS

5.1 **Deed of Agreements**

5.2 Internal Audit can confirm that the deed of agreement has been subject to a significant review by Legal Services and is comprehensive and compliant with legislation. Internal Audit also acknowledges that agreements have been issued to the relevant

Bus Operators in a timely manner, however a number of agreements remain unsigned. The Concessionary Fares service area should attempt to obtain signed agreements as soon as possible so all parties involved in the Concessionary Fares Scheme have clarity with regards the terms and conditions relating to the operation of the Concessionary Fares Scheme. One recommendation has been made as a result of the work undertaken in this area.

5.3 Bus Operators Claims

5.4 The Grants Manager and the Concessionary Fares Officer operate a well ordered system for the checking and processing of concessionary fares claims, information is recorded to enable expenditure to be reviewed and reported to the appropriate managers and members. Procedures are comprehensive but would benefit from being dated and version controlled. It is anticipated that the increase in the fees attached to the production of the annual certificate of accuracy may enable the Bus Operators to comply with the requirement to produce an annual certificate of accuracy. The Grants manager is effective in tracking the response to the request for the certificate of accuracy. Internal Audit also noted that the arrangements regarding the distribution of bus tokens by an external contractor are adequate. One recommendation has been made as a result of the work undertaken in this area.

5.5 Reimbursement of Bus Operator Claims

5.6 The delays and problems encountered early on in 2007/08 with the Agresso system have been satisfactorily resolved and Internal Audit found that invoices are now being processed in a timely manner. Internal Audit advocates that those bus operators who are currently unable to provide details of journeys to support their claim should be periodically encouraged to provide such details in accordance with their deed of agreements. One recommendation has been made as a result of the work undertaken in this area.

5.7 Reconciliation of Payments

5.8 Internal Audit can confirm that adequate arrangements are in place to ensure payments are reconciled to the invoices and also to the Council's Agresso financial management system. Expenditure is constantly being monitored by the Grants Manager to ensure it remains within the budget allocation and reported to the appropriate management team. No recommendations have been made as a result of the work undertaken in this area.

5.9 Claim/Ticket Enquiries

5.10 There are no outstanding issues regarding claim/ticket enquiries and all Bus Operators are dully complying with the requirement to submit their claims on the revised claim form. Queries from members of the public are dealt with promptly with a wide range of mechanisms existing for members of the public to contact the Concessionary Fares team. Internal Audit also acknowledges that the team have conducted a consultation exercise on the development of the bus token scheme to gauge the public views on the continuation of the Bus Token provision. No recommendations have been made as a result of the work undertaken in this area.

5.11 Proactive Anti Fraud and Corruption Arrangements

5.12 The Concessionary Fares Team ensure adequate checks are carried out in accordance with published guidelines regarding the issue of bus pass and tokens. The concessionary fares database also alerts officers to possible duplicate applicants. The formation of the Concessionary Fares District Working Group also serves as a forum for discussion on fraud. Internal Audit considers these measures should ensure that the risk of fraud is maintained at a manageable level. Internal Audit also noted that following an audit of Risk Management, the Anti Fraud and Corruption Strategy will

shortly be reviewed, updated and given to all relevant service areas. No recommendations have been made as a result of the work carried out in this area.

OBSERVATIONS AND RECOMMENDATIONS

DEED OF AGREEMENT

1. Deed of Agreement

(Medium)

Recommendation	Rationale	Responsibility
That the Concessionary Fares deed of agreement should be obtained for all bus operators within the Concessionary Fares scheme to ensure clarity with regards the terms and conditions relating to the operation of the Concessionary Fares scheme.	<p><u>Best Practice</u> Deed of Agreements should be signed and in place for all Bus Operators to ensure clarity with regards to the operation of the Concessionary Fares Scheme.</p> <p><u>Findings</u> The Grants Manager stated that five of the thirteen agreements have been signed and returned to Grants Section for retention with eight agreements still outstanding.</p> <p><u>Risk</u> Failure to ensure that the appropriate agreements are in place could result in the Council making payments to bus operators with whom they have not given the necessary approval to deliver a service on their behalf.</p>	Grants Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle The Grants Manager will investigate whether it is legally possible to insist that the Deeds are signed and returned to the Council. It is suspected that it is not enforceable and that once the mandatory scheme is published the bus operators have no choice but to comply with the scheme anyway. The risk mentioned is slightly incorrect in that the council does not need to 'give approval' to bus operators as mentioned.</p> <p>Management Response: Grants Manager</p>		1 December 2008

BUS OPERATOR CLAIMS

2. Procedures

(Low)

Recommendation	Rationale	Responsibility
That procedures for Concessionary Fares are reviewed to incorporate the date procedures are drafted and version number to assist for any further revision to the concessionary fares procedures.	<p><u>Best Practice</u> Procedures should be clearly defined to ensure that reviews and amendments can be carried out in a timely manner to ensure that procedures are always up to date.</p> <p><u>Findings</u> Internal Audit obtained a range of procedures which had been compiled for 2008/09 and noted that procedures were extensive and comprehensive and covered</p>	Grants Manager

	<p>a wide range of activities relating to the Concessionary Fares scheme, however Internal Audit noted that procedures were not dated/version controlled and would advocate the introduction of version control to ensure that the service area can identify when procedures were originally drafted and may be in need of review.</p> <p><u>Risk</u> Failure to ensure procedures governing the concessionary fares claim process are up to date could result in claims not being processed in accordance with the stated terms of the deed of agreement.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Our procedures were fully updated during June and July 2008 and will be regularly reviewed and updated where necessary. We will add the date of review and version number when they are updated.</p> <p>Management response: Grants Manager</p>		1 December 2008

3. Invoices

(Low)

Recommendation	Rationale	Responsibility
<p>That a standard letter should be devised and issued to the Bus Operators on a periodic basis encouraging them to provide details of journeys in support of the Concessionary Fares claims.</p>	<p><u>Best Practice</u> All invoices should be supported by accurate data which also provides an audit trail for all Council expenditure.</p> <p><u>Findings</u> Internal Audit noted that two Bus Operators do not provide details of journeys and Internal Audit is of the opinion the bus operators should be approached on an occasional basis to determine whether the situation has changed to enable them to provide the details of journeys in support of the claim. A standard letter could be devised and issued to the Bus Operators encouraging them to provide these details.</p> <p><u>Risk</u> Failure to ensure invoices are supported by documentary evidence could result in unauthorised Council expenditure and erroneous payments being made.</p>	Grants Manager
Management Response		Implementation Date
<p>Recommendation is Agreed Periodic requests will be made to the two bus operators mentioned to see if their technology has improved. It is hoped that the future introduction of 'Smart' ticketing will remove this problem.</p> <p>Management Response: Grants Manager</p>		1 April 2009

12. CONSULTATION 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 4th September 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure appropriate consultation policies and procedures are in place.
 - To ensure that consultation is undertaken where appropriate.
 - To ensure that any consultation made is adequately documented.
 - To ensure that any changes made as a result of consultation are recorded.
 - To ensure that appropriate assessments are undertaken following any changes to assess the added value.
 - To ensure that an assessment of the financial cost of the consultation is undertaken.

2. BACKGROUND

- 2.1 Effective consultation can provide the opportunity for members of staff, local people and other partners to be involved in and to be able to influence policy making and service delivery. There is an increasing volume of good practice guidance available in relation to the undertaking of consultation exercises.

3. PREVIOUS AUDIT REPORTS

- 3.1 Consultation has not previously been subject to an internal audit review.

4. 2008/2009 AUDIT ASSURANCE

- 4.1 **Limited Assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.
- 4.2 Seventeen recommendations have been raised in this review. Five High, Ten Medium and Two Low.

5. MAIN FINDINGS

- 5.1 **Policies and Procedures**
- 5.2 In the area of policies and procedures, Internal Audit was informed that the Consultation Policy is included within the Community Engagement Strategy which is currently at draft stage. It was identified that there are no Corporate Consultation Procedures in place. Internal Audit considers that Corporate Procedures should be drafted and approved by the Senior Management Team. The Corporate Procedures should then be made available to all members of staff and documented procedures should be produced by all service teams. Five recommendations have been made as a result of our work in this area.
- 5.3 **Appropriate Consultation Undertaken**
- 5.4 As there is no Corporate Consultation Procedures in place, there is no criteria or guidance for members of staff to adhere to in relation to the parties that should be notified during consultation exercises, the techniques and the consultation period to be used. These issues should be addressed during the drafting of the Corporate Procedures and included within the document where appropriate. Three recommendations have been made as a result of our work in this area.

5.5 Consultation Documentation

5.6 There is no corporate register in place to which all consultations made are recorded as each service area undertakes their own consultation exercises. The review also noted that there is no guidance in place to detail the documentation required for each consultation undertaken. These issues should be addressed during the drafting of the Corporate Procedures and included within the document as appropriate. Two recommendations have been made as a result of our work in this area.

5.7 Recording Changes

5.8 There is no guidance in place in relation to the recording of changes made as a result of a consultation exercise being undertaken. Guidance in best practice for consultation exercises suggests that changes should be appropriately documented and adequately recorded. One recommendation has been made as a result of our work in this area.

5.9 Assessment of Added Value

5.10 There is no guidance in place in relation to assessing change and there is no evidence to support that such assessments are undertaken at a corporate level. It is considered good practice to not only assess the outcome and the process of a consultation exercise but also to evaluate the effectiveness of the consultation itself.

5.11 Internal Audit considers that such assessments and evaluations should be undertaken for all consultation exercises and suggests that one officer within each service team of the Council is made responsible for ensuring that this occurs and the requirement is also documented within the Corporate Consultation Procedures. The outcome of the assessments and evaluations should be reported to Senior Management Team on a regular basis and consideration should be given to presenting an annual report to the appropriate Committee. Three recommendations have been made as a result of our work in this area.

5.12 Assessment of Financial Cost

5.13 There is no guidance in place in relation to a financial cost evaluation and there is no evidence to support that such evaluations are undertaken at a corporate level. It is considered good practice to evaluate the costs involved in consultation exercises and share the results within the Council or with similar Local Authorities.

5.14 Internal Audit considers that financial cost evaluations should be undertaken for all consultation exercises and suggests that one officer within each service team of the Council is made responsible for ensuring that this occurs and the requirement is also documented within the Corporate Consultation Procedures. The outcome of the evaluations should be reported to Senior Management Team on a regular basis and consideration should be given to presenting an annual report to the appropriate Committee. Three recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Consultation Procedures

(High)

Recommendation	Rationale	Responsibility
Corporate Consultation Procedures should be produced.	<u>Best Practice</u> There should be organisation-wide standards (Corporate	Corporate Community Engagement Officer / Policy and Community

	<p>Policies/Procedures) in place which should be adhered to.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place. It was ascertained that each service area undertakes their own consultation exercises.</p> <p><u>Risk</u> There is no Corporate guidance in place for members of staff leading to an inconsistent approach being applied.</p>	Engagement Manager
Management Response		Implementation Date
<p>Recommendation is Agreed This is included as an action in the draft Community Engagement Strategy. Management Response: Assistant Chief Executive</p>		1 March 2009

2. Approval of Procedures

(Medium)

Recommendation	Rationale	Responsibility
Once produced and drafted, the Corporate Consultation Procedures should be approved by Senior Management Team.	<p><u>Best Practice</u> Any policies/procedures in place should be approved at an appropriate level.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place.</p> <p><u>Risk</u> There is no Corporate guidance in place for members of staff which could result in an inconsistent approach being applied.</p>	Corporate Community Engagement Officer / Policy and Community Engagement Manager
Management Response		Implementation Date
<p>Recommendation is Agreed Once drafted approval will be sought from Management Team. Management Response: Assistant Chief Executive</p>		1 March 2009

3. Responsible Officer

(Low)

Recommendation	Rationale	Responsibility
An appropriate officer should be assigned responsibility of the Corporate Consultation Procedures to ensure they remain relevant and up to date by regular review.	<p><u>Best Practice</u> All Policy/Procedure documents should be relevant and kept up to date. They should also be subject to regular review.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place.</p> <p><u>Risk</u> Without ownership being allocated, there is a risk that Corporate Procedures will not be regularly</p>	Corporate Community Engagement Officer

	reviewed leading to the document becoming out of date and containing irrelevant information.	
Management Response		Implementation Date
Recommendation is Agreed We will update the procedures as appropriate. Management Response: Assistant Chief Executive		1 March 2009

4. Access to Procedures

(Low)

Recommendation	Rationale	Responsibility
Following the production of the Corporate Consultation Procedures, they are distributed to Officers and made available on the Council's Intranet site.	<p><u>Best Practice</u> All Policy/Procedure documents should be made available to members of staff and should be easily and readily accessible.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place.</p> <p><u>Risk</u> Without being accessible, there is a risk that the Corporate Procedures will not be adhered to leading to inconsistent and un-uniformed approaches being undertaken by members of staff.</p>	Corporate Community Engagement Officer / Policy and Community Engagement Manager
Management Response		Implementation Date
Recommendation is Agreed Compliance of all teams with the new procedures will be fundamental to being able to implement the later recommendations of this audit. We will carry out a programme of education and awareness across all teams and will make documentation available at a central point (either the intranet or general drive – which ever is most accessible). Management Response: Assistant Chief Executive		31 March 2009

5. Service Area Procedures

(Medium)

Recommendation	Rationale	Responsibility
Upon adoption of the Corporate Consultation Procedures, an officer within each service area should produce documented procedures. They should be relevant, comprehensive, up to date and version controlled. Heads of Service should ensure that they are being adhered to by their team.	<p><u>Best Practice</u> There should be organisation-wide standards (Procedures) in place which should be adhered to and each service area should have their own documented procedures in place.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place and it was ascertained that each service area undertakes their own consultation exercises.</p> <p><u>Risk</u> There is no Corporate guidance or local procedures in place for members of staff which could result in an inconsistent approach being applied.</p>	Corporate Community Engagement Officer

Management Response	Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>We agree that there is a need for corporate procedures but we will produce these for use by all teams. Teams will not need to produce their own as this would result in duplication and possibly undermine the corporate approach.</p> <p>Management Response: Assistant Chief Executive</p>	1 April 2009

APPROPRIATE CONSULTATION UNDERTAKEN

6. Appropriate Parties

(Medium)

Recommendation	Rationale	Responsibility
<p>Whilst drafting the Corporate Consultation Procedures, it should be considered how inclusive the proposed consultation process is going to be. The Corporate Consultation Procedures should then detail the outcome.</p>	<p><u>Best Practice</u></p> <p>It is an important part of the Consultation Process to find out the view of an accurate cross section of the population as a whole and different sections of the community, particularly minorities. The process should be included in policy/procedure documents.</p> <p><u>Findings</u></p> <p>There are no Corporate Consultation Procedures in place. There are no defined criteria as to the parties that should be notified in consultation exercises.</p> <p><u>Risk</u></p> <p>An accurate cross section of the population is not being consulted by the Council leading to inaccurate results and limited responses being received.</p>	<p>Corporate Community Engagement Officer / Corporate Projects Officer / Policy & Community Engagement</p>
Management Response	Implementation Date	
<p>Recommendation is Agreed</p> <p>Reaching all groups is a theme in the draft community engagement strategy, and guidance on how to do this will be included in the procedures for all staff.</p> <p>Management Response: Assistant Chief Executive</p>	1 March 2009	

7. Consultation Techniques

(Medium)

Recommendation	Rationale	Responsibility
<p>The most appropriate techniques to be used during the consultation process should be considered and then be included in the Corporate Consultation Procedures.</p>	<p><u>Best Practice</u></p> <p>The techniques used as part of the Consultation Process should compliment the purpose of the exercise and the techniques should be used competently. The process should be included in policy/procedure documents.</p> <p><u>Findings</u></p> <p>There are no Corporate Consultation Procedures in place. There are no defined criteria as to the techniques</p>	<p>Corporate Community Engagement Officer to draft procedures</p> <p>All staff carrying our consultation/heads of service responsible for compliance</p>

	<p>which should be used for consultation exercises.</p> <p><u>Risk</u> Without using appropriate techniques, there is a risk that the results and responses received are not appropriate and do not address the issues raised by the consultation exercise.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Procedures will require all consultations to be entered onto a corporate register and all consultation plans to be signed off corporately. Management Response: Assistant Chief Executive</p>		1 April 2009

8. Consultation Period

(Medium)

Recommendation	Rationale	Responsibility
<p>The consultation period to be used within consultation exercises should be considered as it may differ from one consultation exercise to the next. The Corporate Consultation Procedures should then detail the outcome.</p>	<p><u>Best Practice</u> The consultation period used as part of the Consultation Process should be appropriate to each consultation exercise undertaken. The process should be included in policy documents.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place. There are no defined criteria as to the appropriate consultation period which should be used for each consultation exercise undertaken.</p> <p><u>Risk</u> Without using an appropriate consultation period, there is a risk that consultees are not given enough time to submit their responses leading to inaccurate results being recorded. There is also a risk that an inappropriate consultation period may cause an unnecessary delay in receiving responses from consultees leading to inaccurate results being recorded.</p>	<p>Corporate Community Engagement Officer to draft procedures</p> <p>All staff carrying our consultation/heads of service responsible for compliance</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Requirements will be included within procedures for all staff. Management Response: Assistant Chief Executive</p>		1 March 2009

CONSULTATION DOCUMENTATION

9. Central Register

(High)

Recommendation	Rationale	Responsibility
<p>All consultations made by the Council should be recorded on a Central register.</p>	<p><u>Best Practice</u> It should be possible to identify all consultations undertaken by the Council.</p>	<p>Corporate Community Engagement Officer to introduce register</p>

	<p><u>Findings</u> There is no central register in place which details the consultations undertaken by the Council. Each service area undertakes their own consultation exercises.</p> <p><u>Risk</u> Without being recorded in a central register, there is a risk that some consultations undertaken by the Council are not identified leading to inaccurate and unreliable records being maintained.</p>	All staff carrying our consultation/heads of service responsible for compliance
Management Response		Implementation Date
<p>Recommendation is Agreed We will introduce a corporate register for all consultations and include this within the procedures for all staff. Management Response: Assistant Chief Executive</p>		1 April 2009

10. Adequate Documentation

(Medium)

Recommendation	Rationale	Responsibility
The issue of adequately documenting all consultations undertaken should be addressed and the outcome should then be included in the Corporate Consultation Procedures.	<p><u>Best Practice</u> There should be corporate guidance in place relating to the documentation required for all consultation exercises.</p> <p><u>Findings</u> There are no Corporate Consultation Procedures in place. There are no defined criteria as to the documentation required for consultation exercises.</p> <p><u>Risk</u> Without guidance being in place, there is a risk that adequate documentation is not available for all consultations which could result in results being inaccurate and unreliable.</p>	<p>Corporate Community Engagement Officer to draft procedures</p> <p>All staff carrying our consultation/heads of service responsible for compliance</p>
Management Response		Implementation Date
<p>Recommendation is Agreed The procedures will require documentation to be signed off at relevant stages and stored in a central place (intranet or general drive – whichever is most appropriate). Management Response: Assistant Chief Executive</p>		1 March 2009

RECORDING OF CHANGES

11. Recording of Changes

(High)

Recommendation	Rationale	Responsibility
Any changes made as a result of any consultation exercises should be appropriately documented and adequately recorded. This requirement as	<p><u>Best Practice</u> Any changes made as a result of consultation exercises should be documented and recorded. The process should be included in policy documents.</p> <p><u>Findings</u></p>	<p>Corporate Community Engagement Officer to draft procedures and review form</p> <p>All staff carrying our consultation/heads of</p>

taken from the Audit Commission's guidance on Best Practice should be included in the Corporate Consultation Procedures.	There is no corporate guidance on how changes should be documented and recorded. <u>Risk</u> It would not be possible to inform consultees how their views were taken into account during the consultation exercise if changes cannot be readily identified which is not considered good practice.	service responsible for compliance
Management Response		Implementation Date
Recommendation is Agreed We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process and learning points for future consultations and an assessment of how feedback has informed decision making. Management Response: Assistant Chief Executive		1 March 2009

ASSESSMENTS OF ADDED VALUE

12. Appropriate Assessment

(High)

Recommendation	Rationale	Responsibility
Appropriate assessments should be undertaken following any changes to assess the outcome and the process of the consultation undertaken. The effectiveness of the consultation itself should also be evaluated.	<u>Best Practice</u> Appropriate assessments of the outcome and process of the consultation undertaken should be undertaken. The effectiveness of the consultation should also be evaluated as this is considered good practice by the Audit Commission. <u>Findings</u> There is no corporate guidance in relation to assessing change. There is no evidence in place to support that such assessments are undertaken. <u>Risk</u> It would not be possible to ascertain the effect of any changes made which may result in changes being made that are not effective or comply with good practice.	Corporate Community Engagement Officer to draft review form All staff carrying our consultation/heads of service responsible for compliance
Management Response		Implementation Date
Recommendation is Agreed We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process and learning points for future consultations and an assessment of how feedback has informed decision making. Management Response: Assistant Chief Executive		1 March 2009

13. Assessment and Evaluation Process

(Medium)

Recommendation	Rationale	Responsibility
The assessments of the outcome and process of the consultation and also	<u>Best Practice</u> Guidance should be in place for members of staff to ensure a consistent and	Corporate Community Engagement Officer

the evaluation process should be included in the Corporate Consultation Procedures.	<p>uniformed approach.</p> <p><u>Findings</u> There is no corporate guidance in relation to assessing change.</p> <p><u>Risk</u> Officers would not be aware of the process leading to assessment and evaluation not being undertaken.</p>	to draft procedures
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process and learning points for future consultations and an assessment of how feedback has informed decision making.</p> <p>Management Response: Assistant Chief Executive</p>		1 March 2009

14. Responsible Officer for Assessments

(Medium)

Recommendation	Rationale	Responsibility
<p>Upon approval of the Corporate Consultation Procedures, an officer within each service team is assigned responsibility for ensuring appropriate assessments and effectiveness evaluations are undertaken on all consultations. The results of the evaluation should be reported to SMT on a regular basis. Consideration should be given to submitting an annual report to the appropriate Committee.</p>	<p><u>Best Practice</u> An officer should be assigned responsibility to ensure assessments and evaluations are undertaken on all consultations. Senior management Team should be made aware of the results of these assessments and evaluations.</p> <p><u>Findings</u> Each service area undertakes their own consultation exercises and there is no evidence to support that added value assessments and effectiveness evaluations are undertaken.</p> <p><u>Risk</u> There is a risk that assessments and evaluations will not be undertaken for all consultation exercises leading to Procedures not being adhered to and also non-compliance to good practice guidance.</p>	<p>Corporate Community Engagement Officer to draft report to management team and scrutiny committee</p> <p>All staff carrying our consultation/heads of service responsible for compliance with review form</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process and learning points for future consultations and an assessment of how feedback has informed decision making.</p> <p>Management Response: Assistant Chief Executive</p>		<p>1 April 2009</p> <p>Report to MT/Scrutiny 31 March 2010</p>

ASSESSMENTS OF FINANCIAL COST

15. Financial Assessment

(High)

Recommendation	Rationale	Responsibility
The evaluation process should include an assessment to determine the actual cost of the consultation, both directly and indirectly. The proportion of the cost in relation to the service area should also be identified. The cost should be compared to similar exercises within the Council or similar local authorities. These areas are considered good practice and they should be incorporated into a financial cost evaluation and undertaken at this Council.	<p><u>Best Practice</u> A financial cost evaluation should be undertaken to ensure the cost of the consultation exercise is identified in a consistent way. The results should be compared to similar Local Authorities as this is considered good practice by the Audit Commission.</p> <p><u>Findings</u> There is no guidance in place in relation to a financial cost evaluation and there is no evidence to support that such an evaluation is undertaken.</p> <p><u>Risk</u> It would not be possible to ascertain the cost undertaking consultation exercises which may result in excessive expenditure within this area and it would not be clear if the Council is using its resources effectively.</p>	<p>Corporate Community Engagement Officer to draft review form</p> <p>All staff carrying our consultation/heads of service responsible for compliance</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process and learning points for future consultations and an assessment of how feedback has informed decision making – comparisons can be difficult as no two consultation exercises are the same, but it is possible to make a judgement about cost effectiveness. Management Response: Assistant Chief Executive</p>		1 April 2009

16. Financial Assessment Procedures

(Medium)

Recommendation	Rationale	Responsibility
Once the financial cost evaluation process has been decided it should be included in the Corporate Consultation Procedures.	<p><u>Best Practice</u> Guidance should be in place for members of staff to ensure a consistent and uniformed approach. The process should be included in policy documents.</p> <p><u>Findings</u> There is no corporate guidance in relation to evaluating the financial cost of consultation exercises.</p> <p><u>Risk</u> Officers would not be aware of the process leading to financial cost evaluations not being undertaken.</p>	Corporate Community Engagement Officer
Management Response		Implementation Date
<p>Recommendation is Agreed We will introduce a post consultation review form, linked to the objectives agreed for the consultation at the planning stage – this will include costs of undertaking the consultation, a review of the process</p>		1 March 2009

and learning points for future consultations and an assessment of how feedback has informed decision making. Management Response: Assistant Chief Executive	
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17. Reporting Arrangements

(Medium)

Recommendation	Rationale	Responsibility
Upon approval of the Corporate Consultation Procedures, an officer within each service area is assigned responsibility for ensuring a financial cost evaluation is undertaken on all consultations. The results of the evaluation should be reported to SMT on a regular basis. Consideration should be given to submitting an annual report to the appropriate Committee	<p><u>Best Practice</u> An officer should be assigned responsibility to ensure financial cost evaluations are undertaken on all consultations. Senior management Team should be made aware of the results of such evaluations.</p> <p><u>Findings</u> Each service area undertakes their own consultation exercises and there is no evidence to support that financial cost evaluations are undertaken.</p> <p><u>Risk</u> There is a risk that financial cost evaluations will not be undertaken for all consultation exercises leading to the Policy not being adhered to and also non-compliance to good practice.</p>	<p>Corporate Community Engagement Officer to report to management team and scrutiny committee</p> <p>All staff carrying out consultation/heads of service responsible for compliance</p>
Management Response		Implementation Date
<p>Recommendation is Agreed We already report to Management Team and scrutiny committee annually, but in the past have been unable to carry out an evaluation of cost. The new procedures will enable us to do this. All staff carrying out consultations will need to complete a review form. Management Response: Assistant Chief Executive</p>		<p>1 April 2009 Report to MT/Scrutiny 31 March 2010</p>

13. COMPLAINTS 2008/2009

1. INTRODUCTION

1.1 Final issued on the 10th September 2008.

1.2 The following areas have been covered during the course of this review:

- To ensure there are appropriate policies and procedures in place.
- To ensure an awareness of the complaints process within the Council and by members of the public.
- To ensure all complaints received by the Council are adequately recorded upon receipt and acknowledged.
- To ensure appropriate action is taken to resolve each complaint.
- To ensure a complaints register is maintained with each complaint being detailed from receipt to resolution.
- To ensure the details of all complaints received by the Council are appropriately collated and passed to the relevant Committee.

2. BACKGROUND

2.1 There is a complaints process within the Council. There are a number of stages to this process which are dealt with in house and the final stage is for a complainant to address the Local Government Ombudsman.

3. PREVIOUS AUDIT REPORTS

3.1 The Complaints Process has not previously been subject to an internal audit review.

4. 2008/2009 AUDIT ASSURANCE

4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

4.2 Eleven recommendations have been raised in this review. Six Medium and Five Low.

5. MAIN FINDINGS

5.1 Policies and Procedures

5.2 There is not a Complaints Policy in place, however there is a Complaints Procedure document. This document is comprehensive, describes how the Council aims to deal with complaints and gives clear direction to staff on how to deal with complaints from receipt to resolution. No recommendations have been made as a result of our work in this area.

5.3 Awareness of the Complaints Process

5.4 From the documentation reviewed, Internal Audit considers that both staff and members of the public are suitably informed of the Complaints Process and relevant documentation can be freely accessed. In addition, the Local Government Ombudsman appears to be comfortable with the information relating to the Complaints Process available on the Council's website. No recommendations have been made as a result of our work in this area.

5.5 Recording and Acknowledgement of Complaints

5.6 Internal Audit was informed that the majority of complaints are received by the

individual Service Teams and it is their responsibility to record complaints on the database. A review of the access levels for the Complaints Database identified that appropriate access had not been granted in all cases.

5.7 There is no guidance as to the appropriate timescale for an acknowledgement to be sent. This timescale should be decided and incorporated into the documented procedures. Two recommendations have been made as a result of our work in this area.

5.8 **Resolution of Complaints**

5.9 It was ascertained during the review that the Heads of Service and Strategic Directors have both the experience and expertise to deal with complaints that arise. The Chief Executive does not feel that complaints should be reviewed by an independent officer to ensure appropriate action has been taken. Internal Audit considers that the Heads of Service and Strategic Directors are the most appropriate officers to deal with complaints within their area. See objective 5 – Complaints Register for related recommendation.

5.10 **Complaints Register**

5.11 There is a Complaints Database in place and it is being utilised to record the complaints received by the Council. Testing identified that in some cases complaints are not being recorded upon receipt, the date of an acknowledgement being sent are not being input and the response provided to a complaint are not being detailed on the Database. An issue relating to the automatic numbering of complaints was also identified.

5.12 Internal Audit suggests that consideration should be given to the independent review of complaints to ensure appropriate action has been taken by the relevant Service Team. Consideration should also be given to the introduction of an option being available to Officers at the input stage to consider whether the complaint should go through the Complaints Process or treated as a concern being raised under the Confidential Reporting (Whistleblowing) Policy.

5.13 The functionality of the Complaints Database should be explored to assist in reporting duties, the analysing of results and any ad-hoc requests that may arise. Seven recommendations have been made as a result of our work in this area.

5.14 **Collation of Complaints Details**

5.15 There is a need for the most appropriate reporting and monitoring arrangements to be decided and put in place. Whilst Internal Audit acknowledges that this is a target for the Chief Executive’s PA within appraisal documentation, the reporting and monitoring arrangements should be decided as soon as possible.

5.16 Internal Audit suggests that the Admin Network Group meetings that are currently being held for team administrators are used as a forum for discussing the Complaints Database. Two recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

RECORDING AND ACKNOWLEDGEMENT OF COMPLAINTS

1. Complaints Database Access Levels

(Medium)

Recommendation	Rationale	Responsibility
a) The access granted to the officer	<u>Best Practice</u> Access to the Complaints Database should	Chief Executive’s PA

<p>previously employed within the Environmental Services Team is revoked and granted to another appropriate officer within the team.</p> <p>b) An additional officer within Leisure and Economic Development is granted access and training given where necessary.</p> <p>c) Access is granted to the Head of Housing and training given where necessary.</p>	<p>be restricted to appropriate officers and there should be adequate officers within each service team to input complaints to the database.</p> <p><u>Findings</u> A review of the access levels report obtained from ICT confirmed that an officer no longer employed within the Environmental Services team still has 'user' access to the database. Without this officer there is only one other administrator within the team with access to the database. There is only one administrator within the Leisure and Economic Development Team. The Head of Housing does not have access to the Database.</p> <p><u>Risk</u> Without access levels being granted to appropriate officers within the Council and a limited number of administrators within each service area, there is a risk that complaints are not adequately being recorded leading to the database being inaccurate and non-compliance to documented procedures.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Chief Executive's PA</p>		30 September 2008

2. Acknowledgement Timescales

(Medium)

Recommendation	Rationale	Responsibility
<p>An appropriate timescale for sending acknowledgments is decided and incorporated into the documented procedures.</p>	<p><u>Best Practice</u> Appropriate timescales for each stage of the complaints process should be decided and incorporated into procedure documents.</p> <p><u>Findings</u> There appears to be no guidance in place as to the timescale that the Council considers appropriate between receipt and acknowledgement of a complaint.</p> <p><u>Risk</u> Without guidance being in place, there is a risk that Officers would not be aware of any appropriate timescales leading to a delay in the acknowledgement being sent.</p>	Chief Executive's PA
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Chief Executive's PA</p>		31 October 2008

COMPLAINTS REGISTER

3. Recording of Complaints Received

(Low)

Recommendation	Rationale	Responsibility
Complaints should be recorded upon receipt. Consideration should be given to introducing a control within the database to ensure the receipt date is correct.	<p><u>Best Practice</u> The receipt of a complaint should be accurately recorded on the Complaints Database. The receipt date should be accurate as it is used to calculate the performance of each team.</p> <p><u>Findings</u> Testing identified that one complaint (364) where the input date was out of sequence to the other complaints within the database, suggesting that the receipt date can be manipulated.</p> <p><u>Risk</u> There is a risk that an in accurate receipt date can be entered on the database leading to the performance of the being distorted.</p>	Chief Executive's PA
Management Response		Implementation Date
Recommendation is Agreed in Principle We need to speak to BIS team to check if this is possible within the confines of the current database Management Response: Chief Executive's PA		31 October 2008

4. Recording of Complaints Acknowledged

(Medium)

Recommendation	Rationale	Responsibility
The acknowledgement date of complaints should be input in all cases.	<p><u>Best Practice</u> Procedures state that the acknowledgement date of complaints should be input to the database as they form part of performance targets.</p> <p><u>Findings</u> Testing identified that the acknowledgement date field had not been completed in all cases (361, 364, 367, 370, 373, and 377).</p> <p><u>Risk</u> There is a risk that the acknowledgement date is not recorded on the database leading to non-compliance to procedures and the performance of the team being distorted.</p>	Chief Executive's PA
Management Response		Implementation Date
Recommendation is Agreed in Principle We need to speak to BIS team to check if this is possible within the confines of the current database Management Response: Chief Executive's PA		31 October 2008

5. Recording of Response Details

(Low)

Recommendation	Rationale	Responsibility
<p>The details of the responses provided to complainants should be recorded on the database in all cases.</p>	<p><u>Best Practice</u> Procedures state that officers should enter the date of the response, the type of response and also brief details of the response. This ensures the database contains all details relating to a complaint.</p> <p><u>Findings</u> It was noted during audit testing that the details of the response sent to complainants had not been detailed on the 'Stage on complaint - Head of Service' screen in all cases (355, 358).</p> <p><u>Risk</u> There is a risk that the details of the response are not recorded on the database leading to non-compliance to procedures and incomplete records.</p>	<p>N/A</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Not Agreed Every complaint recorded on the database is linked to an images file that contains copies of all correspondence relating to that complaint; this function was not available when the procedure was first introduced. We will therefore amend the procedure to reflect this, which will negate the requirement to record details of the complaint on the database. Management Response: Chief Executive's PA</p>		<p>N/A</p>

6. Numbering of Complaints

(Medium)

Recommendation	Rationale	Responsibility
<p>The issue of missing complaint reference numbers should be investigated.</p>	<p><u>Best Practice</u> Procedures state that a sequential number will be generated by the database and this numbering provides an appropriate audit trail.</p> <p><u>Findings</u> Testing identified instances where complaint reference numbers have been omitted and the reference cannot be traced. Examples being complaints references 363 and 376, they do not appear on the database (even as a blank or cancelled entry). The Chief Executive's PA informed Internal Audit that she thought she was the only officer who could delete records.</p> <p><u>Risk</u> There is a risk that the database is not operating how it should be in accordance with procedures which could lead to complaints being inappropriately being</p>	<p>Chief Executive's PA</p>

	deleted from the database.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008

7. Justified Complaints

(Low)

Recommendation	Rationale	Responsibility
Consideration should be given to the independent review of all cases where the complaint is justified to ensure appropriate changes have been made within the service team to address the complaint and prevent further complaints being made.	<p><u>Best Practice</u> Council processes and procedures should be revised when justified complaints are received.</p> <p><u>Findings</u> Whilst undertaking the audit testing, Internal Audit noted that there is a field relating to whether the complaint is justified and it appears that no further action is taken relating to any changes made to processes and procedures.</p> <p><u>Risk</u> There is a risk that justified complaints received by the Council are not being reviewed which could lead to potential changes to processes and procedures not being made.</p>	N/A
Management Response		Implementation Date
Recommendation is Not Agreed This would involve additional work, for which no resources have been identified. Management Response: Chief Executive's PA		N/A

8. Whistleblowing Policy

(Low)

Recommendation	Rationale	Responsibility
Consideration should be given to the introduction of an option being available to Officers at the receipt/input stage to consider whether the complaint should go through the Complaints Process or treated as a concern being raised under the 'Confidential Reporting (Whistleblowing) Policy.'	<p><u>Best Practice</u> Officers should be aware of the Whistleblowing Policy when inputting the details of complaints received by the Council.</p> <p><u>Findings</u> There is a 'Confidential Reporting (Whistleblowing) Policy' in place at the Council. Amongst other issues, this Policy is in place to 'provide avenues for you to raise concerns and receive feedback on any action taken' also 'to allow you to take the matter further if you are dissatisfied with the Council's response'. There are similarities between the Whistleblowing Policy and the Complaints Process, and in some cases it may be difficult for an Officer of the Council to differentiate between a complaint and a concern being raised under the Whistleblowing Policy.</p>	Chief Executive's PA

	<p><u>Risk</u> There is a risk that complaints received by the Council are not being considered by Officers in relation to the Complaints Process and the Whistleblowing Policy which could result in complaints being inappropriately dealt with.</p>	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008

9. Reports from the Complaints Database

(Medium)

Recommendation	Rationale	Responsibility
Consideration should be given to exploring the functionality of the database to assist in reporting duties, analysing results and any ad-hoc requests that may arise.	<p><u>Best Practice</u> Officers should be able to extract relevant information from the database to assist in their duties.</p> <p><u>Findings</u> Whilst Internal Audit acknowledges that a report is in place to be used as a monitoring report to detail the progress being made by each of the service team, more detailed reports should be available from the database. It should be possible to choose the criteria to be included in a report, for example all complaints entered on the database during the period 1/4/08 to 18/8/08 by a specific team or on a specific day.</p> <p><u>Risk</u> There is a risk that officers will not be able to extract the required information to perform their duties leading to the non-reporting of performance to the Senior Management Team.</p>	Chief Executive's PA
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008

COLLATION OF COMPLAINTS DETAILS

10. Appropriate Reporting Arrangements

(Medium)

Recommendation	Rationale	Responsibility
As detailed within the targets of the Chief Executive's PA's appraisal, it should be decided on the most appropriate monitoring and reporting arrangements to be put in place.	<p><u>Best Practice</u> Procedures state that the Chief Executive's PA monitors the complaints database and produces a monthly report on complaints resolution for the management team. Management team also receives a quarterly report that shows an analysis of all complaints received within the quarter and identifies any trends.</p>	Chief Executive's PA

	<p><u>Findings</u> It was ascertained that within the Chief Executive's PA's appraisal documentation and targets, actions are required to 'come forward with proposals for monitoring and reporting, i.e. what to report, who to report to and how frequently'. Internal Audit considers that this target is appropriate to the Chief Executive's PA and the actions required should be undertaken as soon as possible.</p> <p><u>Risk</u> There is a risk that the reports are not being produced leading to management team not being made aware of the performance of the Council in relation to the Complaints Process and also they would not being aware of any trends.</p>	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008

11. Admin Network Group

(Low)

Recommendation	Rationale	Responsibility
The Admin Network Group meetings currently being held are used to report to the service team administrators on their performance, to suggest any specific improvements that are required i.e. non-compliance to procedures. The information extracted from the Database by the Chief Executive's PA should be utilised to support this process.	<p><u>Best Practice</u> There should be regular meetings by the 'administrators' of the complaints database to discuss issues and also for the Chief Executive's PA to provide feedback on performance and any specific improvements required.</p> <p><u>Findings</u> An Admin Network Group is held for key administrators and the complaints database is regularly discussed. There is no other meeting in which administrators of the Complaints Database attend.</p> <p><u>Risk</u> Without regular meetings being held to include administrators of the Complaints Database, there is a risk that users are not aware of their individual teams performance leading to limited awareness of any improvements required.</p>	Chief Executive's PA
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 December 2008