

Audit and Corporate Governance Committee Report

Report of Audit Manager

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To: Audit and Corporate Governance Committee

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AGENDA ITEM NO 6

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 audits have been completed:

Planned Audits

Full Assurance: 0

Satisfactory Assurance: 7

Limited Assurance: 3

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. NNDR	Satisfactory	7	0	N/A	3	3	4	4
2. Budgetary Control	Satisfactory	7	0	N/A	1	1	6	6
3. Anti-Fraud & Corruption	Limited	11	4	4	5	5	2	2

Arrangements								
4. Creditor Payments	Limited	22	3	3	11	11	8	8
5. General Ledger	Limited	17	1	1	7	7	9	9
6. Council Tax	Satisfactory	8	1	1	4	4	3	3
7. Capital Accounting	Satisfactory	6	0	N/A	5	5	1	1
8. Academy	Satisfactory	7	0	N/A	5	5	2	1
9. Freedom of Information	Satisfactory	2	0	N/A	1	1	1	1
10. Stock Control	Satisfactory	12	0	N/A	6	6	6	6

Unplanned Audits

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
11. Focus Group Cash Payments	Limited	7	4	4	2	2	1	1

Follow Up Reviews

	Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
12. Dog Control	Limited	9	6	1	2	0
13. Housing Development	Satisfactory	4	2	0	2	1
14. Officers Travel and Subsistence	Satisfactory	9	5	1	3	0
15. Petty Cash	Satisfactory	12	4	3	5	0
16. Complaints	Satisfactory	9	3	2	4	0
17. Consultation	Limited	17	0	17	0	0

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.

1. NNDR 2008/2009

1. INTRODUCTION

- 1.1 Final issued 27th January 2009. The fieldwork for this audit was undertaken during November and December 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that the NNDR system has been promptly updated with amendments to valuations and that records have been updated to record new properties and amendments to existing properties;
 - To ensure that inspections are taking place as required and liaison with other service areas such as Planning and Building Control are adequate to inform the NNDR system;
 - To ensure that recovery procedures are carried out in accordance with the Council Debt Recovery strategy and that the debt chasing arrangements are adequate;
 - To ensure that there is documentary evidence to support both payment and refund transactions and also that the transactions are legitimate;
 - To ensure that write offs are undertaken in accordance with Council policy;
 - To ensure that credit balances are reviewed regularly and appropriate action is undertaken.

2. BACKGROUND

- 2.1 The Council is a Billing Authority for NNDR (business rates) purposes and is responsible for working out NNDR bills, giving any relief that may be due and collecting the money. The process for the capture of Business Rates is administered by Capita from offices located in Bromley, with two void inspectors employed to carry out inspections locally over both South Oxfordshire District Council and the Vale of White Horse District Council. Business rates collected are remitted to the "National Pool", a central account held by the Department of Communities and Local Government (DCLG) and then redistributed back to local authorities as part of the local government finance settlement.
- 2.2 The Council is required to monitor performance in respect of the percentage of business rates collected; Internal Audit noted the collection rates for NNDR for 2007/2008 were 99.36 for which officers should be commended.

3. PREVIOUS AUDIT REPORTS

- 3.1 NNDR was last subject to an internal audit review in March 2008 and nine recommendations were raised and a satisfactory opinion was

issued.

- 3.2 Internal Audit has concluded that of the nine recommendations, six recommendations have been fully implemented. One recommendation was partially implemented, and this recommendation related to the review of guidance notes and application forms and has not been achieved due to other work priorities. One recommendation is considered by Internal Audit to be ongoing with the remaining recommendation classified as not agreed. Internal Audit is satisfied that the recommendations have been reviewed appropriately and a satisfactory conclusion has been recorded.

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. Three Medium risk and four Low risk.

5. MAIN FINDINGS

5.1 Valuations and Updating NNDR Records

- 5.2 Internal Audit acknowledges that procedures regarding Valuations have now been fully documented. A review of the arrangements regarding valuation changes was undertaken by Internal Audit on a site visit to Bromley on 6 August 2008. The testing on that occasion and further testing undertaken as part of this audit confirmed that reconciliation is undertaken promptly. Assurance is provided to the Revenues and Benefits Client team that quarterly reconciliation exercises are carried out, from information retained on the Academy system to that provided by the Valuation Office. No recommendations have been made as a result of the work undertaken in this area.

5.3 Inspections

- 5.4 Internal Audit has concluded that the void inspections are carried out in a timely manner, and system records are supported with documentation to confirm the occupation status of a property. Regular reviews of system documentation are carried out by the inspectors. However, Internal Audit considers that greater detail should be recorded after inspections together with revisions to the registration/application form. Internal Audit fully supports the development of the inspection role to alert ratepayers to small business rate relief when appropriate. Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.5 **Recovery Procedures**

5.6 Internal Audit considers that the arrangements regarding the recovery processes are robust. However, Internal Audit is of the opinion that NNDR customer comments should be recorded in a consistent manner with a greater level of detail, and that accounts placed on hold should be reviewed in a timely manner. Internal Audit fully support Capita's proactive arrangements undertaken by the void inspectors to engage with non payers, and would advocate that this process be reviewed to ascertain how effective the process has been and whether a timetable should be introduced to carry out future exercises of this nature. Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.7 **Payment/Refund Transactions**

5.8 Internal Audit noted that full reconciliations are not taking place between the Academy and Agresso system. Internal Audit is aware that Capita, the client team and Accountancy are currently in discussion to resolve this issue. A related recommendation has been made as part of the Agresso audit and this area will be followed up in 6 months time to ensure that reconciliations are taking place. Internal Audit noted that £195,629.96 is currently located in the NNDR suspense account. Internal Audit is of the opinion that a designated member of Accountancy should be allocated alongside a Capita member of staff with the responsibility for clearing the NNDR suspense account. One recommendation has been made as a result of the work undertaken in this area.

5.9 **Write Offs**

5.10 Internal Audit noted that write off's have not been undertaken in 2008/2009, although two cases (£4987.85) as noted on the Academy system have been prepared for write off. A further 62 cases with a value of £281,154.55 were highlighted as pending write off. Internal Audit considers that these cases should be reviewed as a matter of urgency to consider their validity for write off and submitted to the Client team for approval. The arrangement regarding write offs is considered to be adequate. Two recommendations have been made as a result of the review of this area.

5.11 **Credit Balances**

5.12 Internal Audit is satisfied that the arrangements relating to the review of credit balances are adequate. The controls regarding the identification of credit balances appears to be working effectively and the client team pre authorisation checking procedures are robust. No recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

INSPECTIONS

1. Inspection Records

(Low Risk)

Recommendation	Rationale	Responsibility
<p>That greater detail is recorded on the inspection card to ensure clarity with regards to the status and liability of the business rates premises. Furthermore consideration should be given to whether notes attached to a property can be printed on the inspection card to assist the Void inspectors with inspections</p>	<p><u>Best Practice</u> Regular inspections occur with adequate written commentary to support amendments to the database, maintaining the integrity of the NNDR system records.</p> <p><u>Findings</u> Internal Audit noted that very little detail had been recorded on the documentation (inspection card), the information recorded in some cases did not state that an inspection had occurred. It may be useful for the most recent notes to be copied to the EDMS for inclusion on the inspection documentation to assist with informing the void inspectors of the history of an account which has a bearing on the inspection.</p> <p><u>Risk</u> Failure to ensure inspections are carried out on a regular basis which results in amendments to the database could undermine the integrity of the NNDR system.</p>	<p>Property Inspectors and Revenues Manager (Capita)</p>
Management Response		Implementation Date
<p>Recommendation is: Agreed Clearer detail will be recorded by the Property Inspector where necessary to help provide further clarity should any query arise. In addition, the inspectors will familiarise themselves with their allocated visits for that day and cross-check with the database (Academy) to establish any developments/notes.</p> <p>Management Response: Revenues Manager</p>		<p>January 2009</p>

2. Registration Form

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The registration / application form is reviewed to incorporate reference to the small business rate relief to alert the ratepayer at the earliest opportunity. Consideration should also be given to the provision of pre paid self addressed envelopes to</p>	<p><u>Best Practice</u> Prompt inspections, accurate registration and assessment for relief determine liability for billing purposes which supports the billing and recovery processes.</p> <p><u>Findings</u> Internal Audit reviewed the registration form and noted no reference to small business rate relief, furthermore the void inspector stated that he has had occasion</p>	<p>Business Rates Manager (Capita) and Revenues Manager (Capita)</p>

encourage ratepayers to return the registration form promptly without incurring any expense.	to discuss with some ratepayers their eligibility for small business rate relief. <u>Risk</u> Exemptions and relief may not be applied to the NNDR accounts in accordance with legislation and/or in a timely manner.	
Management Response		Implementation Date
Recommendation is: Agreed in Principle Capita will review the registration/application form. Consideration will also be given to the use of pre-paid return envelopes; however, cost implications will also need to be considered. Management Response: Revenues Manager		June 2009

RECOVERY PROCEDURES

3. Account Suppression

(Low Risk)

Recommendation	Rationale	Responsibility
Information with regards to account suppressions is recorded in a consistent manner with a greater level of detail, stating review intervals to demonstrate that reviews are taking place when required. In addition the Academy system records should be cross referenced to the EDMS records in order to ensure that the NNDR account history is clear and concise and provides an adequate audit trail of activities.	<u>Best Practice</u> Records are updated with adequate information to support account suppressions to ensure when appropriate that recovery actions can be initiated in accordance with the Council's recovery policy. <u>Findings</u> Internal Audit has concluded from the compliance testing of account suppressions that information is not always being recorded in a consistent manner, stating review intervals and may benefit from a greater level of detail. The Academy system records are not consistently being cross referenced to the EDMS system records in order to ensure that NNDR account history is clear, concise and can be followed easily by the Client team when appropriate. <u>Risk</u> Failure to ensure records are updated to record recovery actions could result in debts not being chased in accordance with the Debt Recovery Strategy and delays in the receipt of income.	Business Rates Manager (Capita)
Management Response		Implementation Date
Recommendation is: Agreed All staff will be reminded to clearly notepad reasons for applying any suppression and also keep a record (notepad) of any subsequent updates.		February 2009

Management Response: Business Rates Manager (Capita)	
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4. Inspection Visits

(Low Risk)

Recommendation	Rationale	Responsibility
Capita should undertake an analysis of the response to the site visit to NNDR non payers to ascertain how effective the process has been. Consideration should also be given to adopting a timetable to undertake visits to NNDR non payers to encourage regular payments.	<p><u>Best Practice</u> Regular visits to NNDR non payers is undertaken to encourage regular commitment to paying their NNDR account.</p> <p><u>Findings</u> Capita has instigated visits to business rates non payers as a one-off exercise but has yet to evaluate what benefits have been gained from the process. Visits were undertaken by the Void inspectors who commented that they thought the exercise had been very productive and useful as a relationship building/income generation exercise.</p> <p><u>Risk</u> Without prompt inspections, the status of properties may have changed and the Council could be losing income or billing an incorrect amount.</p>	NNDR Management team (Capita) & Senior Client Officer (SODC)
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Capita will discuss this additional work with the council's client team & consideration will be given in carrying out a similar exercise before the end of the 2008/2009 financial year.</p> <p>Management Response: Revenues Manager</p>		31 March 2009

PAYMENT/REFUND TRANSACTIONS

5. Responsibility for Reconciliation

(Medium Risk)

Recommendation	Rationale	Responsibility
That a designated member of Accountancy should be allocated the responsibility for clearing the NNDR suspense account in conjunction with a Capita member of staff.	<p><u>Best Practice</u> Regular reviews of the suspense account take place to ensure payments are allocated swiftly and furthermore management intervene if the suspense balance is considered to be excessive.</p> <p><u>Findings</u></p>	Business Rates Manager (Capita)

	<p>The value of the items in the NNDR suspense account amounted to £195,629.96. Items in suspense are noted by Accountancy but the responsibility for clearing suspense lies with Capita staff at present. Internal Audit acknowledges that a significant number of items currently in suspense relate to the Cornerstone project and could easily be allocated to the correct accounts.</p> <p><u>Risk</u> Payments are not allocated to the right accounts or incorrectly allocated to the wrong accounts leading to incorrect records and late payment reminders being sent to the wrong ratepayers.</p>	
Management Response	Implementation Date	
<p>Recommendation is Agreed</p> <p>A number of items sitting in suspense are pre Academy conversion and/or pre Capita and are proving extremely difficult to trace the "home" account. Capita have been requesting remittance advices from Marina Baker to help trace these items but the majority of items left (with the exception of Jan 09 items) cannot currently be identified.</p> <p>The balance in suspense is currently £120,000 of which £113,000 relates to a dividend payment for Leyland Daf going back to 2002. The rating periods 1990/1991 to 1999/2000 was not converted to the Academy NNDR software so this sum needs to be transferred to an alterative account.</p> <p>The Cornerstone payments have now been resolved and all monies received quoting either 5824552 or 5831474 are transferred to Fund 04 for the Didcot Art Centre. This is done on a daily basis so such items will be kept to a minimum level.</p> <p>Management Response: Business Rates Manager (Capita)</p>	Ongoing	

WRITE OFFS

6. Write Off Approval

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>That the two write off cases already prepared for write off and identified by Internal Audit are written off as soon as possible.</p>	<p><u>Best Practice</u> Debts that are not pursuable should be written off promptly so the appropriate focus can be directed to debts which are pursuable.</p> <p><u>Findings</u> Internal Audit reviewed the EDMS system for possible write off cases and noted that only two cases were recorded with the necessary</p>	Business Rates Manager (Capita)

	<p>supporting documentation which were ready for write off. This information has yet to be sent through to the client team for approval and/or action.</p> <p><u>Risk</u> The level of debtors is misrepresented in the financial accounts leading to confusion about the level of bad debt provision to be made.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Although recommended for write off, a further check with SBI – Tracing agents is necessary before submission.</p> <p>Management Response: Business Rates Manager (Capita)</p>		February 2009

7. Write Offs Pending**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>That cases highlighted as write off pending, are reviewed with a view to completing the necessary written documentation for submission to the Client team for approval and action.</p>	<p><u>Best Practice</u> NNDR debts are identified and written off promptly to ensure an accurate assessment of NNDR debts can be reviewed by management to decide on the appropriate course of action.</p> <p><u>Findings</u> Internal Audit noted 62 cases with a total value of £281,154.55. 13 cases related to write off where the value exceeded £5001, these cases required approval from a cabinet member and the value of these cases is £209,251.81 Internal Audit reviewed three of the above cases and considered them all to be valid cases for write off.</p> <p><u>Risk</u> Resources are deployed chasing debts that are uneconomical to pursue allowing other debts to accumulate that might otherwise be collected.</p>	Business Rates Manager (Capita)
Management Response		Implementation Date
<p>Recommendation is Agreed A batch will be prepared during February 2009 and thereafter monthly. However, personal debt submissions could be delayed slightly as we may require further tracing work to be carried out – SBI. SBI turn-around times with dealing with tracing requests should be 4 weeks.</p> <p>Management Response: Business Rates Manager (Capita)</p>		February 2009

2. BUDGETARY CONTROL 2008/2009

1. INTRODUCTION

- 1.1 Final Issued 25th February 2009. the fieldwork for this audit was undertaken during October and November 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure there is a documented timetable, procedure and process which relates to the Budget Setting process;
 - To ensure that documented procedures exist for the budget monitoring function;
 - To ensure that adequate training has been given to budget holders to enable them to carry out their budgetary control responsibilities;
 - To ensure that adequate arrangements are in place to investigate and resolve any variances;
 - To ensure that adequate governance arrangements exist to report issues to senior management and members if appropriate;
 - To ensure that the commitment accounting arrangements are being fully utilised to inform the budgetary control process.

2. BACKGROUND

- 2.1 The Ridgeway Shared Service Head of Finance is the Section 151 officer for the Council, and as such is responsible for the administration of the financial affairs of the Council. A key element of the administration of the financial affairs falls to the Accountancy section which is part of the Ridgeway Shared Service Partnership with the Vale of White Horse District Council. The section is comprised of a Chief Accountant, 1 Principal Technical Accountant, 2 Principal Accountants, 4 Accountants and 2 Technical Finance Officers.
- 2.2 Financial Regulations are the rules that govern the financial administration of the Council, and the responsibilities of those charged with carrying out duties with financial implications. Good budgetary control ensures revenue budgets are used for their intended purpose and are properly accounted for. Budgetary control should also be a continuous process which enables service areas to adjust their budgets during the financial year. It should also provide the mechanism that calls to account managers responsible for defined elements of the budget.

3. PREVIOUS AUDIT REPORTS

- 3.1 Budgetary Control was last subject to an internal audit review in March 2008. 10 recommendations were raised and a satisfactory opinion was issued.
- 3.2 Internal Audit noted from a review of the previous audit

recommendations that seven recommendations have been fully implemented, two recommendations have been superseded and one recommendation has been reinstated as part of this audit.

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 risk and Six Low risk.

5. MAIN FINDINGS

5.1 Budget Setting

- 5.2 Information regarding the timetable, procedures and processes regarding the budget setting arrangements are adequate and well communicated to budget holders. The budget setting arrangements are reviewed annually for effectiveness; however it is anticipated that the arrangements could be subject to change under the shared management structure. Internal Audit would advocate the budget book is produced and distributed in a timely manner, alongside the service areas budget being loaded onto the Agresso financial management system. This will facilitate prompt and effective budget monitoring. One recommendation has been made as a result of the work undertaken in this area.

5.3 Budget Monitoring

- 5.4 Documented procedures exist for the budget monitoring function, which are clear and specify a reporting timetable to escalate issues arising from the budget monitoring arrangements. Budget holders are developing their skills in budget monitoring, however Internal Audit recognises that budget monitoring has only recently become established since the introduction of Agresso. Significant progress has been made in the reporting arrangements since the last audit took place. Internal Audit considers that further assistance, guidance and clarity is required to ensure budget monitoring is fully effective. One recommendation as a result of the work undertaken in this area.

5.5 Training

- 5.6 Internal Audit has identified that further training is required; together with access to adequate training notes to enable budget holders to extract the relevant report themselves. Budget holders have requested

assistance in developing their budget monitoring skills to include better profiling, an improved coding structure and the appointment of one designated accountant for those budget holders operating within the Council's shared service arrangements. Four recommendations as a result of the work undertaken in this area.

5.7 Variances

5.8 Internal Audit has concluded from the review of variances that adequate arrangements exist to investigate and resolve variances and budget holders are compliant with these arrangements. However significant underspends have occurred over the past two years, and Internal Audit would advocate that Accountancy should assist service areas with the development of budget profiling to ascertain whether benefits can be derived for the budget monitoring process. A related recommendation has been made under the section headed Training.

5.9 Governance Arrangements

5.10 Internal Audit has concluded that adequate governance arrangements exist to report issues to both the senior management team and Cabinet members if required. Regular reports are produced arising from the budget monitoring process, enabling those with the responsibility for the financial administration of Council budgets to be well versed to make informed decisions regarding the delivery of services. No recommendations have been made as a result of the work undertaken in this area.

5.11 Commitment Accounting

5.12 Internal Audit noted conflicting information regarding the use of purchase orders from the Agresso system and the respective service areas. Internal Audit has concluded that there is scope to improve and maximise the use of purchase order coverage, and this has been recommended as part of the 2008/2009 internal audit review of Creditors. No further recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

PREVIOUS AUDIT RECOMMENDATIONS

1. Financial Guidance Manual

(Low Risk)

Recommendation	Rationale	Responsibility
The Financial Guidance Manual is to be updated to reflect the current process within Accountancy. In addition, the amended	<u>Best Practice</u> Financial Guidance Manual should be up to date and reflect the current process. The most recent document should be available to employees.	Chief Accountant

document should replace the previous version on the Intranet.	<p><u>Findings</u> Financial Guidance manual requires updating as it includes reference to "Liberata" and also a member of staff who no longer works for the Council.</p> <p><u>Risk</u> Without up to date procedures/guidance, employees may not be aware of their responsibilities and points of contact.</p>	
Management Response		Implementation Date
Recommendation is Agreed		30 September 2009
Management Response: Chief Accountant		

BUDGET SETTING

2. Budget Book

(Medium Risk)

Recommendation	Rationale	Responsibility
Accountancy should ensure that the budget book is produced and distributed in a timely manner. Furthermore, service area budgets should be loaded onto the Agresso financial management system at the earliest opportunity to facilitate prompt and effective budget monitoring.	<p><u>Best Practice</u> The budget book should be published in a timely manner and budgets should be loaded onto the Agresso system promptly to facilitate accurate budget monitoring.</p> <p><u>Findings</u> Officers felt that they were not well informed regarding the delay in loading the budget onto the Agresso system. The late production of the budget book and the budget monitoring reports (Sept 2008) has impacted on the capacity for budget holders to deliver effective budget monitoring.</p> <p><u>Risk</u> Without the appropriate timetable and procedures to deliver budgetary control, staff would have a lack of direction with regards to effective budget management and this could leave the Council open to excessive over and under expenditure of budgets.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed The need for timely loading of the budgets onto Agresso, and for timely publication of the budget book is agreed. However there will be considerable changes required to the budgets for 2009/10 following the management restructure, which may delay these tasks. If they are		31 July 2009

<p>delayed significantly then production of the statement of accounts will have to take precedence. Whilst officers will make every effort to ensure these tasks can be completed by the end of May, the implementation date reflects the potential difficulties that may be faced in undertaking these tasks.</p> <p>Management Response: Chief Accountant</p>	
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BUDGET MONITORING

3. Guidance Notes

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Accountancy guidance notes and procedures are updated to reflect current processes with additional guidance for all heads of service. Budget holders should be reminded of the importance of their budget monitoring responsibilities, be proactive in extracting all reports relating to the budget monitoring function and encouraged to review future budgets for sustainability and fit for the future criteria.</p>	<p><u>Best Practice</u> Guidance Manual should be up to date and reflect the current process. The most recent document should be available to employees.</p> <p><u>Findings</u> Much of the guidance given is verbal and delivered through the monthly meetings between the accountant and service area budget holder.</p> <p><u>Risk</u> Without up to date procedures/guidance, employees may not be aware of their responsibilities and points of contact. Expenditure cannot be monitored against the budget which would make it difficult for staff to ascertain the current position in respect of income and expenditure or monitor budgets accurately.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Appropriate guidance on budget monitoring for budget holders and heads of service will be issued in advance of the first major budget monitoring cycle of the 2009/10 financial year.</p> <p>Management Response: Chief Accountant</p>		30 June 2009

TRAINING

4. Training Notes

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Training notes arising from the Agresso training workshop are reviewed to incorporate changes since their introduction and placed on the Council intranet to ensure officers have the appropriate access to the</p>	<p><u>Best Practice</u> Training notes should be reviewed to ensure they are up to date and reflect the current process. The most recent document should be available to employees.</p> <p><u>Findings</u> Internal Audit noted that a limited amount</p>	Chief Accountant

most up to date work instructions.	of training notes relating to the Agresso system could be found on the Council intranet system. <u>Risk</u> Failure to ensure budget holders have received adequate training to carry out budgetary control responsibilities could result in staff not delivering an effective budget monitoring function to the Council.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 July 2009

5. Training**(Low Risk)**

Recommendation	Rationale	Responsibility
A comprehensive training timetable is adopted for all budget holders and personnel with responsibility attached to the Agresso system. Training should be mandatory for budget holders and each service area should be required to adopt an Agresso power user who will assist in developing other people's skill within their service area in the use of the Agresso system.	<u>Best Practice</u> Adequate training is given to employees to enable them to fully utilise the full functionality of the Agresso system to inform their budget monitoring responsibilities. <u>Findings</u> A number of budget holder/users of the Agresso system have stated that they require further training on the Agresso system as they are not confident with all the functionality of the system. <u>Risk</u> Insufficient training in budgetary viewing software (Agresso) could result in incorrect interpretation of the budgets.	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 August 2009

6. Budget Profiling**(Low Risk)**

Recommendation	Rationale	Responsibility
Accountancy should assist service areas with the development of budget profiling to ascertain whether any benefits can be achieved for the budget monitoring process.	<u>Best Practice</u> Budget profiling should be developed and used to maximum capacity to inform the budget monitoring process. <u>Findings</u> Some Budget Holders requested assistance is given to develop the budget profiling for their service area to ascertain	Chief Accountant

	<p>whether benefits can be gained in the reduction of variances arising and/or for presenting more accurate budget monitoring information.</p> <p><u>Risk</u> The financial management system will not be used to its full advantage if reports are not easy to understand and do not provide the relevant information to the budget holder.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Agreed that accountancy staff will work with budget holders to ensure budgets are profiled as accurately as possible. Undertaking this may be reliant on the functionality in Agresso, and may need further development of the system to be undertaken before this can be met fully.</p> <p>Management Response: Chief Accountant</p>		Ongoing

7. Code Structure

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The code structure should be reviewed and elaborated to provide service areas with the level of detail they require to deliver effective, accurate budget monitoring which service areas use to generate adequate budget forecasting.</p>	<p><u>Best Practice</u> The Budget codes structure should be sufficiently elaborate to provide budget holders with the required detail to deliver effective budget monitoring.</p> <p><u>Findings</u> The code structure should be reviewed with the view to introducing more detail in the coding structure to assist budget holders to separate budgets where appropriate and provide detail where necessary.</p> <p><u>Risk</u> The financial management system will not be used to its full advantage if the coding structure is not easy to understand or provide the relevant information to the budget holder.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Whilst every effort is made to ensure that the coding structure assists budget holders in their budget management, the parameters of the coding structure are defined by organisational needs, the set up of Agresso, and CIPFA requirements. Changes to the coding structure will be made where they do not conflict with these parameters.</p> <p>Management Response: Chief Accountant</p>		Ongoing

3. ANTI-FRAUD AND CORRUPTION ARRANGEMENTS 2008/2009

1. INTRODUCTION

- 1.1 Final issued 3rd March 2009. The fieldwork for this audit was undertaken between August 2008 and February 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure an adequate, up-to-date and approved anti-fraud and corruption policy and response plan, money laundering policy and whistleblowing policy is in place.
 - To ensure that supporting guidelines and procedures are in place for the policies, which include reference to the process to follow for disclosures from within the Council and from outside the Council.
 - To ensure that the roles and responsibilities of all the relevant parties within the policies are clarified in an effective manner i.e.) the whistleblower, Human Resources, Internal Audit, Section 151 Officer, Monitoring Officer.
 - To ensure there is an effective network for promoting the policies across the Council.
 - To ensure that adequate training processes and awareness mechanisms are in place.

2. BACKGROUND

- 2.1 The Council has a duty to safeguard the resources at its disposal, including the public funds that it administers. The Council employs staff and engages contractors to deliver its services and it expects those staff to be honest, reliable and trustworthy. The community that is served by the Council also expects it to have the highest standards of probity and to be corruption free.
- 2.2 The Council's external auditors, the Audit Commission, report annually on the Council's Annual Governance Statement and use its assessment to continually monitor the Council's performance in relation to its use of resources. The criteria that the Audit Commission adopt for delivering its assessment includes a pro-active anti-fraud and corruption policy and response plan that is published widely to staff and all other stakeholders and is reviewed regularly and updated to reflect changing work and cultural patterns.

3. PREVIOUS AUDIT REPORTS

- 3.1 This is the first time that a specific review of the Council's anti-fraud and corruption arrangements have been reviewed. Adherence by staff officers to the Anti-Fraud and Corruption policy was last subject to an internal audit review in March 2008 but the report was not issued in final. The draft findings from that audit have been incorporated into this 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 11 recommendations have been raised in this review. Four High risk, five Medium risk and two Low risk.

5. MAIN FINDINGS

5.1 **Anti-Fraud and Corruption Policies**

5.2 It was noted that an anti-fraud and corruption strategy is in place, which is supported by an anti-fraud and corruption response plan. However, they have not been subject to review or approval at an appropriate level, there is no clear owner for the policies and it is Internal Audit's opinion that both documents could be strengthened. In addition, it was identified that a money laundering policy is not in place.

5.3 A whistleblowing policy has been documented, which was approved by the Council in 2001. However, it has not been subject to review since that date, and it is Internal Audit's opinion that the policy could be strengthened. It was also identified that there is no guidance for members of the public on the Council's website, on how to report a concern with a staff officer, member, partner or contractor. Seven recommendations have been made as a result of our work in this area.

5.4 **Anti-Fraud and Corruption Procedures and Guidance**

5.5 Three service areas within the Council are likely to undertake investigations – Internal Audit (fraud and corruption), Human Resources (disciplinary/officer code of conduct) and Legal and Democratic Services (member code of conduct). Each service area is governed by their own internal procedures in conducting their respective investigations, but it was identified by Internal Audit that there is not a standard approach to compiling investigation files, working papers and evidence. Internal Audit reviewed a sample of disciplinary and code of conduct investigation files, and it was noted that information was not documented in a clear format and evidence was not always on file to support the findings. One recommendation has been made as a result of our work in this area. Please also see the recommendations made as part of the section above - Anti-Fraud and Corruption Policies.

5.6 **Roles and Responsibilities**

5.7 There are six named officers within the anti-fraud and corruption arrangements – Section 151 Officer, Monitoring Officer, Human

Resources Manager, Chief Executive and the Strategic Directors. Their roles and responsibilities are documented within the anti-fraud and corruption strategy and response plan and within the Constitution. Internal Audit interviewed all of the officers, and it was noted that only 1 officer was familiar with the contents of the anti-fraud and corruption strategy and response plan and only 4 officers were familiar with the contents of the whistleblowing policy. All officers welcomed greater guidance on their roles and responsibilities. Please see the recommendations made as part of the section above - Anti-Fraud and Corruption Policies.

5.8 **Anti-Fraud and Corruption Network**

5.9 Internal Audit confirmed that the Council's anti-fraud and corruption arrangements are referred to within the Constitution. However, it was noted that there is currently limited visibility of the arrangements within the Council externally on the Council's website for members of the public, contractors and partners. Two recommendations have been made as a result of our work in this area.

5.10 **Anti-Fraud and Corruption Training**

5.11 It was identified that a training module is not currently in place for fraud and corruption or money laundering. No evidence could be obtained that any member or officer had received anti-fraud and corruption or money laundering training. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

ANTI-FRAUD AND CORRUPTION POLICIES

1. Anti-Fraud and Corruption Strategy

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Council's Anti-Fraud and Corruption Strategy should be reviewed and updated.</p> <p>The following elements should be included:</p> <ul style="list-style-type: none"> An adequate definition of fraud and corruption, and examples of how fraud can occur. Clarity on roles and responsibilities. Clarity on reporting channels if someone suspects 	<p><u>Best Practice</u> Comprehensive anti-fraud and corruption arrangements should be in place, supported by a clear strategy.</p> <p><u>Findings</u> An Anti-Fraud and Corruption Strategy is in place, but it is not comprehensive and some elements are currently vague.</p> <p><u>Risk</u> If the Council's approach to anti-fraud and corruption is not clarified, there is a risk that fraud and corruption will not be deterred / prevented and any instances of identified fraud and</p>	<p>Head of Legal and Democratic Services</p>

fraud. <ul style="list-style-type: none"> Confidentiality statement. Documented owner of the policy. 	corruption would not be dealt with appropriately. This could result in financial, legal and reputational implications for the Council.	
Management Response		Implementation Date
Recommendation is Agreed Legal and Democratic Services will work with Internal Audit to develop an appropriate strategy.		September 2009
Management Response: Head of Legal and Democratic Services		

2. Anti-Fraud and Corruption Response Plan

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Council's Anti-Fraud and Corruption Response Plan should be reviewed and updated.</p> <p>The following elements should be included:</p> <ul style="list-style-type: none"> Guidance on how to deal with an internal and external disclosure. Security of evidence. Guidance about interviewing. Guidance on when and how to contact the police. Guidance about recovering assets. Experts to contact for advice. Advice about briefing those who deal with the media. Documented owner of the policy. 	<p><u>Best Practice</u> Should fraud and corruption be suspected or identified, the Council should have clear guidelines on how it should/will be dealt with.</p> <p><u>Findings</u> An Anti-Fraud and Corruption Response Plan is in place, but it is not comprehensive and some elements are currently vague.</p> <p><u>Risk</u> If the authority of the Council to undertake a fraud and corruption investigation is not made clear, there is a risk that the integrity, responsibility and authority of the Council could be brought into question. This could result in unnecessary resources being utilised to clarify the matter and delays to an investigation being completed.</p>	Head of Legal and Democratic Services
Management Response		Implementation Date
Recommendation is Agreed Legal and Democratic Services will work with Internal Audit to develop an appropriate strategy.		September 2009
Management Response: Head of Legal and Democratic Services		

3. Money Laundering Policy

(High Risk)

Recommendation	Rationale	Responsibility
A Money Laundering Policy should be drafted	<p><u>Best Practice</u> A comprehensive policy should be in</p>	Head of Finance

<p>and implemented.</p> <p>The following elements should be included:</p> <ul style="list-style-type: none"> • Objective and scope of the policy. • Adequate definition of money laundering. • Indications of money laundering. • Reporting channels and roles and responsibilities. • Investigation responsibilities. • Guidance on the legal framework. • Documented owner of the policy and signposts to other relevant documents. 	<p>place to prevent/deter money laundering, and to state how the Council will deal with any instances of money laundering being identified.</p> <p><u>Findings</u> A money laundering policy is currently not in place.</p> <p><u>Risk</u> If an adequate money laundering policy is not in place, there is a risk that laundering operations will not be identified / prevented which could result in significant financial loss to the Council.</p>	
Management Response	Implementation Date	
<p>Recommendation is Agreed</p> <p>The Head of Finance will work with Internal Audit to develop an appropriate policy.</p> <p>Management Response: Head of Finance</p>	<p>September 2009</p>	

4. Whistleblowing Policy

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Council's Whistleblowing Policy should be reviewed and updated.</p> <p>The following elements should be included:</p> <ul style="list-style-type: none"> • Employee and public safeguards. • Procedures to raise a concern for both officers and members of the public. • The role of the whistleblower (and when that ends). • Guidance on the legal framework. • Guidance for officers dealing/investigating whistleblowing reports. • Clarity on roles and responsibilities. 	<p><u>Best Practice</u> A comprehensive whistleblowing policy should be in place to prevent/deter inappropriate conduct, guide officers on how to report a concern and state how the Council will deal with any whistleblowing reports.</p> <p><u>Findings</u> A Whistleblowing Policy is in place, but it is not comprehensive and some elements are currently vague.</p> <p><u>Risk</u> If an adequate whistleblowing policy is not in place, there is a risk that identified inappropriate conduct is not reported or it is reported to the wrong bodies and therefore the necessary corrective action is not taken.</p>	<p>Head of Legal and Democratic Services</p>

Management Response	Implementation Date
<p>Recommendation is Agreed Legal and Democratic Services will work with Internal Audit and Human Resources to develop an appropriate policy.</p> <p>Management Response: Head of Legal and Democratic Services</p>	September 2009

5. Approval and Owner of Policies

(High Risk)

Recommendation	Rationale	Responsibility
<p>a) The Audit and Corporate Governance Committee should formally approve the revised Anti-Fraud and Corruption Strategy and Response Plan, the Money Laundering Policy and the revised Whistleblowing Policy.</p> <p>b) Responsible officers should be appointed for each policy to ensure they remain up to date and are implemented. Internal Audit advocates that the Head of Finance should be the owner for the Money Laundering Policy and Legal and Democratic Services should be responsible for all of the others.</p>	<p><u>Best Practice</u> The Council's anti-fraud and corruption arrangements should be endorsed at Committee level, and each policy should have a clear owner to ensure it remains up to date and the requirements are implemented.</p> <p><u>Findings</u> Internal Audit could not find any evidence that the policies had a clear owner, had been subject to review or had been approved at an appropriate level.</p> <p><u>Risk</u> If the Authority's approach to anti-fraud and corruption is not endorsed at a governance level and promoted, there is a risk that an anti-fraud culture will not become embedded throughout the organisation and the objectives of the strategy will not be achieved.</p>	Head of Legal and Democratic Services / Head of Finance
Management Response	Implementation Date	
<p>Recommendation is Agreed Head of Finance to be responsible for the money laundering policy and Head of Legal and Democratic Services for all other fraud related policies.</p> <p>Management Response: Head of Legal and Democratic Services / Head of Finance</p>	September 2009	

6. Visibility of Policies

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) The Anti-Fraud and Corruption Strategy and Whistleblowing Policy should be made accessible to members of the public via the Council's internet.</p> <p>b) The Council's Money Laundering Policy should</p>	<p><u>Best Practice</u> Policies should be visible to show a clear commitment to preventing and dealing with fraud and corruption within the Council.</p> <p><u>Findings</u> Internal Audit was not able to locate the anti-fraud and corruption strategy and whistleblowing policy on the</p>	Head of Legal and Democratic Services / HR Manager

be made accessible to officers and members of the public via the Council's intranet and internet once it has been drafted.	Council's internet. <u>Risk</u> If officers and members are not made aware or have access to the anti-fraud and corruption arrangements, there is a risk that they are not aware of their responsibilities and do not fulfil their obligations in accordance with the policies.	
Management Response		Implementation Date
Recommendation is Agreed Legal and Democratic Services will liaise with Human Resources and the Communications Team. The Human Resources team will ensure that all policies relating to officers are made visible to all employees via the intranet or other channels where necessary (e.g. for people who cannot access the intranet in their roles). Management Response: Head of Legal and Democratic Services and HR Manager		December 2009

7. Signposting of Policies

(Low Risk)

Recommendation	Rationale	Responsibility
The Anti-Fraud and Corruption Strategy and Response Plan, Whistleblowing Policy and Money Laundering Policy should be reviewed alongside supporting Human Resources policies (i.e. code of conduct, disciplinary procedure etc) to ensure that adequate signposting between them is documented.	<u>Best Practice</u> Officers should be aware of all the relevant and corresponding guidance that is available to them on a particular issue. <u>Findings</u> Internal Audit noted that there is limited signposting from the Anti-Fraud and Corruption Strategy and Response Plan to other relevant policies i.e.) whistleblowing, code of conduct, disciplinary, declaration of interests. <u>Risk</u> If officers are not aware of all of the relevant procedures they may act inappropriately and/or not receive adequate support from the sources that are available.	HR Manager
Management Response		Implementation Date
Recommendation is Agreed The Human Resources team will check that each policy referred to in this audit is signposted appropriately in other policies HR is responsible for updating. Management Response: HR Manager		December 2009

ANTI-FRAUD AND CORRUPTION GUIDANCE NOTES

8. Standard Investigation Files**(Low Risk)**

Recommendation	Rationale	Responsibility
A standard approach for compiling investigation files and collating and documenting evidence should be implemented.	<p><u>Best Practice</u> Investigation documentation should be handled appropriately to ensure that its integrity is upheld.</p> <p><u>Findings</u> Internal Audit noted that there is an inconsistent approach to documenting investigations between Internal Audit, Legal and Democratic Services and Human Resources. There is also no guidance in place for the management of investigation documentation.</p> <p><u>Risk</u> If the integrity of investigation documentation is not upheld, there is a risk that any allegation of fraud and corruption cannot be substantiated within a court of law.</p>	Head of Legal and Democratic Services / HR Manager / Audit Manager
Management Response		Implementation Date
<p>Recommendation is Agreed Relevant parties to meet to agree a standard approach.</p> <p>Management Response: Head of Legal and Democratic Services</p>		December 2009

ANTI-FRAUD AND CORRUPTION NETWORK**9. Awareness of Anti-Fraud and Corruption (Medium Risk) Arrangements**

Recommendation	Rationale	Responsibility
<p>Steps should be taken to raise the awareness of the Council's anti-fraud and corruption arrangements with members and officers.</p> <p>The following actions should be considered:</p> <ul style="list-style-type: none"> • Specific reference to the arrangements in member and officer induction programmes. • Visual notices around the building on whistleblowing avenues. • Greater profile of arrangements on the internet/intranet 	<p><u>Best Practice</u> The anti-fraud and corruption culture of the Council should be set at the top and promoted throughout the whole organisation to ensure it is embedded within the Council.</p> <p><u>Findings</u> Internal Audit is of the opinion that the Council's anti-fraud and corruption strategy and arrangements has limited visibility. A number of officers were interviewed and there was limited knowledge and understanding of the Council's current arrangements and of their role and responsibility in accordance with the relevant policies.</p> <p><u>Risk</u> If members and staff are not aware of their responsibilities in relation to anti-</p>	Head of Legal and Democratic Services / HR Manager

(see Rec 6). • Training programme on fraud and corruption for members and officers (see Rec 11).	fraud and corruption, there is a risk that they do not fulfil their obligations appropriately and the objectives of the strategy will not be achieved.	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The HR team will raise awareness of anti-fraud and corruption arrangements with officers by putting reminder articles in Inlook, putting posters on notice boards / intranet and highlighting these arrangements as part of the corporate induction.</p> <p>The Head of Legal and Democratic Services will raise awareness of anti-fraud and corruption arrangements with members.</p> <p>Management Response: Head of Legal and Democratic Services / HR Manager</p>		December 2009

10. Public Reports**(Medium Risk)**

Recommendation	Rationale	Responsibility
Information should be placed on the website for members of the public, to guide them in reporting a fraud and corruption concern about a member, officer, partner or contractor.	<p><u>Best Practice</u> Guidance should be available to members of the public on how to report a fraud and corruption concern.</p> <p><u>Findings</u> No guidance is in place for members of the public on the internet on how to report a fraud and corruption concern.</p> <p><u>Risk</u> If adequate guidance is not available to the public, there is a risk that identified inappropriate conduct is not reported or it is reported to the wrong bodies and therefore the necessary corrective action is not taken.</p>	Head of Legal and Democratic Services
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>To be discussed with the Communications Team.</p> <p>Management Response: Head of Legal and Democratic Services</p>		December 2009

ANTI-FRAUD AND CORRUPTION TRAINING**11. Training Module****(Medium Risk)**

Recommendation	Rationale	Responsibility
a) An anti-fraud and corruption/money laundering training session should be	<p><u>Best Practice</u> All members and staff should be aware of their responsibilities in accordance with the anti-fraud and</p>	Head of Legal and Democratic Services / Head of Finance

<p>developed and made available to members/officers.</p> <p>b) The Finance for Managers training session should include reference to the Council's anti-fraud and corruption arrangements and managers' responsibilities for preventing, detecting and reporting fraud and corruption.</p>	<p>corruption arrangements.</p> <p><u>Findings</u> There is currently no anti-fraud and corruption training module available to members and officers, and Internal Audit could not find any evidence that any member or officer had received anti-fraud and corruption training.</p> <p><u>Risk</u> If members and staff are not aware of their responsibilities in relation to anti-fraud and corruption and do not execute them effectively, there is a risk that they do not fulfil their obligations appropriately and the objectives of the strategy will not be achieved.</p>	
Management Response	Implementation Date	
<p>Recommendation is Agreed Legal and Democratic Services and Head of Finance will work with Internal Audit, Accountancy and Human Resources to develop an appropriate training programme.</p> <p>Management Response: Head of Legal and Democratic Services / Head of Finance</p>	<p>March 2010</p>	

4. CREDITOR PAYMENTS 2008/2009

1. INTRODUCTION

- 1.1 Final issued 3rd March 2009. The fieldwork for this audit was undertaken during September and October 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that access levels and rights on Agresso have been appropriately attributed.
 - To ensure that any user set-up change requests are correctly performed and adequately managed by an appropriate officer.
 - To ensure that invoices are promptly processed through Agresso.
 - To ensure that there is documentation to support all payments made.
 - To ensure that manual, direct debit and BACS transfer payments are strictly controlled, appropriately authorised and paid correctly.
 - To ensure records are protected against loss and unauthorised access.

2. BACKGROUND

- 2.1 Within Agresso, the Financial Management System, there is a Creditors Module through which orders are made, invoices are processed and payments are made.

3. PREVIOUS AUDIT REPORTS

- 3.1 Creditor Payments was last subject to an internal audit review in November and December 2007 and eleven recommendations were raised and a satisfactory opinion was issued.
- 3.2 Of the eleven recommendations made following the 2007/2008 audit of Creditor Payments, two recommendations had not been implemented. The issues have been addressed within the 2008/2009 audit fieldwork and recommendations have been made accordingly.

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 two recommendations have been raised in this review. Three High risk, eleven Medium risk and eight Low risk.

5. MAIN FINDINGS

5.1 Access Levels and Rights

5.2 It was noted that there are general housekeeping issues relating to the access of officers to the Supplier Masterfile. Three recommendations have been made as a result of our work in this area.

5.3 Change Requests

5.4 Whilst the Council maintains a spreadsheet to log any change requests received, it was noted that evidence to support the requests are not retained. Of the sample of 16 supplier accounts, 10 amendments had been made by Capita without an appropriate and authorised form being submitted.

5.5 It was also noted that the audit log facility within Agresso does not record the actual changes made to a supplier account, only the access date and user ID details are available through the log. Four recommendations have been made as a result of our work in this area.

5.6 Prompt Processing of Invoices

5.7 Training and guidance notes that are available for officers on the intranet of the Vale of White Horse District Council should be available on South Oxfordshire District Council's intranet, as they are applicable to officers and would assist with the processing of invoices.

5.8 An 'Outstanding Creditor Invoice Report' is in use at the Vale of White Horse District Council, that identifies any outstanding invoices and is placed on the intranet on a weekly basis. A similar report should be introduced at South Oxfordshire District Council to assist in monitoring of invoices.

5.9 Appropriate controls need to be introduced to prevent duplicate accounts being set up, and a review exercise of the supplier masterfile should be regularly undertaken to identify any duplicate accounts. In addition, a regular review of payments and credit balances should also be undertaken.

5.10 The performance of the Creditor Payment function remains within the bottom quartile nationally, and additional efforts should be made in order to improve the current performance levels. To assist in the measurement of performance, consideration should be given to the introduction of a 'Disputed Invoice Flag' which will eliminate those invoices which should not be included in the performance calculation. Seven recommendations have been made as result of our work in this area.

5.11

5.12

Payment Documentation

- 5.13 It is considered that the Purchase Ordering Module within Agresso is not being fully utilised by officers in relation to Creditor purchases. One recommendation has been made as a result of our work in this area.
- 5.14

Payments Made

- Manual cheques (generated outside the usual weekly payment run) should only be raised upon receipt of appropriate and authorised documentation. Consideration should be given to the appropriateness of the circumstances in which manual cheques are raised, and the audit trail relating to the authorisation of such payments should be investigated. In addition, evidence to support any manual payments that require counter signing should be maintained.
- 5.15
- Housekeeping issues relating to the general maintenance of direct debit transactions and their respective supporting documentation were highlighted. Internal Audit considers that a procedure for the set up of direct debits should be introduced.
- 5.16
- In relation to BACS transmissions, the Chief Accountant is required to sign the 'Remittance Proposal' report and counter sign any payments exceeding the £10k threshold. However, testing identified that there is no control in place to prevent amendments to payment being made as highlighted by a discrepancy between the totals on the authorised 'Remittance Proposal' report and the totals on the 'Payment Confirmation' report. Eight recommendations have been made as a result of our work in this area.
- 5.17
- 5.18

Protection of Records

A full review of the security and back up arrangements within the Agresso system is being undertaken as a separate audit later in this financial year. This area will be reviewed as part of that audit.

OBSERVATIONS AND RECOMMENDATIONS

ACCESS LEVELS AND RIGHTS

1. Access to the Supplier Masterfile

(Low Risk)

Recommendation	Rationale	Responsibility
All accountants at South Oxfordshire District Council are given the same access to the Supplier Masterfile as the accountants at the Vale of White Horse District Council.	<p><u>Best Practice</u> There should be unified access for the accountants at South Oxfordshire District Council and Vale of White Horse District Council.</p> <p><u>Findings</u> The user group 'accountants' on Agresso only lists Vale of White Horse District Council employees. The</p>	Chief Accountant

	<p>accountants at SODC do not have the same read access as their counterparts.</p> <p><u>Risk</u> If access is not the same for both sets of accountants, there is a risk that details cannot be appropriately accessed leading to different reporting arrangements.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle SODC Chief Accountant to liaise with VWHDC counterpart to determine access that VWHDC accountants have and reasons for it. Will then conclude whether same level of access is necessary</p> <p>Management Response: Chief Accountant</p>		31 March 2009

2. Redundant Users

(Low Risk)

Recommendation	Rationale	Responsibility
An exercise should be undertaken to remove any redundant users from the Creditors module of Agresso.	<p><u>Best Practice</u> Access to the system should only be granted for existing and appropriate employees.</p> <p><u>Findings</u> Testing identified a number of users that remain on the system but are no longer employed by the Council. Their access levels remain active.</p> <p><u>Risk</u> Inappropriate access to the system leading to an increased risk of fraud or malicious damage</p>	Capita Contract Manager / Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Capita and Council to agree a procedure to notify Capita monthly of users that have left, and Capita will then remove the user from Agresso.</p> <p>Management Response: Capita Contract Manager / Chief Accountant</p>		31 March 2009

3. Additional User ID's

(Medium Risk)

Recommendation	Rationale	Responsibility
Consideration should be given to the provision of an additional user ID being given to Capita employees who are listed within the 'System' user group on Agresso.	<p><u>Best Practice</u> There should be an appropriate audit trail to evidence the work undertaken by a particular user.</p> <p><u>Findings</u> Capita employees listed within the 'System' user group do not have an</p>	Capita Manager

	<p>additional user ID for their usual day to day work. Testing identified that Capita employees are using their system user ID to log onto Agresso on a frequent basis.</p> <p><u>Risk</u> Without having additional id's in place for system users, there is no audit trail to evidence their usual day to day roles which could lead to inappropriate changes being made to the system. There is potential for users to amend data easily without normally having appropriate access to do so.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Internal Audit have confirmed that the following users have System User access: Craig Richmond, Leanda Hurd, Jim Rainsborough and Phil Brown. Jim Rainsborough does not complete any System Admin functions and therefore has requested system admin remove this access.</p> <p>Management Response: Capita Contract Manager</p>		31 March 2009

CHANGE REQUESTS

4. Supporting Documentation

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Supporting documentation should be retained in relation to the Change Request spreadsheet maintained by the Finance Officer.</p>	<p><u>Best Practice</u> Documentation to support any change requests should be retained.</p> <p><u>Findings</u> Spreadsheets are maintained by the Finance Officer in relation to change requests. The spreadsheets are then forwarded to Capita for the changes to be undertaken. Internal Audit could not undertake any testing on the spreadsheets as documentation to support the request had not been retained.</p> <p><u>Risk</u> Without supporting documentation, the spreadsheets may be updated incorrectly by the Finance Officer leading to inappropriate changes being made by Capita.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Chief Accountant</p>		With immediate effect.

5. Change Request Forms**(Low Risk)**

Recommendation	Rationale	Responsibility
Consideration should be given to amending the change request forms to provide for authorisation from line managers.	<p><u>Best Practice</u> Any change requests should be approved by the appropriate line manager.</p> <p><u>Findings</u> There is no facility on the change request forms for authorisation from line managers. Internal Audit was informed that change requests are sent through by line managers, however there is no audit trail to evidence this.</p> <p><u>Risk</u> Change requests may be submitted by unauthorised officers leading to changes being actioned inappropriately.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 March 2009

6. New / Change Supplier Request Forms**(Medium Risk)**

Recommendation	Rationale	Responsibility
New supplier accounts and amendments to supplier records are only actioned upon the receipt of the appropriate form.	<p><u>Best Practice</u> Amendments to the system should only be made upon receipt of an appropriate form.</p> <p><u>Findings</u> Testing highlighted that from a sample of 16 cases, there were 10 accounts that had been amended without an appropriate form being submitted.</p> <p><u>Risk</u> Amendments can be made inappropriately leading to the increased risk of fraud, loss or malicious damage.</p>	Capita Contract Manager
Management Response		Implementation Date
Recommendation is Agreed All new suppliers are set up on either payment forms or new supplier forms received from the Council. Currently the Council will forward a payment voucher for new suppliers, and the supplier is set up by the AR clerk. Capita need to verify with the Council if they require us to request new supplier forms for every payment voucher supplied without a supplier id.		31 March 2009

<p>The Council are responsible for requesting new suppliers to be set up on Agresso using either a Supplier Form or using a Payment Voucher. Capita will provide details of any invoices received from suppliers which are not set up on Agresso to the Chief Accountant.</p> <p>Management Response: Capita Contract Manager</p>	
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7. New / Change Supplier Request Forms

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>An investigation is undertaken to ascertain if there is a field within Agresso that allows the changes made to supplier records to be displayed within the audit log.</p>	<p><u>Best Practice</u> Any changes made to a system should be evidenced by an audit log.</p> <p><u>Findings</u> Only the date and the user who did the amendment show on the supplier account following any changes being made. It was not possible to ascertain what changes had been made.</p> <p><u>Risk</u> Amendments can be made inappropriately leading to the increased risk of fraud, loss or malicious damage.</p>	<p>Chief Accountant / Capita Contract Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Chief Accountant/Capita Contract Manager</p>		<p>30 June 2009</p>

PROMPT PROCESSING OF INVOICES

8. Training / Guidance Notes

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The training notes that are available on VWHDC's intranet site are added to SODC's intranet.</p>	<p><u>Best Practice</u> Training and guidance notes should be available to all officers of the Council.</p> <p><u>Findings</u> Internal Audit reviewed the Agresso webpage on the Council's intranet and found that there were no notes available to officers.</p> <p><u>Risk</u> Without notes being available to Officers there is potential for inconsistent approaches being adopted and applied.</p>	<p>Chief Accountant</p>

Management Response	Implementation Date
Recommendation is Agreed Management Response: Chief Accountant	Implemented

9. Outstanding Creditor Invoices

(High Risk)

Recommendation	Rationale	Responsibility
The 'Outstanding Creditor Invoice Report' in use at VWHDC is replicated for SODC and placed weekly on the Intranet. In addition, the webpage is reviewed and any out of date information is removed.	<p><u>Best Practice</u> There should be consistent reporting arrangements at both Councils. Reports should provide the opportunity for outstanding invoices to be reviewed and monitored.</p> <p><u>Findings</u> A weekly 'Outstanding Creditors Invoice Report' is produced on a weekly basis and placed on the Intranet at VWHDC. Such reports are not produced for SODC. The webpage lists Capita employees who are no longer employed.</p> <p><u>Risk</u> Without consistent reporting arrangements being in place, there is a risk that officers across both sites are not aware of outstanding creditor invoices which may lead to further delays in approving the invoices for payment. There is also a risk that outstanding invoices may not be reviewed leading to them stagnating.</p>	Senior Revenues and Benefits Officer
Management Response	Implementation Date	
Recommendation is Agreed SODC has introduced a variation of the VWHDC process. A list is being sent to Heads of Service and the Admin Network Group on a weekly basis rather than posted on the intranet. It is likely the processes will be fully harmonised in time. Management Response: Revenues and Benefits Client Manager	Implemented (Admin Network Group added 8 January 2009).	

10. Duplicate Accounts

(Medium Risk)

Recommendation	Rationale	Responsibility
An exercise is regularly undertaken to review the supplier accounts within the Creditors masterfile to detect any duplicate accounts. In addition, a review of payments should be made to detect any duplicate payments	<p><u>Best Practice</u> The Creditors Supplier Masterfile should be robust and only contain up to date and accurate information, and one account for each supplier within the masterfile.</p> <p><u>Findings</u> It was recommended following the</p>	Capita Contract Manager

made.	<p>2007/2008 internal audit review that the masterfile should be periodically reviewed. From the testing undertaken, there remains a number of duplicate accounts within the masterfile and there is no evidence to suggest that periodic reviews are undertaken.</p> <p><u>Risk</u> If there is more than one account for a supplier, there is a risk that an invoice may be processed twice leading to duplicate payments being made.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Capita currently review the supplier list and terminate any duplicate suppliers. Capita will review the details of duplicate suppliers found by Internal Audit, and check whether there is a requirement to have more than one supplier number. For example, companies with different offices issuing invoices.</p> <p>Management Response: Capita Contract Manager</p>		Ongoing

11. Credit Balances

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The credit balances highlighted during testing should be reviewed by Capita and appropriate action taken where necessary. In addition, the 'Supplier Aged debt' report should be regularly produced to ascertain the credit balances outstanding.</p>	<p><u>Best Practice</u> Balances on supplier accounts should be accurate and any credit notes that have been outstanding for a period of time should be 'cashed in' with the supplier.</p> <p><u>Findings</u> Whilst reviewed the 'Supplier Aged Debt' report it was noted that there are a number of credit balances on supplier accounts. Of the 15 credit balances reviewed, only 3 related to credit notes that have not yet been taken. In the remaining cases it was not clear as to why a credit balance was on the account.</p> <p><u>Risk</u> There is potential that credit balances have been caused by an accounting error which may lead to inaccurate payments being made.</p>	Capita Contract Manager
Management Response		Implementation Date
<p>Recommendation is Agreed Capita reviews the credit balances on a monthly basis and chases suppliers for payment.</p> <p>Management Response: Capita Contract Manager</p>		Ongoing – Capita is currently reviewing and chasing outstanding balances

12. Creditor Performance**(Medium Risk)**

Recommendation	Rationale	Responsibility
Additional efforts should be made to improve the performance of the Council in relation to the processing and payment of invoices.	<p><u>Best Practice</u> Invoices should be processed promptly and paid within 30 days of being received.</p> <p><u>Findings</u> Performance was previously recorded against BVPI 8, despite not longer being a national target, the Council has chosen to retain it to measure performance. The performance for the month of August was at 90.31% which places the Council within the bottom quartile nationally.</p> <p><u>Risk</u> There is potential embarrassment for the Council if the performance of the Creditors function remains within the bottom quartile nationally.</p>	Senior Revenues and Benefits Client Officer
Management Response		Implementation Date
<p>Recommendation is Agreed Heads of Service continue to be named and shamed, and the introduction of 11 above should help in getting the council back up to top quartile territory. Performance is scrutinised through the RSSP governance processes and pressure is being put on service teams to raise their respective games.</p> <p>Management Response: Revenues and Benefits Client Manager</p>		Ongoing - (since December 2008 Cabinet members have been sent details of late payments in order for them to discuss cases with Heads of Service).

13. Disputed Invoice Flag**(Low Risk)**

Recommendation	Rationale	Responsibility
A 'Disputed Invoice Flag' should be introduced to creditors to allow officers to identify all invoices that are currently in query.	<p><u>Best Practice</u> The performance calculation excludes any invoices in dispute and should therefore be readily identifiable.</p> <p><u>Findings</u> In order to calculate the performance of Creditors, an officer has to manually check for invoices in dispute.</p> <p><u>Risk</u> Performance of Creditors may be understated due to disputed invoices being included in the calculation leading to inaccurate calculations being undertaken.</p>	Revenues and Benefits Client Manager
Management Response		Implementation Date

<p>Recommendation is Agreed</p> <p>Capita has been asked (a) to confirm that a flag does exist (it did in version 5.4) and (b) request a flag is introduced if one does not exist. Capita's response is awaited. In the interim, Heads of Service have been asked to put a comment on non-PO invoices at the coding stage where they are disputed, so they can be excluded from the performance indicator calculation. Unfortunately, no similar facility is available for PO invoices when they are goods received.</p> <p>Management Response: Revenues and Benefits Client Manager</p>	Ongoing
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PAYMENT DOCUMENTATION

14. Raising of Orders

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Purchase Ordering Module within Agresso should be utilised wherever possible.</p>	<p><u>Best Practice</u></p> <p>Purchases should be supported by an order and the Purchase Ordering Module within Agresso should be used for this process.</p> <p><u>Findings</u></p> <p>Of a sample of 25 payments (20 BACS and 5 cheques), there were 14 instances where a purchase order had not been raised. Internal Audit considers that in each of the instances, it would have been appropriate to raise a purchase order.</p> <p><u>Risk</u></p> <p>Goods may be obtained without being ordered through Agresso leading to the Council being charged for inappropriate goods or services.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The weekly email to Heads of Service (mentioned in 11 above) has explained the importance purchase orders have, in improving payment of invoice performance and budget monitoring information. This matter was discussed further at the Admin Network Group on 22 January 2009, and a number of action points arose.</p> <p>Other vehicles for raising this issue (e.g. Heads of Service meetings, other communications with departmental staff) will be used to reinforce this message.</p> <p>Management Response: Revenues & Benefits Client Manager / Chief Accountant</p>		Ongoing

PAYMENTS MADE

15. Urgent Cheques**(Medium Risk)**

Recommendation	Rationale	Responsibility
Urgent cheques are only raised upon completing of an appropriate payment form.	<p><u>Best Practice</u> Payment Voucher forms should be completed before a urgent payment is generated by Capita.</p> <p><u>Findings</u> Of the sample of 20 urgent cheque payments, three had been raised without a payment voucher form being completed. In another instance, a non standard payment form had been used.</p> <p><u>Risk</u> Unauthorised requests for payment could be processed leading to an increased possibility of fraudulent payments being made.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Chief Accountant to confirm with Capita staff that only urgent payment requests made on the appropriate form will be accepted from now on.</p> <p>Management Response: Chief Accountant</p>		Immediately

16. Urgent Cheques**(Medium Risk)**

Recommendation	Rationale	Responsibility
The issues relating to the appropriate use of urgent payments should be reviewed and action taken where necessary.	<p><u>Best Practice</u> The urgent payment process should only be used in appropriate circumstances.</p> <p><u>Findings</u> Internal Audit found that within the sample of 20 urgent payments, there were four instances where the urgent payment process did not appear to be an appropriate means of making the payment. Three payments should have been made through Payroll. In the remaining case, a cheque had been made payable to an employee for reimbursement of the cost of lunch provided by the Housing Team. This payment could have been made either during the usual weekly payment run or reimbursed through Payroll.</p> <p><u>Risk</u> If the urgent payment process is used to make inappropriate payments,</p>	Chief Accountant

	there is potential for the transaction being processed through different systems leading to duplicate payments being made.	
Management Response		Implementation Date
<p>Recommendation is Agreed Chief Accountant to ensure that appropriate guidance exists on when urgent payments should be requested, and when other payment mechanisms should be used. In the interim Chief Accountant will liaise with Capita managers as issues arise.</p> <p>Management Response: Chief Accountant</p>		31 August 2009

17. Counter Signatory Evidence

(Medium Risk)

Recommendation	Rationale	Responsibility
Evidence to support any manual payments over £10k that require counter signing should be maintained.	<p><u>Best Practice</u> Any payments made by the Council over £10k should be countersigned.</p> <p><u>Findings</u> Internal Audit spoke with Capita to ascertain the process of obtaining a counter signatory for cheques over £10k and it was ascertained that there is currently no form in place on which to record 'manual' cheques that require counter signing. On the usual weekly payment runs a report is generated through Agresso that lists each payment over £10k however this is not the case for 'manual' cheques. As a result, Internal Audit cannot confirm that the payments within the sample that exceeded £10k had been counter signed. The bank is responsible for not cashing any cheques which have not been countersigned.</p> <p><u>Risk</u> Manual payments exceeding £10k may be generated leading to the payment not being appropriately authorised.</p>	Capita Contract Manager
Management Response		Implementation Date
<p>Recommendation is Agreed Capita now provide the Chief Accountant with the weekly payment confirmation file. The Chief Accountant will sign any cheques over £10k, and also the confirmation file produced from Agresso which will provide back up documentation that the Chief Accountant has signed the cheques over £10k.</p> <p>Management Response: Capita Contract Manager</p>		Implemented

18. Direct Debits**(Low Risk)**

Recommendation	Rationale	Responsibility
The direct debits currently active which have not been paid recently should be cancelled as they appear to be no longer required.	<p><u>Best Practice</u> Only required direct debits should be active on the Council's bank account.</p> <p><u>Findings</u> Of the 18 direct debits set up on the Council's bank account, five have not been used recently.</p> <p><u>Risk</u> There is an increased possibility of direct debits being taken inappropriately if redundant direct debits remain active on the Council's bank account.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle The Council's direct debits will be reviewed. However, in accordance with the direct debit scheme rules, instructions become dormant if no collection as been requested for 13 months.</p> <p>Management Response: Chief Accountant / Capita Contract Manager</p>		31 March 2008

19. Direct Debit Supporting Documentation**(Medium Risk)**

Recommendation	Rationale	Responsibility
The importance of submitting evidence to support any payments by direct debit is reminded to officers.	<p><u>Best Practice</u> Direct Debit payments should be evidenced by supporting documentation.</p> <p><u>Findings</u> There were 2 instances where supporting documentation for direct debit payments had not been submitted to Accountancy.</p> <p><u>Risk</u> There is an increased possibility of direct debits being taken inappropriately if supporting documentation is not provided to Accountancy.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Chief Accountant</p>		31 March 2009

20. Direct Debit Set Up**(Medium Risk)**

Recommendation	Rationale	Responsibility
A direct debit set up form is produced that is completed by the officer requesting the set up of the direct debit, the form must then be authorised by their head of service. The completed form should then be passed to accountancy for approval by the Chief Accountant. Only upon this authorisation should the direct debit then be set up. A copy of the authorised form should be retained by Accountancy.	<p><u>Best Practice</u> Direct Debits should only be set up when authorised appropriately.</p> <p><u>Findings</u> There is no evidence in place for the set up of the direct debit and it was ascertained that any officer of the Council can set up a direct debit.</p> <p><u>Risk</u> There is an increased possibility of direct debits being taken inappropriately if the appropriate authorisation is not sought.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed with Amendment Agree with process outlined above, although unclear whether the Chief Accountant should be responsible for authorising all direct debits being set up, especially if the form has already been signed by Head of Service. Suggest if value of direct debit payment in one financial year exceeds £10k then it is counter-authorised by Chief Accountant, but such authorisation not needed for lower value direct debits.</p> <p>Management Response: Chief Accountant</p> <p>Internal Audit are happy with this amendment.</p>		31 March 2009

21. Direct Debit Credit Card**(High Risk)**

Recommendation	Rationale	Responsibility
The individual purchases made on Council credit cards are appropriately documented and authorised. In addition, the monthly balance statement should also be authorised.	<p><u>Best Practice</u> Direct Debit payments should be evidenced by supporting documentation and payments made on behalf of the council should be appropriately authorised.</p> <p><u>Findings</u> The credit card where the Head of Finance is the card holder had been used to purchase items by other Service Teams. Internal Audit was informed that this is usual practice if an officer seeks the Head of Finance's approval, however this approval is not documented. There is often a delay in receiving the invoices to support the purchases and the actual credit card bill itself is not</p>	Chief Accountant

	authorised. <u>Risk</u> There is an increased possibility of unauthorised payments being taken by direct debit if supporting documentation is not provided to Accountancy and the overall balance is not authorised by the Card Holder.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		28 February 2009

22. BACS Transmissions**(High Risk)**

Recommendation	Rationale	Responsibility
The Chief Accountant should also countersign the Payment Confirmation report as there is no control in place to prevent any amendments being made and it is these details that are transmitted through BACS. In addition, any payments that are removed from the payment proposal report are evidenced.	<u>Best Practice</u> The Chief Accountant should be aware of all payments made by BACS to ensure that they have been appropriately authorised. <u>Findings</u> A review of the 'Remittance Proposal' and 'Payment Confirmation' reports highlighted that there is a difference between the number and value of payments approved by the Chief Accountant on the 'Remittance proposal' report and the payments detailed on the 'Payment Confirmation' report. There is no evidence to confirm why an account had been removed from the payment list. Additional audit testing confirmed that the payments had been removed from the BACS payment run and paid by cheque. <u>Risk</u> There is an increased possibility of unauthorised payments being transmitted if the Chief Accountant has not been provided with accurate records showing the confirmed payments.	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		Immediately

5. GENERAL LEDGER 2008/2009

1. INTRODUCTION

- 1.1 Final issued 3rd March 2009. The fieldwork for this audit was undertaken between October 2008 and January 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that appropriate and adequate reconciliations are undertaken of Girobank Accounts, Drawings and General Accounts;
 - To ensure that suspense account items are promptly investigated and adequately documented and controlled;
 - To ensure that journal transfers are appropriate, authorised and adequately documented and controlled;
 - To ensure that cash receipts are promptly and accurately recorded within the General Ledger;
 - To ensure that amendments to standing data are appropriately authorised and controlled;
 - To ensure that system access is appropriate and adequately controlled.

2. BACKGROUND

- 2.1 Capita manage the Agresso financial information system which holds transaction data. The Council has two Alliance and Leicester Girobank accounts, a general bank account, a drawings account for accounts payable and two drawings accounts for use within the Academy Revenues and Benefits system for Council Tax and Business Rate refunds and Housing Benefit Payments. Accountancy staff are responsible for reconciling the girobank accounts, whilst the others are reconciled by Capita.
- 2.2 The Civica Icon cash office system is also managed by Capita, and interface files are produced for various systems such as Revenues and Benefits as well as the General Ledger. Miscellaneous cash items, such as payments for licence fees, are still being processed within the cash office using the previous Powersolve system transaction codes.

3. PREVIOUS AUDIT REPORTS

- 3.1 General Ledger was last subject to an internal audit review in December 2007, as part of the Bank Reconciliation audit. Ten recommendations were raised and an unsatisfactory assurance level opinion was issued (now limited).
- 3.2 One recommendation regarding Girobank reconciliations has been fully implemented, and one regarding contractor deposit accounts is still ongoing. Five recommendations have been partly implemented, and

are included within recommendations from this review related to reconciliation of drawings and general accounts and procedures. One recommendation regarding management information has not been implemented, and two recommendations regarding contractor deposit accounts have not been implemented as legal advice has been sought but not received. These have been included in the recommendations made in this 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. One High risk, seven Medium risk and nine Low risk.

5. MAIN FINDINGS

5.1 Bank Reconciliations

- 5.2 Internal Audit noted that the General Bank account has not been reconciled after 31/03/08. The No.1 payment account is reconciled to 31/10/08, but Housing Benefit and Council Tax/Business Rates drawings are only reconciled to 31/07/08. Unpresented items include out of date cheques which have not been dealt with. Alliance and Leicester Girobank accounts are regularly documented, but a minor cosmetic change to the statement is recommended. It was evidenced that procedures are lacking, covering the format and requirements of the reconciliation processes.

- 5.3 Five recommendations have been made as a result of our work in this area.

5.4 Suspense

- 5.5 The suspense account cash is only posted to the General Ledger monthly. This makes the process of identifying and allocating items more laborious, although it is acknowledged that the process to post transactions is also time consuming for the Systems Administrator. Approximately 55% of the volume of transactions unallocated are payments of £30 believed to be sundry debtor payments for brown bins. A spreadsheet is used to monitor suspense transactions and note actions taken and items posted. However, this did not agree with the balance coded to Agresso. As Agresso transactions do not match off, it is hard to gauge from Agresso what items remain outstanding.

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

5.7 **Journal Transfers**

5.8 Journal entries are supported by either general ledger journal input sheets or internal recharge sheets. Occasionally a handwritten note is retained on a print of a coding which needs amending, and there isn't a covering journal sheet. It would be good practice if they were all in the same format and all have appropriate details and supporting documentation. Whilst there is little segregation of duties and independent checks, an audit trail is available within the finance system.

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

5.10 **Cash In General Ledger**

5.11 Daily exports of miscellaneous cash from the cashiers system are still coded to, and in the format of, the previous financial system, Powersolve. This results in a time consuming process to convert data into the Agresso code and format, hence postings only take place each month. This further results in a delay in dealing with suspense items and in coding transactions to the General Ledger. It is understood that the cash office system can be configured to accept the Agresso account codes without validation of those codes, or several funds could be created to validate the Agresso codes. This would mean the daily export files could be automatically produced in the Agresso format and daily postings could occur.

5.12 Two recommendations have been made as a result of our work in this area.

5.13 **Standing Data**

5.14 From the testing undertaken appropriate controls appear to be in place regarding the creation of new accounts, cost centres and attributes as far as restricting access and authorising new items. However the Chief Accountant should be copied into all electronic requests made to Capita. An agreed chart of accounts is in use but there appear to be minor differences between the electronic version maintained by Accountancy and the actual data set in Agresso. The Strategic Director (Section 151 Officer) requested that the review included a comparison between the chart of accounts with the version in use at Vale of White Horse District Council (VWHDC). There are 605 accounts in use at SODC and 595 at VWHDC with 499 accounts matching. The differences include minor discrepancies such as spelling, and variances have been reported on separately for consideration.

5.15 Two recommendations have been made as a result of our work in this

area.

5.16 System Access

5.17 Agresso user access appears to be appropriately controlled and established with regular forced password changes. Some slight discrepancies were noted between the list of users maintained by Accountancy and the actual users set up on the system. In addition, the System Administrator is not always notified of staff that have left in order to restrict their user access.

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

OBSERVATIONS AND RECOMMENDATIONS

BANK RECONCILIATIONS

1. Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
The process of bank reconciliation is covered by adequate, authorised and up to date procedures which include how reconciliations are to be reported and who to.	<p><u>Best Practice</u> Adequate authorised procedures are in place to cover all aspects of the bank reconciliation process.</p> <p><u>Findings</u> Capita have produced a Bank Reconciliation procedure document which covers the process within Agresso, but not how reconciliations are to be reported and who to. The version control table of this document does not appear to reflect the most recent changes. A documented procedure covering the Girobank reconciliation process is required.</p> <p><u>Risk</u> If procedures are not agreed and up to date then inappropriate actions may occur and cover in the absence of key staff may not be sufficient.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 July 2009

2. Girobank Reconciliation

(Low Risk)

Recommendation	Rationale	Responsibility
The format of the girobank reconciliation	<u>Best Practice</u> Reconciliation statements are clearly	Chief Accountant

statement is amended so that it is clear. It needs to state items are deducted rather than added together to arrive at the total or the signage changed.	documented. <u>Findings</u> Whilst no issues were found with the Girobank Reconciliation, the statement itself does not always make mathematical sense in its format at the time of the review. <u>Risk</u> If reconciliation statements are not clear then they may not appear to adequately prove that items do reconcile.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 August 2009

3. Account Reconciliations**(High Risk)**

Recommendation	Rationale	Responsibility
Reconciliations are regular and up to date in accordance with required service levels.	<u>Best Practice</u> Reconciliations are carried out on a regular basis and are up to date according to stated service level requirements. <u>Findings</u> At the time of the review, the main drawings account was reconciled up to the end of October 2008 but the Housing Benefit and Council Tax accounts were reconciled to the end of July 2008. The General Bank account had not been reconciled since 31 st March 2008. <u>Risk</u> If regular and prompt reconciliations are not undertaken then errors may go undetected and repeated	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed All accounts bar the general account are now up to date up to 31 December 2008. Work on the general bank account reconciliation is now a top priority within the Accountancy section, and resources will be directed to ensure that all bank accounts for the 2008/09 financial year are reconciled no later than 30 April 2009. Management Response: Chief Accountant		30 April 2009

4. Reconciliation Statements**(Low Risk)**

Recommendation	Rationale	Responsibility
All reconciliation	<u>Best Practice</u>	Staff Officer

statements should be dated and state who has prepared them and be subject to documented independent checks.	Reconciliations are appropriately signed, dated and subject to independent regular checks. <u>Findings</u> The drawings account reconciliations do not state who has prepared them and they do not appear to be independently reviewed or signed off. <u>Risk</u> Without independent regular checks misappropriations may take place and remain unresolved.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		Immediately

5. Variances Resolved**(Medium Risk)**

Recommendation	Rationale	Responsibility
Variations, such as out of date cheques, are dealt with and appropriate adjustments to ledger codings made promptly.	<u>Best Practice</u> Variations in reconciliations are identified and resolved promptly. <u>Findings</u> The drawings account reconciliations identify variations which include unrepresented out of date cheques. At the time of the review, action had not been taken to resolve these variations and cancel the transactions within the General Ledger. <u>Risk</u> Without regular reconciliations errors may go undetected and repeated.	Chief Accountant/Capita
Management Response		Implementation Date
Recommendation is Agreed The responsibilities of client and contractor regarding out of date cheques will be clarified. Timely completion of the task regarding out of date cheques will be monitored by the Chief Accountant. Management Response: Chief Accountant		Ongoing

SUSPENSE**6. Weekly Postings****(Medium Risk)**

Recommendation	Rationale	Responsibility
Miscellaneous cash is posted to Agresso on a more regular basis, at	<u>Best Practice</u> Miscellaneous cash is posted as regularly as possible to minimise delay in allocating	Chief Accountant / Capita

least weekly.	<p>items.</p> <p><u>Findings</u> Whilst it is acknowledged that the process to create and post miscellaneous cash in an Agresso format is time consuming for Capita's System Administrator, monthly postings result in problems with payment tracing and general account suspense reconciliations ('Z').</p> <p><u>Risk</u> If items are not allocated in a timely manner then budget holder's records may not be correct.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Officers are working closely with Capita with a view to introducing daily miscellaneous cash posting from March 2009. This has involved changing how transactions are recorded on the cash receipting system, and amending transaction rules on Agresso, to ensure that the process to create and process cash is simplified for the Capita systems administrator.</p> <p>Management Response: Chief Accountant</p>		31 March 2009

7. Reconciliation**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>Variances between the general account ('Z') suspense spreadsheet and the Agresso general account suspense items are investigated and resolved promptly to ascertain the correct true suspense items outstanding.</p>	<p><u>Best Practice</u> The balance outstanding according to Accountancy's suspense spreadsheet matches that coded within Agresso.</p> <p><u>Findings</u> At the time of the review, an unresolved difference was noted between the spreadsheet used in Accountancy to monitor and record suspense transactions and the Agresso suspense codings (General Ledger 'Z' suspense).</p> <p><u>Risk</u> If the items in Agresso do not balance with the amount believed to be in suspense then it is not clear which version is correct and payments may be allocated incorrectly.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Chief Accountant</p>		Immediately

8. Agresso Matching**(Medium Risk)**

Recommendation	Rationale	Responsibility
Investigation should be made as to the best way of processing general ledger ('Z') suspense items within the general ledger so that items can be matched.	<p><u>Best Practice</u> Suspense transactions within the general ledger account should match and be 'netted off' so that outstanding items can be easily reported on and viewed.</p> <p><u>Findings</u> The general ledger ('Z') suspense account within Agresso does not have items matched up and netted off. When items are identified and allocated, a manual bank transaction is posted rather than a journal to recode the item where it belongs. Hence Agresso cannot be relied on to identify which items remain outstanding and a spreadsheet is maintained instead creating an extra process.</p> <p><u>Risk</u> If outstanding items are not readily identified within the General Ledger suspense account, then reconciling suspense and identifying variances is more difficult than it should be.</p>	Chief Accountant
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Procedures for this process will be reviewed to ascertain the most effective process.</p> <p>Management Response: Chief Accountant</p>		31 March 2009

9. Debtors Payments Moved**(Low Risk)**

Recommendation	Rationale	Responsibility
Payments on the general suspense ('Z') account which appear to be brown bin payments should be moved to the debtors suspense provided Capita can provide an adequate and documented audit trail in support of allocations.	<p><u>Best Practice</u> Unallocated payments are located in the best account to minimise processes and delays once items are traced.</p> <p><u>Findings</u> Of 458 outstanding items in the 2008/2009 general suspense ('Z') account, 252 were for £30 and will mainly be brown bin payments waiting to be allocated.</p> <p><u>Risk</u> If outstanding items are not readily identified within an appropriate relevant suspense account then unnecessary delays may results in allocating payments following successful payment traces.</p>	Chief Accountant

Management Response	Implementation Date
<p>Recommendation is Agreed Work on this is ongoing. A specific problem has arisen where, in a number of instances, banks have not recorded the invoice number against over-the-counter payments and also have not returned the paying-in-slip to the council. This has meant the Council is unable to identify the specific payer in these instances. Capita were asked to include OCR line information in the electronic data strip on paying-in-slips as part of Agresso implementation April 2007, but have only just got around to progressing this request.</p> <p>Management Response: Chief Accountant / Head Of Finance / Senior Revenues and Benefits Client Officer</p>	Ongoing

JOURNAL TRANSFERS

10. Documentation

(Low Risk)

Recommendation	Rationale	Responsibility
<p>A standard form is completed with explanations for all journals, which, where necessary, can refer to supporting documents for more detail where a large number of transactions is included.</p>	<p><u>Best Practice</u> A standard format and process is used to record journal transactions.</p> <p><u>Findings</u> A 'General Ledger Journal' or 'Internal Recharge Works' sheet is used to record details of journal entries. Testing showed that the journal is not always used and notes are made on Agresso prints on occasion. Two of twelve journals tested did not clearly explain the reason for the journal. The use of the standard form prompts all appropriate details to be completed such as the reason for the journal.</p> <p><u>Risk</u> If journal transactions are not adequately documented then it may be difficult to explain the reason for transactions in the event of a problem.</p>	Chief Accountant
Management Response	Implementation Date	
<p>Recommendation is Agreed Management Response: Chief Accountant</p>	Immediately	

CASH IN GENERAL LEDGER

11. Procedures

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Appropriate, agreed and up to date procedures are in place to cover all aspects of the</p>	<p><u>Best Practice</u> Agreed and version controlled procedures are in place covering all aspects of the miscellaneous cash posting process.</p>	Chief Accountant / Capita

miscellaneous cash posting process.	<p><u>Findings</u> Capita's procedure note for posting miscellaneous cash into the General Ledger is still in draft stage according to the version control. The page footers of the document contain last updated dates not reflected in the version control. The procedure does not appear to have been reviewed or agreed.</p> <p><u>Risk</u> If procedures are not agreed and up to date then inappropriate actions may occur and cover in the absence of key staff may not be sufficient.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed As identified in response to 6) above, miscellaneous cash posting procedures are under review. As part of this process the Chief Accountant will liaise with Capita colleagues concerning procedure notes.</p> <p>Management Response: Chief Accountant</p>		31 March 2009

12. Cash Office Transactions**(Medium Risk)**

Recommendation	Rationale	Responsibility
The cash office system is amended to allow Agresso codes to be entered for miscellaneous cash transactions.	<p><u>Best Practice</u> The cash office system produces a daily posting file in the correct format and using the correct transaction codes for the current financial system.</p> <p><u>Findings</u> Miscellaneous cash is entered into the Civica Cash Office system using the previous financial system's transaction codes. This results in delays in postings to the general ledger and a time consuming process for the Agresso System Administrator to create a posting file.</p> <p><u>Risk</u> If the correct codes and formats are not used in the cash system, then delays in posting transactions to Agresso may occur and unnecessary and time consuming processes are needed.</p>	Chief Accountant / Capita
Management Response		Implementation Date
<p>Recommendation is Agreed See response to 6) above.</p> <p>Management Response: Chief Accountant</p>		31 March 2009

STANDING DATA

13. Email Notifications

(Low Risk)

Recommendation	Rationale	Responsibility
The Chief Accountant is copied into requests for new transactions, and Capita's System Administrator checks this is the case before processing the request.	<p><u>Best Practice</u> Amendments to Agresso system codes are appropriately authorised.</p> <p><u>Findings</u> Requests for new transactions such as cost centres, are emailed to Capita's Agresso System Administrator by the Accountancy Assistant so there is no evidence that the request has been agreed by the Chief Accountant.</p> <p><u>Risk</u> If unauthorised system codes are established then these may be used fraudulently to misappropriate funds or hide discrepancies.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		Immediately

14. Regular Comparison

(Low Risk)

Recommendation	Rationale	Responsibility
A regular comparison between the system and the agreed version of Chart of Accounts should be undertaken and variances resolved appropriately.	<p><u>Best Practice</u> An agreed version of Chart of Accounts is in use so that expenditure and transactions are appropriately allocated.</p> <p><u>Findings</u> The agreed version of the Chart of Accounts held by Accountancy differed slightly from that set up within Agresso.</p> <p><u>Risk</u> If unauthorised system codes are in use then transactions and expenditure may not be allocated correctly.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		Reviews to be undertaken periodically

SYSTEM ACCESS

15. Regular Review

(Medium Risk)

Recommendation	Rationale	Responsibility
A regular comparison	<u>Best Practice</u>	Chief Accountant

<p>between the system list of users and Accountancy's agreed list should be undertaken and variances resolved appropriately. Staff leavers should be notified and their Agresso access restricted.</p>	<p>All Agresso users are agreed by Accountancy and regular comparisons take place to ensure only agreed and current users have access.</p> <p><u>Findings</u> The list of Agresso users held by Accountancy differed slightly from that set up within Agresso. Users no longer employed by the Council were still seen to be listed as current Agresso users.</p> <p><u>Risk</u> If unauthorised personnel are able to access the financial system then they may be able to corrupt the data.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Chief Accountant</p>		<p>Reviews to be undertaken periodically</p>

PREVIOUS RECOMMENDATIONS

16. Monitoring Reports

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Regular and appropriate monitoring reports should be re-introduced to include information on the status of reconciliations, suspense items and unidentified transactions.</p>	<p><u>Best Practice</u> Regular and adequate monitoring reports are produced.</p> <p><u>Findings</u> There haven't been any monitoring reports produced from May 2007. Whilst the format and content may require amending from that previously reported monitoring reports should be produced.</p> <p><u>Risk</u> If regular monitoring reports are not produced then areas of concern may not be apparent early on and would remain unresolved.</p>	<p>Chief Accountant</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Chief Accountant</p>		<p>Reports to be reintroduced for 2009/10 financial year</p>

17. Contractor Deposit Accounts

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Previous recommendations regarding contractor deposit accounts are followed up and resolved.</p>	<p><u>Best Practice</u> Previous recommendations are fully addressed.</p> <p><u>Findings</u></p>	<p>Chief Accountant</p>

	<p>The recommendations were agreed to with implementation dates of 31/3/08 & 30/4/08. Whilst legal advice had been requested, this had not been progressed and resolved.</p> <p><u>Risk</u> If previous recommendations are not implemented then the underlying issues may remain unresolved and repeated.</p>	
Management Response		Implementation Date
Recommendation is Agreed		31 August 2009
Management Response: Chief Accountant		

6. COUNCIL TAX 2008/2009

1. INTRODUCTION

- 1.1 Final issued 4th March 2009. The fieldwork for this audit was undertaken between November 2008 and January 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure through testing that the billing process contains effective internal controls and is operating efficiently and accurately.
 - To ensure that exempt and void properties are treated correctly and in line with council and local government policy.
 - To ensure through testing that credit balance and refund processes contain sufficient internal controls and are operating efficiently and accurately.
 - To ensure through testing that processes surrounding the write offs contain effective internal controls and comply with relevant financial regulation.
 - To ensure the reconciliation of the Academy system is performed correctly and that all council tax income is recorded correctly in the general ledger.

2. BACKGROUND

- 2.1 In recent years, the Council Tax system has changed software. The current software being used to process any changes to the Council Tax system is the Academy system. Capita currently hold responsibility for the handling and processing of Council tax queries, as well as for the mainstream maintenance of customer accounts. They operate both from South Oxfordshire District Council and from their shared service centre in Bromley, London. The Council's client team deal with authorisations of various transactions and the monitoring of the Council Tax totals, as well as enforcement of collection where appropriate. It was also established that recent procedures for refunds and write-offs had also been recently agreed and reviewed.
- 2.2 A vacant post was created by the resignation of a Principal Accountant during the audit, who was responsible for the reconciliation of the Academy and Agresso systems. There were no other departmental issues.

3. PREVIOUS AUDIT REPORTS

- 3.1 Council Tax was last subject to an internal audit review in 2007/2008 and 8 recommendations were raised with a satisfactory opinion issued.
- 3.2 All previous recommendations had been implemented, with no issues noted.

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 8 recommendations have been raised in this review. One High risk, four Medium risk and three Low risk.

5. MAIN FINDINGS

5.1 BILLING

- 5.2 Sampling of bills was performed with no issues noted regarding the contents and calculation. Internal Audit also established there were sufficient controls around the timing and content of the bills in the event of refunds and exemptions. In addition, it was ascertained that information sent to the customer per the annual billing process is sufficient and in line with the legal requirements for information the Council is under obligation to supply. No recommendations have been made as a result of our work in this area.

5.3 EXEMPT AND VOID PROPERTIES

- 5.4 Sample testing was performed on both void and exempt properties. It was noted that documentation on the Academy system applied an exemption on the basis the exemption had been applied before, but there was no evidence present and no reference to the previous exempt account. Internal Audit recommends that documentation should be sufficient to allow evidence of previous exemptions to be seen.

- 5.5 The exemption process was reviewed to the level of property inspection and Internal Audit considers the recently utilised EDMS system should continue to full use. However, it was noted there were discrepancies with completed records which did not reflect the current status of inspections, and that these should be updated accordingly. Internal Audit has made three recommendations as a result of our work in this area.

5.6 CREDIT BALANCES AND REFUNDS

- 5.7 Walkthroughs were performed for the processes for credit balances and refunds identification, management review and physical issuance. The process was found to contain good controls for a current and recently agreed process. Internal Audit is of the opinion that the process could be improved with greater communication between Council Tax and Finance regarding cancellation of incorrect cheques issued, and that documented procedures should be updated to reflect this.

5.8 Monitoring over the amount of credit balances was also reviewed and Internal Audit were of the opinion that given the extent of monies owed to customers, monitoring should be implemented to allow regular review of balances. It is acknowledged that retrieval of monies by customers is a greater resource priority. Internal Audit has made two recommendations as a result of our work in this area.

5.9 **WRITE OFF PROCEDURES**

5.10 The recently agreed process surrounding write-offs was reviewed and sample testing undertaken on written off balances. It was noted that there was a good system of review and counter checking surrounding write offs on both the side of the client team and that of the Capita Council Tax team.

5.11 Amounts used as limits in the recently agreed procedures were reviewed for reasonableness against appropriate financial regulations, with no issues found. Internal Audit has made no recommendations as a result of our work in this area.

5.12 **ACADEMY AND GENERAL LEDGER RECONCILIATION**

5.13 Some elements of the cash received had been reconciled such as the direct debit transactions which covered a large proportion of the cash received; however there was no overall reconciliation between Academy and Agresso. The Academy system Council Tax suspense account was reviewed and Internal Audit is of the opinion that given the current size, efforts to clear the account in conjunction with the advancement of a successful reconciliation would be favourable.

5.14 Additionally, it was noted there was no allocated person within the Finance team for the cancellation of subsequently returned refund cheques. Internal Audit has made three recommendations as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

EXEMPT AND VOID PROPERTIES

1. Documentation of Relevant Evidence

(Low Risk)

Recommendation	Rationale	Responsibility
Documentation relating to another account is clearly cross referenced within the Academy system, especially if it refers to another piece of evidence on the EDMS system.	<p><u>Best Practice</u> That any evidence corresponding to a current Council Tax account that relates to an older or surpassed account is clearly referenced, to allow easier observation upon review and a more coherent audit trail.</p> <p><u>Findings</u> Out of a sample of 20, 1 account was</p>	Council Tax Team Leader

	<p>identified that had no cross referencing justification. Upon enquiry it was revealed this was standard practice within the Council Tax team when dealing with a new Council Tax account which had a history dating to a previous account.</p> <p><u>Risk</u> If there is justification for an exemption or voiding of a property and no evidence can be found then it may not be possible to trace it, should the customer refer to it in future correspondence.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Further detail will be entered on the Academy system to provide a quicker/clearer audit trail.</p> <p>Management Response: Revenue Manager (Capita)</p>		March 2009

2. EDMS Referencing

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Evidence contained within the EDMS system that supports an exemption is noted as such within the main Academy notes.</p>	<p><u>Best Practice</u> Adequate supporting documentation exists as justification or validation of a customer's current account status, and it states clearly the premise for the void or exempt status.</p> <p><u>Findings</u> While reviewing notes of samples taken, it was difficult to ascertain whether there was evidence in the EDMS system, and if so, what part it played in the current position of a customer's account. Also, from sample testing, accounts were identified that contained no evidence in the EDMS system and insufficient explanation in the account notes to inform the user of why an account had been given its current status.</p> <p><u>Risk</u> That reviews become inefficient if the purpose of an account status is not clearly defined, or the justification of the amount of evidence is not clearly given.</p>	Council Tax Team Leader
Management Response		Implementation Date
<p>Recommendation is Agreed Notepads should be entered in all future cases.</p>		March 2009

Management Response: Revenue Manager (Capita)	
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3. Transition of Inspection In-tray System

(Low Risk)

Recommendation	Rationale	Responsibility
The recent implementation of the EDMS system for the timetabling of inspections is continued to full utilisation.	<p><u>Best Practice</u> The timetabling of inspections has recently been changed to an electronic system that automatically allocates a date to void or exempt properties when Council Tax consider an inspection is required. This should be fully utilised by staff and there should be sufficient training and assistance to allow them to use this permanently. Also, management should be aware of the ad hoc procedures being adopted.</p> <p><u>Findings</u> Process changes for the recording and timetabling of inspections of void and exempt properties was mid-implementation, and some old procedures were still being used by the inspectors, which didn't fully utilise the EDMS system.</p> <p><u>Risk</u> Ad hoc procedures may still exist and may result in sub-optimal efficiency surrounding the timetabling of the target dates and rolling inspections.</p>	Inspection Team & Revenues Manager
Management Response		Implementation Date
<p>Recommendation is Agreed This has been a recent project that was trial tested on NNDR first and is now in the process of being developed further and rolled out to include a full rolling Council Tax review (6 monthly). It will replace the need for the current manual processes in place, i.e. system reports and hand written inspection cards.</p> <p>Management Response: Revenue Manager (Capita)</p>		October 2009

CREDIT AND REFUND BALANCES

4. Updating of Refund Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
Regular communication should take place between the Accountancy and Council Tax teams as part of the refunds process and this should be reflected in documented procedures.	<p><u>Best Practice</u> In the event of a cheque being rejected by the bank, any refund procedures should reflect the necessary actions required to cancel the cheque on both the Academy and Agresso systems.</p> <p><u>Findings</u></p>	Revenues Manager (Capita) / Chief Accountant

	<p>Communication shortfalls were identified whilst reviewing the reconciliation between the Academy and Agresso systems, and were confirmed through discussions with the Principal Accountant. Recent efforts had been made to communicate stopped cheques to Accountancy, but no reference was made to this in a set of recently agreed procedures obtained.</p> <p><u>Risk</u> With no reflection in the financial system, the general ledger would not be up to date. This may lead to customers being given the incorrect information and potentially incorrect refunds being made if the system cannot be relied on consistently.</p>	
Management Response	Implementation Date	
<p>Recommendation is Agreed Capita will discuss recommendation with Accountancy to establish the best process to adopt. The procedures will be altered to reflect this.</p> <p>Management Response: Revenue Manager (Capita)</p>	<p>May 2009</p>	

5. Credit Balance Monitoring

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Credit balances for accounts on the Academy system are reviewed regularly and efforts made to reduce their value.</p>	<p><u>Best Practice</u> That the amount of credit balances on the system is monitored and management have a good understanding on the total of amounts owing and what the majority of the values contain. These should be reported to relevant management on a regular basis.</p> <p><u>Findings</u> A report was obtained containing a summary of credit balances for closed accounts from the Academy system for Council Tax with a total of £1.1 million; management are aware of the need to reduce the balances.</p> <p><u>Risk</u> If the total credit balance goes unmonitored. There may be adverse budget implications if the amount of money owed is not planned for.</p>	<p>Revenues Manager (Capita) / Council Tax Team Leader</p>
Management Response	Implementation Date	
<p>Recommendation is Agreed in Principle</p>	<p>December 2009</p>	

<p>Monthly statistics are produced, which detail the current unrefunded system credit totals (by financial year); therefore Capita management is regularly aware of the running total. Efforts are made, following any account falling into credit to return this money without delay and a credit bill with refund request form is immediately sent. Once this form has been completed and returned (verifying to whom the money should be sent and where), then the refund is promptly issued. This helps minimise the system credit at any given time. Additional action beyond that already in place is considered a lower priority than focusing on unpaid council tax, and as such further detailed reviews can only be conducted when circumstances permit. This would involve attempting to trace the whereabouts of taxpayers, as the most common reason for an account falling into credit is from taxpayers vacating their address and if they have failed to inform the council tax team of a new address then refunding the money is not a straight forward process.</p> <p>Management Response: Revenue Manager (Capita)</p>	
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ACADEMY AND GENERAL LEDGER RECONCILIATION

6. Compilation of Overall Academy Reconciliation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Reconciliation should take place of the total amount of Council Tax cash received on the Academy and Agresso systems.</p>	<p><u>Best Practice</u> Regular reconciliations are performed of the Academy and Agresso systems and any significant reconciling items are investigated.</p> <p><u>Findings</u> There was no regular reconciliation between the Academy and Agresso systems for Council Tax. Efforts had been made by reconciling direct debits and refund aspects, but no overall reconciliation had been maintained. It is acknowledged that this is a high priority for Accountancy to address.</p> <p><u>Risk</u> Performing an overall reconciliation of the Council Tax cash would be necessary in order to see the degree of total cash outstanding and to contribute towards effective planning for a timetable of implementing an ongoing regular and accurate reconciliation between the two systems.</p>	<p>Chief Accountant</p>
Management Response		Implementation Date
<p>Recommendation is: Agreed This is a high priority for the Accountancy team and additional resource has been brought in to ensure that the 2008/2009 reconciliation is completed by 30 April 2009. Regular</p>		<p>Ongoing</p>

reconciliations will be undertaken during 2009/2010	
Management Response: Chief Accountant	

7. Suspense Account Review

(High Risk)

Recommendation	Rationale	Responsibility
In conjunction with the reconciliation of the Academy and general ledger systems, the Council tax suspense account for both the Academy and Agresso systems should be reviewed with consideration being put towards clearing down outstanding amounts.	<p><u>Best Practice</u> Suspense accounts are used on a temporary basis and only ever contain genuine items that cannot be allocated after all channels have been exhausted. Regular review of the suspense account should be undertaken and action taken if the balance becomes unmanageable.</p> <p><u>Findings</u> Discussions with the Principal Accountant revealed that the Agresso suspense account contains around £125k of unallocated payments that may potentially cover both Council Tax and NNDR. There is no one person currently responsible for the clearing of this account or attempting to identify the balances it holds.</p> <p><u>Risk</u> If the suspense account gets too big, financial or administrative records may become inaccurate, leading to potentially incorrect payments going out, or incoming payments not being properly recovered. This may have severe financial implications for the Council both from a budgeting perspective and through unnecessary recovery costs for amounts that have already been paid.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed		Ongoing
Management Response: Chief Accountant		

8. Refund Cancellation Responsibility

(Medium Risk)

Recommendation	Rationale	Responsibility
Once the refund cheque cancellations have been communicated to the Accountancy team, there should be an allocated person responsible for their physical processing back onto the system.	<p><u>Best Practice</u> Refund cheques that have been cancelled are communicated to the same position in accountancy and where possible, put onto the system by the same person who has been agreed through an established and documented process.</p>	Chief Accountant

	<p><u>Findings</u> There is no single person allocated to the process of physically inputting the refund cheques that have been cancelled once they have been communicated to the finance team.</p> <p><u>Risk</u> That the cancelled refund cheques are not processed if no single person is allocated responsibility. This would be result in the reconciliation being inaccurate and unnecessary effort being made to chase up reconciling items.</p>	
Management Response	Implementation Date	
<p>Recommendation is Agreed in Principle This will be implemented when roles and responsibilities have been agreed with Capita.</p> <p>Management Response: Chief Accountant</p>	31 March 2009	

7. CAPITAL ACCOUNTING 2008/2009

1. INTRODUCTION

- 1.1 Final issued 5th March 2009. The fieldwork for this audit was undertaken during October and November 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that the Council has an up to date Capital Financing Strategy and Asset Management Plan in order to develop and manage its Capital Programme.
 - To ensure that adequate monitoring is undertaken in relation to capital contracts and approved budgets.
 - To ensure appropriate capital accounting arrangements are in place.
 - To ensure adequate authorisation of additions, disposals, write offs, transfers and amendment of the Asset Register.
 - To ensure the Asset Register is regularly reconciled to other sources.

2. BACKGROUND

- 2.1 The Council prepares annual financial statements which are subject to external review by the Audit Commission. The financial statements include details of the Council's capital assets and related capital expenditure. The Council's capital assets are recorded on an Asset Register.

3. PREVIOUS AUDIT REPORTS

- 3.1 Capital Accounting was last subject to an internal audit review in March 2008 and six recommendations were raised and a satisfactory opinion was issued.
- 3.2 Internal Audit reviewed the implementation status of the recommendations made following the 2007/2008 audit review and found that four recommendations had been implemented and two had been superseded.

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 Six recommendations have been raised in this review. Five Medium risk and one Low risk.

5. MAIN FINDINGS

5.1 Capital Financing Strategy and Asset Management Plan

5.2 There is a Draft Capital Strategy which is dated 2006, which also refers to the Asset Management Plan. The Strategy is still at draft stage and as a result is not up to date. The Asset Management Plan is also out of date as it has not been reviewed since 2004. Two recommendations have been made as a result of our work in this area.

5.3 Monitoring Arrangements.

5.4 The Capital Budget is monitored alongside the revenue budget on a monthly basis. The accountants liaise with budget holders to ascertain the reason for variances and to discuss general budget issues.

5.5 Capital Projects are appraised prior to commencement and also when completed. The outcome is generally placed in the Weekly Information Sheet. Internal Audit considers that there are appropriate monitoring arrangements in place. No recommendations have been made as a result of our work in this area.

5.6 Accounting Arrangements

5.7 Internal Audit reviewed the draft Annual Governance Report prepared by the Audit Commission, and there appears to be no issues arising in relation to the accounting arrangements in place. The Audit Commission did state that the 2006/2007 accounts process proved difficult and time consuming, however they have assumed there will not be a recurrence. Based upon the work undertaken by the Audit Commission previously, Internal Audit is satisfied that there are appropriate accounting arrangements in place. No recommendations have been made as a result of our work in this area.

5.8

Adequate Authorisation

5.9

The Asset Register is maintained by the Strategic Property Officer and amendments, additions and disposal transactions are recorded either by him or one of his team. The Asset Register is currently being transferred from excel to a database application and once completed, access will remain limited to appropriate officers. Acquisitions and disposals are recorded where appropriate and assets are valued by an authorised and appropriately qualified officer.

5.10

The values of assets included in the Register were calculated and reported by external consultants who were qualified to perform asset valuations. The Asset Register requires updating and a general review of its content should be performed. Three recommendations have been made as a result of our work in this area.

5.11

Asset Register

5.12

It was previously recommended that the value of the items insured against all risks (£10k @ June 2005 valuation) should be recorded in the Asset Register. Internal Audit discussed this recommendation with both the Economic Development Manager and the Strategic Property Officer, and it was ascertained that the current Asset Register contains Land and Property Assets only and it would not be considered appropriate to record assets other than land and property within it. Internal Audit shares this view and suggests that a corporate wide asset register should be introduced to ensure all assets are being recorded.

5.13

Testing identified that the Asset Register is not completely reconciled until the end of the financial year in preparation for the annual financial statements, and additions and disposals are verified during this reconciliation. Other sources to which the Register is reconciled to, include legal and Capita documentation. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

CAPITAL FINANCING STRATEGY AND ASSET MANAGEMENT PLAN

1. Capital Financing Strategy

(Medium Risk)

Recommendation	Rationale	Responsibility
The Capital Financing Strategy is reviewed by Accountancy and updated as soon as possible.	<p><u>Best Practice</u> There should be a Capital Financing Strategy in place that is complete and up to date to provide corporate guidance to officers and members of the Council.</p> <p><u>Findings</u> It was clear from a review of the Capital Financing Strategy that it is not complete and up to date. Internal Audit acknowledges that the Asset Management Plan requires updating for inclusion within the Capital Strategy to ensure the document is complete, there remains a requirement for Accountancy to review and update the Strategy.</p> <p><u>Risk</u> No forward planning over Capital expenditure and land and property portfolio leading to potential financial losses relating to the acquisition and disposal of assets.</p>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed		Implemented

The capital strategy has now been separated from the asset management strategy and is a stand alone document. It will be presented to cabinet in March 2009 for approval	
Management Response: Chief Accountant	

2. Asset Management Plan

(Medium Risk)

Recommendation	Rationale	Responsibility
The Asset Management Plan is reviewed and updated as soon as possible by the Strategic Property Officer.	<p><u>Best Practice</u> There should be an Asset Management Plan in place that is complete and up to date to provide corporate guidance to officers and members of the Council. The document should complement and be included in the Capital Financing Strategy.</p> <p><u>Findings</u> The most recent draft of the Asset Management Plan is dated July 2003. The Strategic Property Officer advised Internal Audit that the review and updating of this document is on his work plan for this financial year. However, the Asset Management Plan requires review and updating as soon as possible as it will be included within the Capital Financing Strategy.</p> <p><u>Risk</u> No forward planning over Capital expenditure and land and property portfolio leading to potential financial losses relating to the acquisition and disposal of assets.</p>	Strategic Property Officer
Management Response		Implementation Date
Recommendation is Agreed in Principle The Leisure, Economy and Property service plan includes a target (SP5777) for the Council's Strategic Property Officer to review the asset management plan by 31 March 2009, with the aim of securing Cabinet's approval of asset management plan by Q2 of 2009/10.		30 September 2009
Management Response: Economic Development Manager		

ADEQUATE AUTHORISATION OF THE ASSET REGISTER

3. Completeness of the Asset Register

(Low Risk)

Recommendation	Rationale	Responsibility
The Asset Register summary should be updated to include the	<p><u>Best Practice</u> Income due from all organisations should be included in the Asset</p>	Strategic Property Officer

income due from all organisations.	<p>Register summary to ensure it accurately reflects all income due to the Council as detailed within the Asset Register itemisation.</p> <p><u>Findings</u> A difference in income was identified between the income stated on the Asset Register itemisation and the income stated on the summary. The difference totalled £33,463 and related to income for rental space within the HQ Offices.</p> <p><u>Risk</u> Inaccurate or misleading information being contained within the Asset Register resulting in the documents being unreliable.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Significant improvements have been made to the asset register during this financial year and this work is expected to be completed by end of March 2009.</p> <p>Management Response: Economic Development Manager</p>		31 March 2009

4. Review of the Asset Register**(Medium Risk)**

Recommendation	Rationale	Responsibility
The Asset Register should be regularly reviewed and updated where necessary.	<p><u>Best Practice</u> The Asset Register should be complete, up to date and accurate.</p> <p><u>Findings</u> A review of the Asset Register confirmed that there are a number of actions pending and there is some information that has not been entered i.e. Rent Review Dates.</p> <p><u>Risk</u> Inaccurate, out of date or misleading information being contained within the Asset Register resulting in the documents being unreliable.</p>	Strategic Property Officer
Management Response		Implementation Date
<p>Recommendation is Agreed A new database has now been established and an exercise to check and complete the data is expected to be completed by end of March 2009.</p> <p>Management Response: Economic Development Manager</p>		31 March 2009

5. Asset Register Valuations**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>The valuations undertaken as at the 31st March should be reflected in the Asset Register.</p>	<p><u>Best Practice</u> The Asset Register should be complete, up to date and accurate.</p> <p><u>Findings</u> A review of the Asset Register and the Valuation Reports confirmed that there are a number of discrepancies in relation to the recorded values of assets between the documents.</p> <p><u>Risk</u> Inaccurate, out of date or misleading information being contained within the Asset Register resulting in the documents being unreliable. Assets may be disposed of at the incorrect value resulting in financial losses.</p>	Strategic Property Officer
Management Response		Implementation Date
<p>Recommendation is Agreed See management response to recommendation 4 above. New database will ensure valuation reports are stored in one place. Finance team representative to meet with Strategic Property Officer to ensure assets and values listed in the Asset Register matches list contained in the Fixed Asset Register.</p> <p>Management Response: Economic Development Manager</p>		31 March 2009

ASSET REGISTER

6. The Asset Register

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Consideration is given to the introduction of a corporate wide Asset Register to facilitate the recording of assets other than land and property assets.</p>	<p><u>Best Practice</u> There should be a corporate wide Asset Register in place to record all high value assets.</p> <p><u>Findings</u> It was previously recommended that high value items should be recorded in the Asset Register, however it was ascertained that the Asset Register is used to record land and property transactions. The Economic Development Manager suggested that the Council should have a corporate wide Asset Register in place to record assets that are not land and property i.e Council Vans, Internal Audit supports this suggestion.</p> <p><u>Risk</u> Assets other than land and property assets would not be recorded leading</p>	Head of Leisure Economy and Property / Chief Accountant

	to the potential for financial loss.	
Management Response		Implementation Date
Recommendation is Agreed in Principle Management Response: Head of Leisure, Economy and Property / Chief Accountant.		31 December 2009

8. ACADEMY 2008/2009

1. INTRODUCTION

- 1.1 Final issued 9th March 2009. The fieldwork for this audit was undertaken during November and December 2008.
- 1.2 This audit was carried out at the same time as an internal audit review in respect of the Academy contract between the Vale of White Horse District Council (VWHDC) and Capita. The results of this review have been reported separately.
- 1.3 The following areas have been covered during the course of this review:
- To ensure that adequate system administrator arrangements are in place to meet client need;
 - To ensure that all relevant system interfaces are operating effectively and discrepancies are identified and investigated appropriately;
 - To ensure that system reconciliations are undertaken promptly, are adequately documented and all discrepancies are investigated and resolved;
 - To ensure that adequate management reports are available from the system in a timely manner;
 - To ensure helpdesk requests are registered, tracked and dealt with promptly;
 - To ensure that adequate system back-up arrangements are in place to ensure business continuity.

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 across both Councils.
- 2.2 The Academy system went live on the 24th October 2007 at SODC and the 15th January 2007 at the VWHDC.
- 2.3 Part of the Revenues service remains based at SODC and VWHDC sites with relevant staff transferring to Capita under TUPE. System administration services are provided from Capita's office in Bromley and the Call Centre is based in Coventry.

3. PREVIOUS AUDIT REPORTS

- 3.1 A previous internal audit review of Academy was undertaken in September 2008 and a satisfactory opinion provided.

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 Seven recommendations have been raised in this review. Five Medium risk and two Low risk.

5. MAIN FINDINGS

5.1 **System Administrator Arrangements**

5.2 Internal Audit examined the reporting arrangements used by Capita for requests which are not made via the helpdesk. It was identified that there were no documented reporting arrangements in place.

5.3 Internal Audit review of processes around the setting up and approval of system parameters identified there were inconsistencies with regards to the checking process for entering this information. Some parameter documentation was appropriately checked and signed, others were not. It was also identified that some signatures had been cut and pasted from a word document therefore reliance cannot be placed on the signatures validity.

5.4 Two recommendations have been made as a result of our work in this area.

5.5 **System Interfaces**

5.6 Internal Audit performed walk through testing of 15 cases on the Academy system to review the flow of information and interfaces with other systems. From the sample selected, all interfaces appeared to be operating effectively.

5.7 No recommendations have been made as part of our sample testing in this area.

5.8 **System Reconciliations**

5.9 Although daily reconciliations were undertaken Internal Audit identified that there were no means to confirm the cumulative system balance to the daily reconciliations as both reconciliations were undertaken in isolation. It has been noted that there is currently no reconciliation between the Academy and Agresso system. This issue is being dealt with by management, and is referred to in the relevant Agresso 2008/2009 internal audit report.

5.10 Quality checks for Housing Benefit processing errors were reviewed but inconsistencies were identified by Internal Audit regarding the

percentage of checks undertaken. Housing Benefits undertook 10% checks and we were informed that no quality checks were carried out for Council Tax.

- 5.11 Internal Audit reviewed the process for making refunds and it was identified that signatures are being cut and pasted by different officers to those of the signature holder in order to authorise refunds.

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

5.12 **Management Reports**

- 5.13 Internal Audit reviewed the integrity of the data from the information pack provided by Capita as it was highlighted by the Revenue and Benefits Manager at SODC that some of the data appeared to be incorrect. Our review confirmed that the information on the Academy system was correct, however this information is then manually entered on to the information pack and it was through this processes that errors had occurred. It was also not possible to evidence any accuracy checks being undertaken by management.

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

5.15 **Helpdesk Requests**

- 5.16 Internal Audit reviewed a sample of requests made via the helpdesk system. It was confirmed that all requests tested were correctly logged on to the Capita LGS system and were resolved within the targets set out in the SLA Agreement.

- 5.17 No recommendations have been made as a result of our work in this area.

5.18 **Back-up Arrangements**

- 5.19 A change control form is used to record the reasons why the changes are required. Approval is given by a Line Manager and screen shots are included to show prior, during and post views of the system. Although there is a section within the change control form for post reviews to be undertaken Internal Audit was not able to evidence that they were being carried out.

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

OBSERVATIONS AND RECOMMENDATIONS

SYSTEM ADMINISTRATOR ARRANGEMENTS

1. Reporting Governance Arrangements**(Medium Risk)**

Recommendation	Rationale	Responsibility
A procedure for reporting outside of the scope of the helpdesk arrangements should be documented and management provided with regular updates on progress of such items.	<p><u>Best Practice</u> Management requests are formally logged and regular updates are provided.</p> <p><u>Findings</u> Internal Audit have not been able to evidence whether Capita have any documented procedures in place in order to deal effectively with management requests which are made outside of the helpdesk reporting arrangements.</p> <p><u>Risk</u> Management requests are not dealt with efficiently.</p>	CST Management Team
Management Response		Implementation Date
<p>Recommendation is Agreed It is vital all staff, including Managers, use the CST Helpdesk for logging <u>all</u> requests. Urgent management requests can be prioritised accordingly using this logging procedure. However, should there become a need for any requests to be made outside of the Helpdesk, due to delays or problems being experienced, then these issues will be raised and then managed through the monthly site review meetings and must be documented within the minutes / Issues Registers and circulated to all concerned following each meeting.</p> <p>Management Response: Capita</p>		March 2009

2. Changes to the Parameter Data**(Medium Risk)**

Recommendation	Rationale	Responsibility
All system parameter changes need to be fully checked and appropriately authorised with written signatures.	<p><u>Best Practice</u> System parameters are checked and authorised before activation.</p> <p><u>Findings</u> It was identified that the checking process was inconsistent. Although some of the parameter documentation was appropriately checked and signed, others from the sample reviewed were not. It was also identified that some signatures had been cut and pasted from a word document therefore reliance cannot be placed on the validity.</p> <p><u>Risk</u> System parameter changes may be made that have not been approved.</p>	CST & Capita site Management
Management Response		Implementation Date
<p>Recommendation is Agreed Any system parameters that are changed by CST are documented, printed and forwarded to the site for sign off before they are</p>		March 2009

<p>implemented.</p> <p>Annual Billing HB and CTB Parameter changes are screen printed and sent to Site to check and sign off prior to proceeding with the Annual Billing process. The process is for site to sign each screen printed document, confirming parameters have been checked. These documents will then be faxed back to our office, for our records.</p> <p>As the signature on the faxed documents was unreadable, we were unable to confirm sign off. Auto signatures on word documents were accepted in replace of signed document, at the point of Annual Billing Process.</p> <p>However, as issues were raised, regarding this procedure, it has now been agreed, as an interim measure, that an Auto Signature will be accepted for our records, as long as it accompanied by an email from the signatory, confirming they have checked and signed the documents.</p> <p>Site will provide signed, paper copies of the parameters checks when we are next on site. These copies will be filed along side interim sign off documents in the Annual Billing Pack.</p> <p>Management Response: Capita</p>	
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SYSTEM RECONCILIATIONS

3. Reconciliations

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Daily reconciliations should be subtotaled in order to confirm that the system balances are accurate.</p>	<p><u>Best Practice</u> All reconciliations produced from the system should be undertaken in conjunction with each other to provide a full audit trail from the cumulative system balances to the daily balances.</p> <p><u>Findings</u> There is no means to confirm the cumulative system balance to the daily reconciliations. Both reconciliations were undertaken in isolation.</p> <p><u>Risk</u> There is a risk that daily reconciliations do not tally to the fully cumulative system balance.</p>	<p>Capita Management & SODC Finance Team</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle The Stats Team within CST completes full balancing and reconciliations of all systems that are within CST's responsibility. These records are kept within CST and are updated on a daily basis. Both CTAX and Debtors cash reconciliations are carried out against the cumulative Academy system totals. These spreadsheets are sent to SODC Finance Team on a monthly basis for the preceding month.</p> <p>However, although Academy is accurately balanced on a daily basis it may not necessarily always balance to the daily totals through ICON.</p>		<p>Ongoing</p>

<p>This is because at times not all transactions (transfers and journals) go through ICON. This is a much wider issue/project, affecting all service arrears, including Agresso, which is currently being addressed and closely looked at by Capita and the Council's accountants.</p> <p>Management Response: Capita</p>	
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4. Quality Checks

(Low Risk)

Recommendation	Rationale	Responsibility
<p>There should be consistent guidance regarding the percentage of quality checks on Academy and how these should be recorded.</p>	<p><u>Best Practice</u> Uniformed working practices are in place to ensure quality checks are undertaken in a consistent manner.</p> <p><u>Findings</u> Quality checks for Housing Benefit processing errors were reviewed, but there were inconsistencies regarding the percentage of checks undertaken. Internal Audit were informed that no quality checks were carried out by Council Tax Managers.</p> <p><u>Risk</u> Due to inconsistent working practices, errors and training issues may not be identified and resolved.</p>	N/A
Management Response		Implementation Date
<p>Recommendation is Not Agreed It is accepted that currently Benefits and Council Tax do not conduct the same degree of quality checking. There are clear valid reasons for this.</p> <p>Within Capita, Benefits carry out a 10% check on the majority of their work and the Council Client team also conducts a 10% quality check. However, within Council Tax, the level and degree of quality checking does vary. For example, regarding council tax recovery runs, a 10% check is carried out on all reminder notices, 20% check for all final notices and a full 100% quality check is required for summonses, liability orders and selected bailiff cases. Also, a complete 100% check is carried out by senior offices for all refund validations. This is considered to be more than adequate to identify any trend with errors being made, from telephone calls, correspondence, emails and all other standard forms (discounts/exemptions). It also captures any training issues that may arise. The Council Client team is updated on a regular basis of any issues/errors/problems that arise within Council Tax and regular Client meetings are held to discuss performance etc. The Client Team also has full access to the Academy database to conduct their own system checks should they wish.</p> <p>Management Response: Capita</p>		N/A

5. Refunds

(Medium Risk)

Recommendation	Rationale	Responsibility
Managers should check	<u>Best Practice</u>	Revenues & Benefits

and sign refunds. Signatures should not be cut and pasted.	<p>Refunds are signed and authorised prior to payment being made.</p> <p><u>Findings</u> It was identified that signatures are being cut and pasted by different officers to the signature holder in order to authorise refunds.</p> <p><u>Risk</u> Refunds are inappropriately authorised.</p>	Client Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Revenues and Benefits Client Manager</p>		1 April 2009

MANAGEMENT REPORTS

6. Management Reports

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Management should request to have the electronically produced reports emailed across to them, as reliance cannot be placed on the integrity of the information entered into the manually produced reports.</p>	<p><u>Best Practice</u> Reports are produced from the Academy system. The information is entered into a report format and is checked before being sent to clients.</p> <p><u>Findings</u> Internal Audit have reviewed the integrity of the data from the information pack provided by Capita as it was highlighted by the Revenue and Benefits Manager that some of the data appeared to be incorrect.</p> <p>The information was checked by the Technical Manager and confirmed to be incorrect. The information on the Academy system was correct but the information had been manually entered into the report leading to the error.</p> <p>There was no evidence that accuracy checks are carried out as the reports are not signed by the preparer and approver.</p> <p>The manually entered information is used to provide data for KPI progress, reconciliations and NNDR2 returns.</p> <p>An electronic report can be produced, which automatically transfers the information without the need to manually enter data for a one of cost of £450.</p> <p><u>Risk</u></p>	CST & Capita site Management

	Management information is incorrectly reported.	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Monthly MI packs collate information from several different sources (various Academy reports plus bespoke sqls) to provide a comprehensive overview of system totals at month-end. Any critical information supplied, such as the CTAX collection statement, is balanced to the relevant Academy report totals to ensure the accuracy of the data provided. No single Academy report currently has the scope to pull together all of the information required</p> <p>However, CST will now also email over the various source reports to Managers in addition to the current MI pack.</p> <p>Management Response: Capita</p>		March 2009

BACK-UP ARRANGEMENTS

7. Changes to the Operating System

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>A post review should be carried out confirming that the system changes have been correctly implemented.</p> <p>The post change review section in the change control form should be signed as confirmation.</p>	<p><u>Best Practice</u></p> <p>Any system changes are approved by a line manager and then signed off as complete following a post review.</p> <p><u>Findings</u></p> <p>A change control form is used to record the reasons why the changes are required. Approval is given by a Line Manager and screen shots are included to show prior, during and post views of the system.</p> <p>Internal Audit have not however been able to evidence that post reviews have been undertaken.</p> <p><u>Risk</u></p> <p>Changes to the operating system maybe incorrect.</p>	CST Control Team
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Although at the time of the Audit a number of change control forms were provided that did not have the post review section completed, each change request will also have an associated call on the CST Helpdesk and post reviews are carried out in the form of daily Problem & Change meetings within CST. These meetings review whether the change has been implemented at the correct time, whether the change has been successful and whether any further changes are required. These details are then updated on the CST Helpdesk call. In addition to the daily P&C meetings, there are weekly minuted meetings including an issues register within CST at which all change controls are discussed.</p>		March 2009

<p>As a result of this Audit recommendation CST will ensure that the updates that are placed on the CST call are also completed in the post review section of the change control form.</p> <p>Management Response: Capita</p>	
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9. FREEDOM OF INFORMATION 2008/2009

1. INTRODUCTION

- 1.1 Final issued 16th March 2009. The fieldwork for this audit was undertaken during January and February 2009.
- 1.2 The following areas have been covered during the course of this review:
- Establish the process/procedure for Freedom of Information requests and assess whether it is efficient and being adhered to.
 - Through testing ensure that all Freedom of Information requests are being processed in a timely manner and within a system that allows an effective management of requests.
 - Through testing, establish the reasonability behind refusals, treatments of complaints received and appeal outcomes.
 - Ensure there is sufficient co-operation between departments when dealing with requests.
 - Ensure that any time spent dealing with Freedom of Information requests is being properly allocated and treated correctly.
 - Establish the extent of monitoring of Freedom of Information requests and whether it properly reflects the nature and volume of requests.

2. BACKGROUND

- 2.1 The original Freedom of Information Act was brought in during 2000. Since then there have been several alterations to the Act, however the core obligations upon local authorities still exist. Primarily, these relate to the time taken for the public organisation to obtain the information requested (20 working days) and the ability of the Council to charge for the request, should it be estimated to cost the local authority more than £450 to process. Under the Act it is also stipulated that an individual does not need to explicitly state the request for information.
- 2.2 Internal Audit was aware of no departmental issues at the time of the audit.

3. PREVIOUS AUDIT REPORTS

- 3.1 This is the first time the area of Freedom of Information has been audited.

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 Two recommendations have been raised in this review. One Medium risk and one Low risk.

5. MAIN FINDINGS

5.1 POLICIES AND PROCEDURES

- 5.2 Internal Audit found documented procedures for a well established process. The efficiency of the process appeared high, demonstrated by numerous Freedom of Information requests being returned on the same day with an appropriate level of response.

- 5.3 Internal Audit noted automated processes surrounding reminders to officers assigned to deal with the Freedom of Information requests and training given to new members of staff upon induction. No recommendations have been made as a result of our work in this area.

5.4 TESTING OF REQUESTS

- 5.5 From the period covered by sampling, 96% of the 19 requests sampled had been documented as responded to within the 20 day timescale outlined by the Act. Reasons for other responses being outside the required timescale were mainly the volume of documentation required for the response and workload of officers involved, however given the high rate of response Internal Audit felt that no recommendations were required.

- 5.6 Internal Audit found there was good management of requests through the circulation of recently received and incomplete requests. Additionally, there was an obligation upon staff to enter requests onto the system for the process to operate effectively. However during testing, instances were identified when there could have been greater communication between departments regarding outstanding requests and how they are dealt with when staff were on leave. One recommendation has been made as a result of our work in this area.

5.7 REQUEST REFUSALS

- 5.8 From the 19 Freedom of Information requests sampled, the responses given appeared adequate. The information withheld was supported by quoted sections of the Act and was appropriate given initial requests for the sample taken.

- 5.9 Internal Audit noted there was one complaint about the FOI process, pertaining to the speed of the service. Given the high level of responses and the solid procedures and processes in place, Internal

Audit does not feel a recommendation is required. No recommendations have been made as a result of our work in this area.

5.10 **INTER-DEPARTMENTAL CO-OPERATION**

5.11 There appeared to be sufficient co-operation between departments when required for requests. Internal Audit reviewed requests involving collaboration between several departments and apart from the few instances mentioned in section 5.6 above, noted good communication and consultation before a response was issued, as well as sufficient involvement of legal officers. No further recommendations have been made as a result of our work in this area.

5.12 **CORRECT RECORDING OF TIME**

5.13 Although plans to record time were being considered at the time of the audit by the Freedom of Information Officer, none had been implemented. Beyond this it was established there is no policy for recording of time spent on Freedom of Information requests. One recommendation has been made as a result of our work in this area.

5.14 **ANALYSIS OF REQUESTS**

5.15 Analysis is maintained by the Freedom of Information Officer, this was obtained and reviewed by Internal Audit and appeared satisfactory. It was also noted that the analysis performed is circulated to all staff with appropriate conclusions drawn. No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

TESTING OF REQUESTS

1. Communication Between Departments

(Low Risk)

Recommendation	Rationale	Responsibility
The Freedom of Information Officer ensures that adequate lines of communication exist in the areas of Human Resources and Planning when dealing with requests and in particular chasing them up, with a back-up officer decided on before absences and staff leave.	<p><u>Best Practice</u> When a freedom of information request is received, any upcoming leave or planned absence of the officer tasked with dealing with it should be timetabled into the response date and delegated or referred to the FOI officer where appropriate.</p> <p><u>Findings</u> Although there was overall adequate communication, Internal Audit noted instances between Human Resources and Planning and Building Control where requests had been passed on but not dealt with, resulting in a delay</p>	<p>Relevant officer(s) dealing with request.</p> <p>Monitored by Freedom of Information Officer (Head of HR, IT and Customer Services)</p>

	<p>in the responses of the departments originally tasked with the request due to staff on leave.</p> <p><u>Risk</u> If procedures or processes are not followed sufficiently or communication between requests is not sufficient then requests may be given late replies resulting in complaints to the Council and potential embarrassment.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Although it is clearly desirable that each team responds quickly to FOI requests and has sufficient resource to be able to do so, this is not directly in the hands of the FOI Officer. Nevertheless, we will continue to monitor progress of FOI requests both by means of the existing automated reminders and by proactive intervention when necessary. In 2008/09, 93% of requests have received a response within the time limit, and most of those which have attracted a late response have done so because of the complexity of the request rather than any failure of communication.</p> <p>Management Response: Head of HR, IT and Customer Services</p>		Immediate

CORRECT RECORDING OF TIME

2. Recording of Time

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Freedom of Information officer should continue with plans to introduce time recording initiatives, and that these initiatives include time spent by all members of staff</p>	<p><u>Best Practice</u> For any single FOI request, the amount of time spent on it should be known.</p> <p><u>Findings</u> Although the FOI policy detailed the basis on which the Council may charge for requests in terms of hours, there was no explanation of the need for staff to record their time and no staff contacted by Internal Audit recorded their time.</p> <p><u>Risk</u> If time is not recorded then there may be extensive efforts being made to deal with requests that go unnoticed. Also, should the Council want to move to a policy whereby charging is more prevalent, the numbers of hours spent on requests would need to be known.</p>	Freedom of Information Officer (Head of HR, IT and Customer Services)
Management Response		Implementation Date
<p>Recommendation is Agreed This is already in hand: a new form has been developed which</p>		31 March 2009

<p>will allow the recording of time spent on each FOI request, and deployment of the new form is imminent.</p> <p>Management Response: Head of HR, IT and Customer Services</p>	
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10. STOCK CONTROL 2008/2009

1. INTRODUCTION

- 1.1 Final issued 16th March 2009. The fieldwork for this audit was undertaken between July 2008 and January 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate procedures are in place to make sure that the ordering and control of stock is conducted in accordance with the relevant policies and legislation;
 - To ensure that an adequate stock inventory and financial records are maintained to account for supplies of stock;
 - To ensure that measurements of stock are correctly calculated and appropriate levels are maintained;
 - To ensure that supplies of stock, and records of stock, are held securely and access is restricted.

2. BACKGROUND

- 2.1 Stock is held within the Facilities Team to provide printing services, supply photocopier paper, for cleaning services, for grounds keeping and gardening, workshops and buildings maintenance and catering. Also incorporated within this audit is the IT consumable stock held by IT Support and Controlled Stationery in the form of cheques which are managed by Capita.
- 2.2 At the start of this review, the Facilities Team had two recent leavers and was advertising for a gardener following a recent restructure within the team. The responsibility for ordering and recording stock levels within IT had just been passed from the Team Administrator to the Performance Officer.

3. PREVIOUS AUDIT REPORTS

- 3.1 Stock Control 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 Twelve recommendations have been raised in this review. Six Medium risk and six Low risk.

5. MAIN FINDINGS

- 5.1 **Procedures and Ordering**

- 5.2 No documented procedures were evident to cover the processes of stock control and ordering within any of the Facilities Team areas in which stock is held. At the time of the review, Capita were unable to provide documents covering all aspects of control and ordering of controlled stationery in the form of cheques. The IT officer newly responsible for ordering stock has started implementing procedures but these are not comprehensive.
- 5.3 As far as ordering of stock, as the majority of purchases are made using the Agresso creditors module, there are adequate procedures and separation of duties. Within the Facilities Team, stock checks are usually carried out by the same officer who is responsible for the control and issue of stock so there is a lack of independent control. The ordering of IT stock is carried out by an officer who does not have day to day responsibility for the issue and control of stock. However, there was incomplete evidence of signatures and dates supporting stock checks. Capita manage the supply of blank cheques used for creditors' payments, but there is no independent check carried out by a Council Employee.
- 5.4 Two recommendations have been made as a result of our work in this area.
- 5.5 **Inventory and Records**
- 5.6 Within the Facilities Team six separate stock inventories are used to cover printing equipment, grounds and gardening stock, print room stock, cleaning supplies, catering equipment and workshops/buildings stock. Each of these inventories is a snapshot at the particular point in time. There is no register of stock added or removed and no apparent comparison from one inventory to another. Hence, usage is not monitored and it is not possible to reconcile items bought with items used and held in stock. The format and detail within the different inventories is not consistent e.g. four of the six include values of items; only one used excel, five were typed in word. It would appear items had been updated by overtyping, without the corresponding totals being updated. An electronic stock system would assist in accuracy and consistency of records.
- 5.7 Whilst IT stock levels are recorded, the records inspected during the audit review were found to be incomplete and lacked clarity, dates and signatures. Stock added and used was not fully documented within the stock level sheets, so it is difficult to reconcile stock usage and identify any discrepancies. Although recharges are supported by records of stock issued, these are not matched back to the stock level sheets. Capita use a control sheet to record cheque usage, but this does not provide a control to detect discrepancies within the stock of cheques held.
- 5.8 Three recommendations have been made as a result of our work in this

area.

5.9 **Measurements**

5.10 Other than cleaning supplies within the Facilities Team, none of the areas reviewed had agreed levels of stock which should be held in order to avoid over or under stocking. Although there are no apparent issues, there is no indication as to how low supplies, such as blank cheques, should be before re-ordering is necessary.

5.11 It would appear from the testing undertaken that best value is obtained when ordering Facilities or IT supplies. However there is no documented process requiring a regular review of the suppliers used.

5.12 Two recommendations have been made as a result of our work in this area.

5.13 **Security**

5.14 Facilities stock was seen to be held securely but not always laid out clearly and in a way that would assist with stock checks. Hazardous chemicals were seen to be identified and documented within the cleanings supplies store, but were still to be covered within other facilities areas. The IT stock is held inside a pin code accessed store within the ICT office. However, this store is kept open during the day.

5.15 The Facilities stock listings inspected during the audit indicate that within buildings, printing and cleaning supplies approximately £9500 was held in stock and additional £6950 of mowers which did not appear to be covered within the Council's insurance arrangements. £1500 of paper supplies had been declared as stock at April 2008. It would appear that not all stock is covered by insurance.

5.16 Four recommendations have been made as a result of our work in this area.

5.17 **Anti-Fraud and Corruption**

5.18 ICT have identified the risk of unauthorised access to IT equipment and the risk of theft. No entries on the risk register were found covering Facilities stock or, within controlled stationery, the possibility for misappropriation of blank cheques.

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

OBSERVATIONS AND RECOMMENDATIONS

PROCEDURES AND ORDERING

1. Documented Procedures**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>Appropriately authorised procedures are in place covering all aspects of the ordering and control of stock, which are available to all relevant staff. These should include:-</p> <ul style="list-style-type: none"> • Ordering stock • Receiving stock • Roles and responsibilities • Monitoring and recording stock levels • Issuing stock • Appropriate stock levels • Stock checks • Independent spot and checks and authorisations • Reconciliations, recording and resolving discrepancies • Write-offs and disposals 	<p><u>Best Practice</u> Appropriately authorised policies and procedures are in place covering responsibilities for ordering and controlling stock.</p> <p><u>Findings</u> <i>FACILITIES:</i> No documented procedures are in place within the facilities team other than those covering the use of Agresso creditor's system for ordering stock.</p> <p><i>CONTROLLED STATIONERY:</i> (i.e. cheques for creditors) is managed by Capita. During the course of the audit, the Exchequer Services Manager did add to Capita's Accounts Payable procedure where void cheques are held, and that cheques issued is validated to the cheque stock file. However, no procedures were available for the ordering and supply of cheques.</p> <p><i>IT:</i> Whilst it is acknowledge that responsibility for ordering and stock checks of IT consumables has recently changed, and draft procedures are in progress, procedures are not fully documented and authorised.</p> <p><u>Risk</u> If employees are unaware of the Council's policies and procedures then they would be unable to comply with them so may act in an inappropriate and unauthorised manner</p>	<p>Facilities Manager/Facilities Team</p> <p>Exchequer Services Manager, Capita.</p> <p>IT Support</p>
Management Response – IT Staff Officer		Implementation Date
<p>Recommendation is Agreed As of 05/01/09 a new electronic process of recording consumable stock- take was implemented. Stock is now recorded on the consumable stock- take form and signed for in red folder by officer collecting item. This electronic form records total stock in/out and is clearly signed and dated by team administrator at end of month.</p> <p>As of 01/02/09 IT support officers complete the electronic consumable distribution list every time they distribute a consumable item. This will automatically update the stock-take form.</p> <p>Management Response: Business Improvement Manager</p>		Implemented
Management Response – Controlled Stationery		Implementation

Staff Officer	Date
<p>Recommendation is Agreed</p> <p>The process documents have been updated to include the ordering and delivery of Cheque Stock.</p> <p>Management Response: Exchequer Services Manager, Capita.</p>	30 th June 2009
Management Response – Facilities Staff Officer	Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Facilities Manager</p>	31 st May 2009

2. Segregation of Duties

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Stock checks are carried out by officers who are not responsible for other functions within the area being checked. Stock checks should be subject to independent spot checks and should be appropriately signed, dated and authorised. Where possible, separate officers should be responsible for ordering, receipt of, issuing and recording and stocktaking. Controlled stationery should be subject to regular, independent and documented checks including checks by an officer of the council.</p>	<p><u>Best Practice</u></p> <p>Stock checks are carried out by officers who are independent of the ordering and controlling of supplies of stock.</p> <p><u>Findings</u></p> <p>The Council's constitution states stock checks should be carried out independently of the officers responsible for their custody. Separation of duties is evident for ordering and authorising the orders of stock via the Agresso system.</p> <p><i>FACILITIES</i>: the officer initiating the order is often also receiving, issuing and undertaking stock checks. No other checks are carried out on the stock checks and they are not signed dated or authorised. Testing highlighted some items such as laminate sheets, held in the print room which were not listed on the stock inventory.</p> <p><i>IT</i>: consumables are ordered by an officer who is independent from the process of the control and issue. However, signatures and dates on stock check documentation were not always evident or comprehensive.</p> <p><i>CONTROLLED STATIONERY</i>: is recorded as it is used on a stock control sheet. There is no specific stock check however stock is checked during issue. Evidence of independent checks was lacking. Regular, independent and documented checks are required to identify possible discrepancies.</p>	<p>Facilities Manager/Facilities Team</p> <p>Team Administrator</p> <p>Exchequer Services Manager, Capita.</p>

	<p><u>Risk</u> If duties are not segregated for employees ordering, receiving, authorising and recording stock then items could be misappropriated and invoices paid inappropriately.</p>	
Management Response – IT Staff Officer		Implementation Date
<p>Recommendation is Agreed IT consumables are ordered by the team administrator who is independent from the IT support officers who distribute stock and record stock-out on the distribution list. Due to resources we are unable to have consumables ordered by an officer who is independent from the process of the control and stock-take. Places for signatures and dates are now evident on the stock-take forms.</p> <p>Management Response: Business Improvement Manager</p>		Implemented
Management Response – Controlled Stationery Staff Officer		Implementation Date
<p>Recommendation is Agreed All cheques must be collected and will be authorised by the Cashiers team who do not have access to Agresso and are not responsible for the AP refund process. They will check that the cheques held within the safe match to the cheque log file.</p> <p>Management Response: Exchequer Services Manager, Capita.</p>		30 th June 2009
Management Response – Facilities Staff Officer		Implementation Date
<p>Recommendation is Agreed Separation of duties to be introduced.</p> <p>Management Response: Facilities Manager</p>		31 st May 2009

INVENTORY AND RECORDS

3. Appropriately Documented Inventory

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>An agreed and authorised method of recording stock details and levels is implemented and used by all stock holders.</p> <p>Historical records are maintained to support coded and certified amounts of stock.</p> <p>Stock checks should be carried out in accordance with the agreed timeframe and should be signed, dated, spot checked and retained as</p>	<p><u>Best Practice</u> A consistent approach to the documentation of stock details and levels is evident.</p> <p><u>Findings</u> <i>FACILITIES</i>: five different areas have stock inventories. Each of these held a different level of detail and followed different formats and the data recorded was inconsistent. Only one area used excel spreadsheets to record stock and this did not utilise formulas to calculate values. Previous stock lists have been overwritten so in some cases history of stock recording is not available. Signatures and dates were lacking. The listings held were</p>	Facilities Manager/Facilities Team

evidence supporting the inventory.	<p>found to have errors in calculations such as calculating values from quantities held which were explained by overtyping of previous records without totals being updated to match. This results in some inaccuracies.</p> <p><i>IT:</i> Although regular stock checks are normally carried out on IT consumables, these were not found to be appropriately documented. The stock check is written on the monthly listings and are not signed or dated. The stock check should be recorded consistently as a separate signed and dated document to support the agreed inventory listing. The monthly checks have slipped following disruptions such as from office moves.</p> <p><u>Risk</u> Without adequate inventories it would not be possible to ascertain what items are held which may result in unnecessary purchases</p>	Team Administrator
Management Response – IT Staff Officer		Implementation Date
<p>Recommendation is Agreed Stock checks are already being carried out each month and with this new process in place fully from the 01/02/09 random checks will be made by the team administrator against stock going out and what is being recorded on the distribution list.</p> <p>Management Response: Business Improvement Manager</p>		Implemented
Management Response – Facilities Staff Officer		Implementation Date
<p>Recommendation is Agreed in Principle During the exit meeting with Internal Audit it was agreed that for Facilities this issue would be a low risk. Five areas involved in stock taking will use a common excel database. Previous records will not be over written. All forms will be signed off and dated by member of staff carrying out stock take plus Line Manager. Separation of duties will also apply. Staff will be trained in stock taking.</p> <p>Management Response: Facilities Manager</p>		31 st May 2009

4. Ongoing Records of Stock Levels

(Medium Risk)

Recommendation	Rationale	Responsibility
Movements of stock are recorded against the inventory to provide a record of stock levels at any point in time. Documentation of stock issued and received are checked, signed, dated	<p><u>Best Practice</u> Stock inventories are used as a basis to record movements of stock in and out so that stock levels are recorded at any point in time and information is available to match with purchases and recharges.</p>	

<p>and retained to support stock records.</p>	<p><u>Findings</u> <i>FACILITIES</i>: the stock checks are the only records maintained which provide a snapshot of the stock levels at that point in time. Purchases of stock are not recorded against the stock levels and neither are stock items issued. Whilst this may appear time consuming, a simple electronic database (or software package) could assist in recording details.</p> <p><i>IT</i>: stock sheets have a column for stock in and stock out but these have not been consistently completed. Stock added to and used from that brought forward should equal stock held but records are incomplete. Delivery notes should be initialled and dated as they are checked against items received. The Performance Officer's suggestion of an electronic record updated as stock is issued will save duplication and should be implemented.</p> <p><u>Risk</u> If stock is not regularly recorded and monitored then there would be no confirmation that stores are being properly managed and anomalies may go undetected.</p>	<p>Facilities Manager/Facilities Team</p> <p>Team Administrator</p>
<p>Management Response – IT Staff Officer</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed Stock-take forms now have columns showing stock carried forward from previous month, stock out and stock in during the month and total stock on shelves at end of month. This form is signed and dated by the team administrator at the end of the month.</p> <p>Paper copies of delivery notes where available are checked against actual stock delivered and records of stock ordered through Agresso. Delivery notes are then initialled and dated, filled in a folder by the team administrator.</p> <p>Management Response: Business Improvement Manager</p>		<p>Implemented</p> <p>Implemented</p>
<p>Management Response – Facilities Staff Officer</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle Again during the exit meeting with Internal Audit it was agreed that for Facilities this issue would be a low risk. Not all items purchased will be recorded as this is felt to be over the top for small items such as nuts, bolts, screws etc. Any single item costing in excess of £50 will be entered onto a database. A suitable software package needs to be identified and purchased</p> <p>Management Response: Facilities Manager</p>		<p>31st August 2009</p>

5. Reconciliations

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Stock held, purchased, used and recharged is reconciled with original documents and with financial records of purchases and recharges to identify, record and resolve any anomalies.</p>	<p><u>Best Practice</u> Stock records are reconciled with usage, purchases and recharges.</p> <p><u>Findings</u> <i>FACILITIES</i>: since purchases of stock are not recorded against the stock levels, there is no reconciliation of stock held and used with purchases made. Stock expenditure is not adequately monitored or matched with stock held and used. However cleaning supplies are more controlled.</p> <p><i>IT</i>: stock records were not found to be fully completed so, whilst they may reflect stock held at a particular point in time, they did not accurately reflect stock used and added to arrive at that amount of stock held.</p> <p><i>CONTROLLED STATIONERY</i>: is not subject to controls which would identify discrepancies within the stock of cheques held.</p> <p><u>Risk</u> If stock is not regularly reconciled with purchases and recharges then any anomalies or misappropriations may not be evident.</p>	<p>Facilities Manager</p> <p>Team Administrator</p> <p>Exchequer Services Manager, Capita</p>
Management Response – IT Staff Officer		Implementation Date
<p>Recommendation is Agreed As of the 05/01/09, electronic stock records have now been implemented and are fully complete. Records of what has been ordered can be found on the Agresso system and the team administrator also takes a screen dump copy of orders and saves as a word document.</p> <p>Management Response: Business Improvement Manager</p>		Implemented
Management Response – Controlled Stationery Staff Officer		Implementation Date
<p>Recommendation is Agreed Agresso will update each cheque refund on the system with a sequential cheque number if one of the cheques is removed from the box the cheque numbers on the cheques and Agresso will not match. The AP clerk prints a cheque listing after each payment run and the cheque numbers are provided to Accountancy and checked by the Exchequer Services Manager to the cheque log.</p> <p>Management Response: Exchequer Services Manager, Capita.</p>		30 th June 2009
Management Response – Facilities Staff Officer		Implementation

	Date
Recommendation is Agreed in Principle Management Response: Facilities Manager	31 st May 2009

MEASUREMENTS

6. Agreed Stock Levels

(Low Risk)

Recommendation	Rationale	Responsibility
The minimum and maximum amount of stock held should be identified, documented and authorised and used as part of the ordering process.	<p><u>Best Practice</u> Stock is maintained at an appropriate level to meet needs but avoid overstocking.</p> <p><u>Findings</u> <i>FACILITIES</i>: Other than within cleaning supplies, minimum or maximum levels of stock are not in use and there is a lack of monitoring of usage. Whilst there do not appear any issues with stock, slow moving items are not being identified and levels are not monitored. It is not clear or documented when stocks should be re-ordered although there is a system evident within cleaning supplies.</p> <p><i>IT</i>: consumables appear to be kept at appropriate levels but this is not documented or agreed. An electronic system could be used to identify and flag up items which have reached minimum stock levels and need re-ordering.</p> <p><i>CONTROLLED STATIONERY</i>: In the absence of agreed stock levels for controlled stationery it is not clear when cheques need ordering to avoid running out of supplies.</p> <p><u>Risk</u> If stock levels are not maintained at agreed levels then items may be over ordered and result in unnecessary wastage and expense.</p>	<p>Facilities Manager/Facilities Team</p> <p>Team Administrator</p> <p>Exchequer Services Manager, Capita</p>
Management Response – IT Staff Officer		Implementation Date
Recommendation is Agreed in Principle The amount of stock going out is monitored each month through the electronic stock-take form and appropriate levels are ordered to replenish stock out. The amount of stock used each month varies significantly so it is not possible to identify set min & max levels. Management Response: Business Improvement Manager		Implemented

Management Response – Controlled Stationery Staff Officer	Implementation Date
<p>Recommendation is Agreed Exchequer Services have a log of all the cheque number sequences held at SODC and the cheques which have been printed by the Cheque provider Commisys. The Exchequer Services manager is responsible for checking the stock held on site and ordering further stationary.</p> <p>Management Response: Exchequer Services Manager, Capita.</p>	30 th June 2009
Management Response – Facilities Staff Officer	Implementation Date
<p>Recommendation is Agreed in Principle During the exit meeting with Internal Audit it was agreed that for Facilities this issue would be a low risk. When an electronic stock level data base is introduced minimum and maximum stock levels will be included</p> <p>Management Response: Facilities Manager</p>	31 st May 2009

7. Suppliers

(Low Risk)

Recommendation	Rationale	Responsibility
Suppliers should be regularly reviewed in accordance with documented and agreed procedures to ensure best value is obtained.	<p><u>Best Practice</u> Suppliers are subject to regular review.</p> <p><u>Findings</u> <i>FACILITIES & IT</i>: Although testing undertaken did not highlight concerns, there are no clear or documented procedures requiring the obtaining of best value when placing orders or a regular review of the suppliers used within either Facilities or IT consumables. Controlled stationery is only available from specialist suppliers.</p> <p><u>Risk</u> If suppliers are not regularly reviewed then inefficiencies may result from unnecessary overcharging.</p>	<p>Team Administrator</p> <p>Facilities Staff Officer</p>
Management Response – IT Staff Officer	Implementation Date	
<p>Recommendation is Agreed in Principle The supplier we use, ADP seeks out the best market prices on all our orders so we are obtaining of best value although using a regular supplier.</p> <p>Management Response: Business Improvement Manager</p>	Ongoing	
Management Response – Facilities Staff Officer	Implementation Date	
<p>Recommendation is Agreed in Principle On any purchases in excess of £5,000 three quotes are obtained unless it is specialist services or supplies. Procurement follows</p>	Implemented	

the Council's constitution. The procurement officers constantly shop around for best value.	
Management Response: Facilities Manager	

SECURITY

8. Restricted Access

(Medium Risk)

Recommendation	Rationale	Responsibility
Access to the IT supplies is secured at all time and restricted to key personnel.	<p><u>Best Practice</u> Access to stock is restricted to personnel directly involved in the control of stock.</p> <p><u>Findings</u> <i>IT</i>: Stock is held within the IT server room which has a pin controlled access door. It is acknowledged that IT staff are usually in attendance whilst the door is open but the chance of misappropriation should be minimised.</p> <p><u>Risk</u> If stores are not held securely and with appropriate access then stock could easily be stolen.</p>	Business Improvement Manager
Management Response – IT Staff Officer		Implementation Date
Recommendation is Agreed Pin Lock to be activated to store room by 30/04/09. Access will only be given to IT support officers and team administrator. Store room is being sorted at the moment, some files need to be relocated, stationary is now no longer in store room. Once sorted pin will be activated.		30 th April 2009
Management Response: Business Improvement Manager		

9. Stock Layout

(Low Risk)

Recommendation	Rationale	Responsibility
Stock is grouped together by type and clearly laid out in a way that minimises loss, enables prompt identification of misappropriation and assists with stock checks.	<p><u>Best Practice</u> Stock is laid out in a way that facilitates stock checks and all similar items are held in the same location and it is easier to see anything out of place or missing.</p> <p><u>Findings</u> <i>FACILITIES</i>: Within the print room items such as plastic binders are stored with various sizes mixed in amongst other sizes. This makes stock checks more time consuming and open to errors. It is also harder to identify if stock appears missing when it is located in various places. Whilst</p>	Facilities Manager/Facilities Team

	<p>the building supplies store room is acknowledged to be a workshop area, and stock appears to be mostly grouped by type, it did appear that a tidy up would assist stock checks.</p> <p><u>Risk</u> If stock is not laid out in an appropriate way then the likelihood of quickly identifying anomalies is reduced.</p>	
Management Response – Facilities Staff Officer		Implementation Date
<p>Recommendation is Agreed Work shop to be tidied up. Items with a value in excess of £50 in print room to be counted in stock take.</p> <p>Management Response: Facilities Manager</p>		31 st August 2009

10. Hazardous Items**(Low Risk)**

Recommendation	Rationale	Responsibility
<p>Hazardous items are identified, appropriately stored and staff aware of, and have documentation of, the appropriate requirements for the use of the items.</p>	<p><u>Best Practice</u> Hazardous substances are clearly identified and dealt with appropriately.</p> <p><u>Findings</u> <i>FACILITIES</i>: The safety documents and Control of Substances Hazardous to Health (COSHH) advice provided in the cleaning store were not evident within other store areas where paints and chemicals are in use. It is understood that the Building Officer is due to attend a COSHH training course.</p> <p><u>Risk</u> If hazardous substances are not identified and staff made aware of the appropriate methods to use those substances, then there is a risk of injury to employees.</p>	<p>Facilities Manager/Facilities Team</p>
Management Response – Facilities Staff Officer		Implementation Date
<p>Recommendation is Agreed All teams who have hazardous substances will ensure COSHH are obtained and all staff are informed on how to store, use and dispose of substances.</p> <p>Management Response: Facilities Manager</p>		31 st July 2009

11. Insurance Covered Reviewed**(Low Risk)**

Recommendation	Rationale	Responsibility
<p>Discussions should be held to identify if stock held is appropriately insured.</p>	<p><u>Best Practice</u> Stock items are covered by insurance in the event of their loss.</p>	

	<p><u>Findings</u> The stock held within buildings, printing supplies and cleaning supplies alone at the time of testing totalled approx £9,500. As well as this £6,950 of mowers were stored in the garage. Only £1500 of paper supplies are declared as stock at April 2008. It was not clear if any of the stock listed is covered by the Council's insurance arrangements so Internal Audit feel that further checks are needed in this area to ensure all of the areas within facilities, including the restaurant are adequately insured.</p> <p><u>Risk</u> If stock held is not appropriately insured then financial losses may occur as a result of fire or theft should an incident occur.</p>	Chief Accountant
Management Response – Finance/Insurance Officer		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		30 th September 2009

ANTI FRAUD**12. Pro-Active Anti Fraud****(Medium Risk)**

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> <i>FACILITIES:</i> The risk register for facilities does not identify potential areas for fraud and corruption. Key areas for fraud do not appear to have been identified within the business area and there are no formal processes in place to pro-actively identify occurrences of fraud and corruption.</p> <p><i>CONTROLLED STATIONERY:</i> The risk register has no entries relating to the supply of blank cheques or the risk of misappropriation.</p> <p><u>Risk</u> If adequate processes are not</p>	<p>Facilities Manager</p> <p>Exchequer Services Manager, Capita</p>

	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.	
Management Response – Facilities Staff Officer		Implementation Date
<p>Recommendation is Agreed in Principle I consider this to be a low risk. When staff hand in their notice they are immediately asked to hand in their tools and equipment.</p> <p>Management Response: Facilities Manager</p>		Implemented
Management Response – Controlled Stationery Staff Officer		Implementation Date
<p>Recommendation is Agreed Blank cheques are kept in the Cashiers safe and can only be issued by the cashiers, the cheque numbers collected are logged in a cheque file which is signed by the cashiers and checked by the AP Clerk. The Exchequer services manager will validate the cheque list produced on Agresso to the cheque log to ensure there all cheques have been printed by Agresso.</p> <p>Management Response: Exchequer Services Manager, Capita.</p>		30 th June 2009

11. FOCUS GROUP CASH PAYMENTS 2008/2009

1. INTRODUCTION

- 1.1 Final issued 26th September 2008. The fieldwork for this audit was undertaken during August and September 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that there is documentation to support the amount of cash given to members of focus groups;
 - To ensure that there is adequate supporting documentation to support the raising of cheques to pay members of focus groups;
 - To ensure that the cash is held securely;
 - To ensure that there are controls in place to evidence the issue and receipt of the cash payments.

2. BACKGROUND

- 2.1 The Council uses Focus Groups as one of the methods of consultation to obtain the views of stakeholders. Focus Groups can be selected from listings of users of the appropriate service area, from the Citizens Panel or recruited by a Market Research Agency. It is normal practice for an incentive to be given to attendees of focus group and most agencies pay around £50. The Council pays £15 or £20 to attendees.
- 2.2 At the time of the audit, seven Focus Groups had been held between the 7th and 13th of August 2008 as part of the Fit For the Future process. At the time of the review a total of £3,145.00 had been recorded within Agresso as consultation or focus group incentives during the five months since 1st April 2008. This indicates much higher expenditure than petty cash which had replenishments requests totalling £708.70 for the 5 month period January 2008 to May 2008, within a total of £1641.90 for the period 27th March 2007 to 23rd May 2008.

3. PREVIOUS AUDIT REPORTS

- 3.1 Focus Group Cash Payments has not been subject to an internal audit review before.

4. 2008/09 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 Seven recommendations have been raised in this review. Four High risk, two medium risk and one Low risk.

5. MAIN FINDINGS

5.1 Documentation of Amounts

5.2 When the requirement to use focus groups was established following the Council's first consultation strategy in 2003, the process was agreed with the Head of Internal Audit and Head of Finance in post at the time. At the time of this review no documentation is available stating who can agree the amounts paid for attendance at focus groups. Whilst the Council's constitution does support the use of focus groups there is no overall policy covering the mechanism and roles and responsibilities for holding focus groups.

5.3 The amounts paid are £15 or £20 dependant on the level of involvement and whether representatives are from businesses or invited as a member of the public. The amount paid is below the industry norm of £50. Although an estimate is provided when proposals are put forward to other departments for holding focus groups, the agreement of the amount to be paid was not seen to be appropriately documented.

5.4 Three recommendations have been made as a result of our work in this area.

5.5 Documentation for Cheques

5.6 Cheques coded to consultation costs are raised via Agresso and authorised by the Policy and Community Engagement Manager. There can often be one amount raised for several focus groups. The cheques are payable to cash and taken by a member of staff to be cashed at Barclays Bank, Wallingford with an appropriately signed covering letter authorising the encashment of the cheque to the named officer. Although the Policy and Community Engagement Manager establishes the purpose of the cheque prior to authorisation, documentation detailing this and the calculation of the amounts due is not retained with the focus group documentation and is not always held centrally in support of the amounts raised. Where Focus Groups are held on behalf of other service teams the amount of incentive cash paid out will be recharged to that service area but this had not yet taken place at the time of the review.

5.7 Once the cheque is cashed, there isn't a recorded audit trail of who is responsible for the cash at the various stages other than when cash is handed back by the officer managing the Focus Group to an Administrator. Adequate reconciliations of amounts raised with

expenditure for each group and cash remaining wasn't evident. During the course of the review, the Team Administrator provided a spreadsheet recording cash used and remaining against the cheques raised, but this did not balance back to the amount of cheques raised to the cash used and remaining as some details appeared to be missing.

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

5.9 **Security of Cash**

5.10 Cash is held in a locked desk drawer and the whereabouts of the key known only to the team involved in administering Focus Groups. A plastic wallet is used for each focus group and the appropriate incentive amount for each attendance placed in separate plain white envelopes for the expected number of attendees and held within the plastic wallet. It is understood that the envelopes are sealed when handed over to attendees and sealed envelopes were seen when Internal Audit inspected the cash held. It is not therefore immediately visible if any envelopes which should contain cash have been replaced with empty envelopes. The current practice would be better managed as an imprest account.

5.11 Payments are often made out of hours so storage of the cash within the Cash Office safe was not favoured, however the cash office could be used for storage in between focus groups. During the audit review cash was deposited in the cash office safe but this was held in individual sealed plain white envelopes so the cashier was unable to check how much was being deposited. Only one officer usually visits Barclays, Wallingford to cash cheques and whilst this is covered by insurance up to £2,000, other processes such as storing cash in a locked desk, or staff taking money home after focus groups, may not always be fully insured if amounts exceed the stated insurance limits.

5.12 Two recommendations have been made as a result of our work in this area.

5.13 **Issue and Receipt of Cash**

5.14 A list of potential attendees is obtained before the focus group is held and used to record attendance at the group. Attendees are asked to sign a register to confirm receipt of the incentive amount which is handed to them in a sealed white envelope. The signed register is not necessarily a listing of all attendees at the meeting as not all attendees are due an incentive payment. There has been an occasion where the agency advised a couple they would each receive a payment but, as this is not normal practice, one of the couple did not get their payment on attendance. This was recognised and addressed by the team but highlights a need to record what has been agreed by the agency in advance of the meetings. The focus groups are usually held and

administered by one member of staff so no independent checks are made of any cash remaining after the payments are made.

- 5.15 Whilst researching how other Councils manage focus group payments it would appear that there may be tax implications where payments are made to volunteers which are considered to be income. Also any policy and procedure detailing the process of holding the focus group needs to address Health and Safety requirements, such as advising attendees of arrangements should an alarm sound. These areas are outside the scope of this audit but should be considered and incorporated within appropriate documentation.
- 5.16 One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

DOCUMENTATION OF AMOUNTS

1. Policy Document

(High Risk)

Recommendation	Rationale	Responsibility
<p>A policy is implemented covering the mechanism in place for holding focus groups which includes:-</p> <ul style="list-style-type: none"> • Steps to be taken in establishing the focus group. • Supporting documentation required. • How amounts to be paid should be agreed and issued. • Nominated responsible officers and their role and authority. • Recharge procedures. • Security arrangements. • Insurance cover requirements. 	<p><u>Best Practice</u> Adequate and up to date policies and procedures are in place covering the use of focus groups and processes such as agreeing amounts payable.</p> <p><u>Findings</u> The Constitution supports the use of focus groups but there is no clear documentation supporting the process, roles and responsibilities.</p> <p><u>Risk</u> Responsibility and accountability cannot be effectively covered if there are not clearly defined roles and the Council does not have a consistent approach. This could lead to reputational implications.</p>	<p>Policy and Community Engagement Manager</p>
Management Response		Implementation

	Date
Recommendation is Agreed	31 October 2008
Management Response: Assistant Chief Executive	

2. Proposal**(Medium Risk)**

Recommendation	Rationale	Responsibility
Where a proposal is required to establish a focus group, an appropriately detailed, agreed and signed copy of the proposal is obtained and held with all other documentation relating to the focus group.	<p><u>Best Practice</u> Focus groups are held in accordance with stated and agreed purposes and approved costings.</p> <p><u>Findings</u> A draft proposal for focus groups was inspected. This included a recommendation of how much should be paid and an estimate of total expense. This was not signed and agreed or held within documentation for the actual expenditure for the focus group. Hence there is no signed agreement supporting the amounts paid to each individual.</p> <p><u>Risk</u> Without agreed and approved documentation it is difficult to evidence that payments have been made and authorised appropriately.</p>	Corporate Community Engagement Officer/Team Administrator
Management Response		Implementation Date
Recommendation is Agreed		1 October 2008
The principle of the recommendation is accepted - the level of detail of the proposal will depend upon the size and type of work to be undertaken – this may be as little as an email detailing the above points		
Management Response: Assistant Chief Executive		

3. Control Documentation**(High Risk)**

Recommendation	Rationale	Responsibility
A control sheet for each focus group is used to:- <ul style="list-style-type: none"> Record key details and a summary of the focus group in the form of a checklist to ensure appropriate and consistent documentation is retained in support of agreed expenditure for all focus groups. 	<p><u>Best Practice</u> Appropriate documentation is maintained for all focus groups.</p> <p><u>Findings</u> A complete set of documentation supporting each focus group is not always held centrally. There is no clear documentation supporting key tasks and who has carried these out. An audit trail covering ownership and responsibility for cash as it passes from one officer to another is not</p>	Corporate Community Engagement Officer/Team Administrator

<ul style="list-style-type: none"> • Provide evidence of responsibility and ownership of cash at each stage of the process. • Adequately detailed receipt of payments and list of attendees in support of expenditure and recharges. 	<p>established. Although attendees sign for receipt of the incentive, the form used does not always specify the focus group being attended and does not contain a signature of the issuing officer.</p> <p><u>Risk</u> Without adequate supporting evidence it is difficult to prove that payments have been made appropriately which could have embarrassing implications for the Council and may not be adequate evidence for recharges.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Assistant Chief Executive</p>		1 October 2008

DOCUMENTATION FOR CHEQUES

4. Agresso Coding and Reconciliation

(High Risk)

Recommendation	Rationale	Responsibility
<p>Whilst current practices of raising cheques for focus groups are maintained, separate entries within Agresso are required for each focus group. Regular reconciliations should be made between cash held, expended and coded to Agresso and these should be evidenced as independently checked.</p>	<p><u>Best Practice</u> Agresso transactions can be identified against the individual focus group they relate to.</p> <p><u>Findings</u> Whilst the amounts of individual cheques raised for focus group cash is recorded within Agresso, those amounts often comprise more than one focus group. Hence identifying expenditure and transactions for specific groups isn't easily achieved. Adequately reconciliations of expenditure are not yet fully implemented and not subject to independent checks.</p> <p><u>Risk</u> Without adequate reconciliations any misappropriations may go undiscovered with adverse financial implications.</p>	Team Administrator
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The use of an imprest account will simplify this.</p> <p>Management Response: Assistant Chief Executive</p>		16 September 2008

SECURITY**5. Money Stored in Locked Cash Tin****(Medium Risk)**

Recommendation	Rationale	Responsibility
Cash removed from the safe in readiness for focus groups should be held in a secure location and within a locked cash tin.	<p><u>Best Practice</u> Cash is held securely and in accordance with insurance requirements.</p> <p><u>Findings</u> Cash is usually held within several individual sealed plain white envelopes, inside a plastic wallet for each focus group and stored within a locked desk. It would be difficult to see if an envelope containing cash is swapped for an empty envelope. An independent check of cash held is not undertaken and records not maintained of responsibility for the cash. During the course of the audit cash was deposited in the cash office safe but held within white envelopes so not subjected to an independent check of the amount deposited.</p> <p><u>Risk</u> If reasonable measures are not taken to appropriately hold money then the Council is exposed to greater risk of financial loss.</p>	Corporate Community Engagement Officer/Team Administrator
Management Response		Implementation Date
Recommendation is Agreed Management Response: Assistant Chief Executive		1 October 2008

6. Imprest Account**(High Risk)**

Recommendation	Rationale	Responsibility
Focus group cash is managed as an imprest account. An agreed amount will be held in the cash office safe within a dedicated locked cash tin, the key for which will be held by the focus group Team who would request the required amount of cash prior to, and on the day of, the focus group. A signed register of movements of cash will be held within the safe and a version of this also maintained	<p><u>Best Practice</u> A secure and agreed process is in place to hold and document cash used for focus groups.</p> <p><u>Findings</u> A cheque is raised via Agresso payable to cash and presented by an officer at Barclays Wallingford to be cashed. This process was instigated as there is not always sufficient cash within the cash office float to encash the cheque at SODC. Once the cash is returned to the office it has been held in a locked desk rather than in a secure and controlled method within a safe. Although the safe is now used</p>	Policy and Community Engagement Manager

electronically to assist in reconciliations.	for storage of money between focus groups it is not always separately allocated to each focus group. <u>Risk</u> If cash transactions are not adequately recorded and independently checked then it is difficult to reconcile expenditure with individual focus groups and prove that all expenditure has been appropriate.	
Management Response		Implementation Date
Recommendation is Agreed We welcome this as a pragmatic solution to what has been a very clumsy and time-consuming process Management Response: Assistant Chief Executive		31 October 2008

ISSUE AND RECEIPT OF CASH

7. Focus Groups

(Low Risk)

Recommendation	Rationale	Responsibility
Focus groups should be attended by two staff officers at least while attendees arrive and book in and then at the end of each group to witness payments being made, reconciliation of cash held, and amounts held overnight by the responsible officer.	<u>Best Practice</u> Administrative support is provided to the officer holding the focus group as recommended in advice provided by market researchers such as B2BInternational. <u>Findings</u> Focus groups are mostly managed by one member of staff. This can make the administration of larger groups more difficult and there is no independent witness to any amounts of cash the officer needs to take home as access to the offices for storage isn't possible when the group finishes outside of hours. <u>Risk</u> If an independent check isn't made of cash taken off site then unnecessary disputes can occur should any discrepancies arise.	Policy and Community Engagement Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle This is usually the case as 1 member of staff will attend to welcome participants and take notes. However, this is not always necessary and insisting upon 2 people being present at the beginning and end of every group is a therefore not a good use of resource.		16 September 2008

However we will ensure that 2 members of staff are in attendance to witness payments made, get signatures from participants and verify remaining cash.	
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Management Response: Assistant Chief Executive	
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12. DOG CONTROL FOLLOW-UP 2007/2008

1. INTRODUCTION

- 1.1 Final issued 9th February 2009. The fieldwork for this audit was undertaken during January 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made nine recommendations and all were agreed. A limited opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that six recommendations relating to completion of documentation, the signing of forms, the contents of the Dog Register and anti-fraud and corruption had been implemented.
- 3.2 There was one recommendation which has only been partly implemented, which relates to the creation and signing of contracts with the Kennel Facility provider and the Veterinary Surgery. A revised implementation date of February 2009 has been provided.
- 3.3 There were two recommendations which had not been implemented. One relates to the production of procedure notes and the other to the reconciliation of income. Revised implementation dates of February 2009 and March 2009 have been given.

FOLLOW-UP OBSERVATIONS

DOCUMENTED PROCEDURES

1. Documented Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
Documented procedures are produced for the Dog Control function. The procedures should be comprehensive, kept up to date and be available to all relevant employees.	<p><u>Best Practice</u> Documented procedures should be in place to ensure responsibilities can be covered during the absence of key personnel. Procedures ensure a uniform and consistent approach.</p> <p><u>Findings</u> There are no documented procedures in place.</p> <p><u>Risk</u> Responsibilities cannot be covered in the absence of key personnel. An inconsistent and un-uniformed approach may be followed.</p>	Environmental Services Admin Manager

Management Response	Implementation Date
Recommendation is Agreed	September 2008
Follow-Up Observations	
It was ascertained that the documented procedures have not yet been produced. The Environmental Protection and Licensing Manager provided a revised implementation date of February 2009.	Not Implemented Revised Implementation Date: Feb 2009

COMPLIANCE WITH LEGISLATION

2. Documentation

(Medium Risk)

Recommendation	Rationale	Responsibility
Appropriate documentation should be completed in all cases.	<p><u>Best Practice</u> A seizure notice and release form should be completed and available for all stray dogs seized and detained by the Council.</p> <p><u>Findings</u> Of the sample of 11 cases, there was no documentation on file for 5 stray dogs.</p> <p><u>Risk</u> The Council is not complying with legislation and prescribed regulations.</p>	Environmental Protection and Licensing Manager
Management Response		Implementation Date
Recommendation is Agreed		July 2008
Follow-Up Observations		
The Environmental Protection and Licensing Manager informed Internal Audit that the documentation in use has been revised and the forms are now sent electronically (including the S150 and S149 forms). The kennels submit the completed forms electronically and they are saved within the Environmental Services email system. The officer dealing with the stray dog service is aware of what forms should be completed and submitted to the Council and chases up any incomplete or missing forms.		Implemented

3. Release Forms

(Medium Risk)

Recommendation	Rationale	Responsibility
The release forms are no longer signed by an officer of the Council but by the owner collecting to stray dog.	<p><u>Best Practice</u> By signing a release form, the owner is confirming that payment will be made to the Council prior to collection of the dog and is also confirming that they have collected the dog from the kennels, therefore a release form should be completed in all cases.</p> <p><u>Findings</u> In all cases (where documentation</p>	Environmental Protection and Licensing Manager

	was available) the release form had not be signed by the owner. <u>Risk</u> The Council is not complying with legislation and prescribed regulations.	
Management Response		Implementation Date
Recommendation is Agreed		July 2008
Follow-Up Observations		
It was ascertained that the majority of payments are received electronically, which has reduced the number of customers coming into the Council offices before claiming their dog. As detailed at recommendation 2, the release forms have been sent electronically to the kennels who obtain the signature of the owner before releasing the dog. It was also confirmed that hard copies of the signed release forms are sent back to the Council. This requirement has been included in the draft contract.		Implemented

4. Rescue Home Ownership

(Medium Risk)

Recommendation	Rationale	Responsibility
A 'Transfer of Responsibility' form is introduced and used in instances where a stray dog is retained by the Rescue Home.	<u>Best Practice</u> Ownership of the stray dog should be vested in the recipient. <u>Findings</u> There is no form in place for instances where the stray dog is retained by Honeybottom Kennels after the statutory 7 days. The Council is therefore not signing over ownership of the stray dog. <u>Risk</u> The Council is not fulfilling its statutory duty and remains responsible for the stray dog after the statutory 7 days.	Environmental Protection and Licensing Manager
Management Response		Implementation Date
Recommendation is Agreed		July 2008
Follow-Up Observations		
A 'Transfer of Responsibility' form has been produced by Environmental Services. The Environmental Protection and Licensing Manager confirmed that the form has been sent electronically to the kennels and the officer who deals with the stray dog service is aware that the form should be signed where appropriate and would chase the kennels for any missing forms.		Implemented

5. Dog Register

(Medium Risk)

Recommendation	Rationale	Responsibility
In accordance with the Environmental Protection Act 1990 (Section 8), the Dog Register is verified	<u>Best Practice</u> The Environmental Protection Act 1990 states that the Dog Register should be available, at reasonable	Environmental Services Admin Manager

<p>as accurate, complete and up-to-date. The Register should be available for inspection by members of the public therefore the information contained within it should be accurate.</p>	<p>times, for inspection by the public free of charge. It should therefore be accurate, complete and up to date. The register should accurately reflect the seizure, detention and release of all stray dogs.</p> <p><u>Findings</u> There were some inaccuracies highlighted during testing relating to the actual disposal details of a stray dog, the detention days on the Register are not supported by the documentation available and also the income received in some cases does not appear to be accurate and/or included in the Register.</p> <p><u>Risk</u> The Council is not fulfilling its statutory duty and not complying with legislation and prescribed regulations.</p>	
Management Response	Implementation Date	
Recommendation is Agreed	October 2008	
Follow-Up Observations		
<p>The Environmental Protection and Licensing Manager stated that the officers who update the Ocella register have been reminded of the importance of the accurate updating of the system, and envisages that this should reduce the number of inaccuracies within the register. It was added that the Ocella register is currently being reviewed and new methods of paying are being considered. Overall, Internal Audit considers that this recommendation has been implemented.</p>	Implemented	

FEES CHARGED

6. Kennelling Fee

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The kennelling fee per day is included on the Councils website to ensure that members of the public are aware of all costs involved in reclaiming a stray dog.</p>	<p><u>Best Practice</u> Members of the public should be aware of all costs involved in collecting their dog and the information should be available on the website.</p> <p><u>Findings</u> The guidance relating to release fees on the Councils website does not include the additional kennelling fee.</p> <p><u>Risk</u> Members of the public are not aware of the costs involved which may result in the income amount being questioned.</p>	<p>Environmental Protection and Licensing Manager</p>

Management Response	Implementation Date
Recommendation is Agreed	July 2008
Follow-Up Observations	
Internal Audit reviewed the Councils website and it was ascertained that the kennelling fee of £9.00 per day has been included.	Implemented

INCOME

7. Income Reconciliation

(High Risk)

Recommendation	Rationale	Responsibility
Income should be regularly reconciled and include a reconciliation between Agresso and Ocella and also a reconciliation between Ocella and manual documentation. This reconciliation should be undertaken by an independent employee and not by the officer requesting the fees at time of release.	<p><u>Best Practice</u> Income should be reconciled to ensure appropriate fees have been received, have been coded correctly and properly accounted for.</p> <p><u>Findings</u> Internal Audit considers that the key control in respect of levying the correct charge is with Environmental Services and issues highlighted during testing i.e. incorrect coding on Agresso should be detected through a detailed income reconciliation.</p> <p><u>Risk</u> The incorrect fee may be levied resulting in the Council incurring additional costs.</p>	Environmental Services Admin Manager
Management Response		Implementation Date
Recommendation is Agreed		September 2008
Follow-Up Observations		
It was ascertained that a detailed income reconciliation has not yet been undertaken. A revised date of March 2009 was provided.		Not Implemented Revised Implementation Date: March 2009

MANAGEMENT INFORMATION

8. Contracts

(High Risk)

Recommendation	Rationale	Responsibility
There should be contracts in place for all external services provided to the Council in relation to the Dog Control function.	<p><u>Best Practice</u> For all external services provided to the Council, there should be contracts in place.</p> <p><u>Findings</u> There is no contract in place with</p>	Environmental Protection and Licensing Manager

	<p>Honeybottom, who provide the out of hours reception centre. Honeybottom also provide the kennelling facilities for the statutory 7 days and then take ownership of the dog if the owner does not come forward to claim their dog. There is no contract in place for this additional service.</p> <p>The Council uses Larkmeads Veterinary Surgery to treat any injured stray dogs, however there is no contract in place.</p> <p><u>Risk</u> There is a risk that the services provided to the Council may be withdrawn at any time and also there is a risk that costs may rise without the Council having any influence.</p>	
Management Response		Implementation Date
Recommendation is Agreed		September 2008
Follow-Up Observations		
<p>The Environmental Protection and Licensing Manager provided Internal Audit with a copy of the draft contract currently being negotiated with Honeybottom who provide the kennelling facilities. The agreement with the Veterinary Surgeons is yet to be written. A revised implementation date of February 2009 was provided.</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: Feb 2009</p>

PRO-ACTIVE ANTI-FRAUD

9. Pro-Active Anti-Fraud

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.</p>	<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 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</p>	<p>Environmental Protection and Licensing Manager.</p>

	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.	
Management Response		Implementation Date
Recommendation is Agreed		September 2008
Follow-Up Observations		
The Anti-Fraud and Corruption Policy has been read by the Environmental Protection and Licensing Manager. He has confirmed that he has been reviewing monitoring arrangements to ensure controls exist to mitigate the chance of fraud within the area.		Implemented

13. HOUSING DEVELOPMENT FOLLOW-UP 2007/2008

1. INTRODUCTION

- 1.1 Final issued 26th February 2009. The fieldwork for this audit was undertaken during January and February 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made five recommendations and two were agreed, two were agreed in principle and one agreed in part. A satisfactory assurance level opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The previous Housing Enabling Manager left in July 2008 and the Housing Development and Regeneration Manager took up the role in October 2008. During the course of this follow up, and as a result of the management restructure, a new joint Head of Service was appointed with responsibility for Housing Services.
- 3.2 The review found that the two agreed recommendations had been implemented. The recommendation regarding Affordable Housing Supplementary Planning Guidance was agreed in principle and implementation is ongoing as it is dependant upon the Core Strategy Preferred Options being completed. The other two recommendations related to procedures and work programme reporting and were agreed in principle/part. Although progress has been made and clearer reporting is being introduced, these have not been implemented so revised dates for implementation have been agreed.

FOLLOW-UP OBSERVATIONS

HOUSING STRATEGY

1. Draft Housing Strategy to be Finalised

(Low Risk)

Recommendation	Rationale	Responsibility
The Draft Housing Strategy should incorporate contact details for the Housing Services Team, be drafted in an agreed layout design and fully proofed before finalisation.	<p><u>Best Practice</u> The Housing Strategy should be accurate and contain appropriate contact details.</p> <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</p>	Housing Initiatives Officer

	<p>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
<p>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.</p>		By September 2008
Follow-Up Observations		
<p>Housing Strategy Report (2008 – 2011) was completed and published by September 2008, and progress against the action plan was reported to the Scrutiny Committee 12th January 2009. An online copy of the Strategy from the Council's website was inspected, and a description was listed for Appendix 1 in the table of contents and contact details for housing were at the back of the report.</p>		Implemented

2. Documented Procedures/Guidance Notes

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Documented procedures and guidance notes for Housing Development and affordable housing should be introduced which include appropriate authorisation and version control.</p>	<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>	<p>Head of Housing Services and Housing Enabling Manager (or expected new role of Housing Development and Regeneration Manager)</p>
Management Response		Implementation Date
<p>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</p>		<p>Fit For the Future programme to conclude by September 2008 for ongoing implementation thereafter.</p>

<p>Enabling Manager advises that some procedures were written for some work areas, but there is insufficient process guidance. 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).</p>	<p>Head of section post to be advertised July/August 2008, to enable procedures to be documented before the end of 2008.</p>
Follow-Up Observations	
<p>The Housing Development and Regeneration Manager advised that the Fit for The Future (FFTF) process did not produce detailed process mapping for housing development functions. FFTF may revisit housing procedures, but it is not yet clear whether this will cover housing development. Standard Operating Procedures are to be produced for each post and function as part of the departmental restructure.</p>	<p>Not Implemented Revised implementation date: 31 July 2009</p>

SUPPLEMENTARY PLANNING GUIDANCE

3. Affordable Housing Supplementary Planning Guidance (Low Risk)

Recommendation	Rationale	Responsibility
<p>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>	<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 Head of Planning and Building Control</p>

Management Response	Implementation Date
<p>The recommendation is Agreed in Principle</p> <p>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.</p>	<p>Joint meetings between planning and housing will take place from July 2008 onwards which will address this issue.</p>
Follow-Up Observations	
<p>The Housing Development and Regeneration Manager advised that the Core Strategy preferred options are being worked on, and an agreed text is being submitted for Cabinet approval in March. This will then be subject to a six week consultation period before it is in adopted. Once this is in place an amended Affordable Housing Supplementary Planning Document will be produced.</p>	<p>Ongoing</p> <p>Expected completion December 2009 subject to Core Strategy preferred options being agreed.</p>

4. Liaison between Housing and Planning Officers

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The proposal to form a 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><u>Best Practice</u> 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>Head of Housing Services</p> <p>Head of Planning and Building Control</p>
Management Response	Implementation Date	
<p>The recommendation is Agreed</p> <p>A preparation meeting to prepare for the first Strategic Sites Board meeting will take place on 30th June. This mechanism is intended</p>	<p>Meetings starting in August 2008.</p>	

<p>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>	
Follow-Up Observations	
<p>The Housing Development and Regeneration Manager (HDRM) advised that formal monthly Housing and Planning Liaison meetings commenced in July 2008. A Strategic Sites Board (SSB) was established in August 2008, and in December 2008 the Cabinet approved extending the board to include Economic Development Officers and relevant Cabinet Members. The SSB meets the week after the Planning Group meetings.</p> <p>The HDRM has added an action plan section to existing progress summaries and updates this following the Strategic Sites Board meeting. This document is available to electronically to Management and the Cabinet members.</p> <p>It is perceived that the liaison between Housing and Planning benefits from the regular SSB meetings and there are plans to develop a protocol for the liaison process.</p>	Implemented

SECTION 106 AGREEMENTS

5. Enhancements to 'Work Areas' Listing

(Low Risk)

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> 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>	<p>Head of Housing Services and Housing Enabling Manager (or expected new role of Housing Development and Regeneration Manager)</p>
Management Response		Implementation Date

<p>The recommendation is Agreed in Part</p> <p>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>
Follow-Up Observations	
<p>The Housing Development and Regeneration Manager is developing clearer progress monitoring information using tools derived from the Fit for the Future programme, and is working with planning colleagues to agree a consistent recording format for monitoring new residential developments. The aim is that the service plan will amalgamate Housing and Environmental Health at both VWHDC and SODC into the same structure and format of plan. Working area plans will then follow on from this.</p>	<p>Not Implemented</p> <p>Revised implementation date: 31 July 2009</p>

14. OFFICERS TRAVEL AND SUBSISTENCE FOLLOW-UP 2007/2008

1. INTRODUCTION

- 1.1 Final issued 5th March 2009 The fieldwork for this follow-up was undertaken during February 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made ten recommendations and nine were agreed. A satisfactory assurance level opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that five of the agreed recommendations had been implemented. One recommendation, relating to recording claim period end dates, had been implemented but had recently been affected by software changes resulting in the action no longer being possible. This has been raised as an issue with the software provider. Three recommendations have not yet been implemented. A recommendation that policies be reviewed and amended has not been implemented, but is under review as part of the process to harmonise procedures between the Vale of White Horse District Council and South Oxfordshire District Council. Two recommendations not implemented are expected to be resolved by using an online self service claim system within the new ASR system.
- 3.2 The HR Manager advised that there is to be a requirement in future for more details regarding vehicles and carbon emissions linked to officer's mileage. It is intended that the ASR self service module is used for submission of claims. This would be flexible enough to build in work flow routing to cover authorisation and escalation requirements and allow the capture of required details. Internal Audit strongly supports the move to an electronic claim system.

FOLLOW-UP OBSERVATIONS

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
4.3	Claims are made in accordance with appropriate policies				
4.3.2	The Travel and Subsistence Policy is reviewed in accordance with the review date contained within the original document. In addition, the most recent Policy is placed on the Intranet.	Low	Agreed. Document is now under review. The most recent Policy is on the Intranet. Internal Audit comment: The most recent policy refers to the document currently under review.	HR Business Manager <i>At the time of the follow up:</i> HR Manager	1 November 2007 (assuming there is no need for consultation with staff)
			<p>Follow Up Observations:</p> <p>At the time of the follow up, the travel and subsistence policy on the intranet was dated August 2004 with a review date of January to March 2006. Following the recent management restructure, the HR Manager is undertaking the processes of harmonising policies with those at the Vale of White Horse District Council. It is expected this will be complete by the end of September.</p> <p>Not Implemented Revised Implementation Date: 30 September 2009</p>		
4.4	Completion of claim forms				
4.4.4	a) Employees are reminded of the requirement to submit claim forms promptly and line managers are reminded of their responsibility in authorising such claims. b) The Travel and Subsistence Policy is revised to include guidance on how	Medium	a) Agreed b) Agreed c) Agreed in principle, but we would prefer this to be 'to an appropriate more senior manager' to ensure flexibility.	a) Payroll & HR Assistant b) HR Business Manager <i>At the time of the</i>	a) 30 September 2007 b) 1 November 2007

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
	<p>claims for travel outside the specified three month period are dealt with.</p> <p>c) Consideration is given to submitting such claims to the relevant Strategic Director for certification.</p>			<p><i>follow up:</i> HR Manager / Payroll Supervisor</p>	
			<p>Follow Up Observations:</p> <p>There are plans to use the on line self service HR module to submit claims. There will be a workflow mechanism built into this for the authorisation process. ASR self service is being trialled at the time of the audit follow up but not yet for this particular facility.</p> <p>a) Monthly payroll deadlines are emailed to all staff each month. Discussions with the Payroll Supervisor suggest that there is no longer a problem with late or untimely claims.</p> <p>b) Not implemented – see 4.3.2 above.</p> <p>c) It does not seem appropriate that mileage claims are in general authorised by a Strategic Director. Appropriate routing and escalating for certain claims is expected to be built into the proposed on line mileage claim procedure.</p> <p>Expected to be resolved as part of move to ASR self service.</p> <p>Not Implemented Revised Implementation Date: 30 September 2009</p>		
4.4.10	<p>Authorising officers are reminded of their responsibility in authorising claim forms insofar that receipts should be submitted to support the claim. In addition, Payroll should return any claims back to the originating officer requesting that the receipt is attached or the claim form is amended to remove the unsupported claim.</p>	Low	Agreed	<p>HR & Payroll Assistant</p> <p><i>At the time of the follow up:</i> Payroll Supervisor</p>	30 September 2007

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
			<p>Follow Up Observations: Incomplete or unsupported claims are returned for correction and logged in a 'tracker book'. This lists the name of the claimant, the type of claim query, e.g. Mileage receipt or mileage absent, the date it was sent back and then the date it is returned to Payroll. This is so that, where possible, the claim can be paid in the appropriate period, if it was originally submitted within the advised deadline, rather than wait until the next months pay with claims submitted after the deadline.</p> <p>Implemented</p>		
4.5	Correct and bona fide claims and payments				
4.5.7	The claim form end date is input to IAW correctly by the processing officer. In addition, the checking officer ensures that the appropriate checks have been undertaken prior to authorisation.	Medium	Agreed	HR & Payroll Assistant / Pay Officer <i>At the time of the follow up:</i> Payroll Supervisor	Immediate- ly
			<p>Follow Up Observations: Until recently the claims which span more than one month were entered appropriately according to the date of the month in which the journey took place. In February the IAW payroll system would not allow the entry of separate months so there is now an issue relating to how changes in mileage rates will be dealt with. The issue has been escalated with Capita recently but the outcome is not yet known. Whilst implemented following the audit, software changes have resulted in this being an issue again.</p> <p>Partly Implemented Revised Implementation Date: 30 September 2009.</p>		

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
4.5.9	Consideration is given to amending the claim form to allow officers to state the milometer reading of the vehicle used for official Council business.	Low	Agreed – this is still open to abuse, but we recognise that it may further improve controls.	Pay Officer <i>At the time of the follow up:</i> HR Manager	31 January 2008
			<p>Follow Up Observations: The mileage form available on the intranet at the time of this follow up does not have any area to record a milometer reading. It is expected that this will be included in the online ASR claim once that is implemented. Expected to be resolved as part of move to ASR self service.</p> <p>Not Implemented Revised Implementation Date: 30 September 2009</p>		
4.7	Insurance				
4.7.6	The mileage claim form is amended to include a declaration stating that the employee has appropriate business insurance.	Medium	Agreed, although this is being signed after the journey(s) have been undertaken. Would be preferable for a signed document prior to this and a claim form being submitted.	Pay Officer <i>At the time of the follow up:</i> Payroll Supervisor	1 November 2007
			<p>Follow Up Observations: Whilst the mileage form itself does not include the declaration, the vehicle details form completed by claimants does include this declaration hence is in advance of the journey being undertaken. It is acknowledged that there should be a follow up to verify details and the Payroll Supervisor would normally check a random sample of claimants to inspect insurance details. However this was not carried out last year. The audit recommendation has been addressed by the vehicle details declaration.</p>		

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
			Implemented		
4.8	Essential user allowance				
4.8.5	The 'appropriateness' of the essential user allowance is reviewed. As a minimum, this exercise should be undertaken when a post becomes vacant.	Medium	Agreed – we will include and additional set of tick boxes and a statement to address this on the Request to Recruit form.	Senior Business Consultant <i>At the time of the follow up:</i> HR Manager	31 January 2007
			Follow Up Observations: A major review of car user policy has been undertaken and changes are being implemented effective from 01 April 2009. Implemented		
4.8.12	The monthly lump sum payment queries identified during testing are investigated as soon as possible. In addition, an exercise is undertaken to review all lump sum payments made to employees to ensure that the appropriate lump sum payment has been paid. Any over or underpayments identified should be resolved as a matter of urgency.	High	Agreed – a review will be undertaken and any adjustments made as soon as possible	Pay Officer <i>At the time of the follow up:</i> Payroll Supervisor	30 September 2007
			Follow Up Observations: This is an annual task within payroll. Implemented		
4.8.13	Working practices are enhanced to ensure that in future, the lump sum paid	Medium	Agreed – payroll checking procedures will be amended to	Pay Officer	1 November

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
	to employees is made in accordance with the CC of the vehicle.		highlight the importance of checking. We will implement a quarterly review so that errors are picked up quickly and large overpayments do not occur.		2007
			<p>Follow Up Observations: When the vehicle declaration form (as per 4.7.6) states an engine cc such as 1200 the exact cc is clarified to ensure the appropriate payment is made. A print of the email or document confirming the cc is retained with the officer's declaration form.</p> <p>Implemented</p>		

15. PETTY CASH FOLLOW-UP 2008/2009

1. INTRODUCTION

- 1.1 Final issued 3rd March 2009. The fieldwork for this follow-up was undertaken during February 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made twelve recommendations and twelve were agreed. A satisfactory assurance level opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that four recommendations have been implemented, three partly implemented and five not implemented. Those implemented relate to the insurance cover, location of the petty cash tin key, marking receipts once paid and the cashiers float procedure. Those partly implemented cover a change in practice to be reflected in the Finance Guidance Manual, the use of excel to record claims and the previous recommendations. Revised implementation dates have been agreed for the remaining actions.
- 3.2 The five recommendations not yet implemented cover an update of the Finance Guidance Manual, guidance to staff regarding the use of petty cash, a change to the replenishment process, a decision on appropriate use of petty cash and proactive identification of the potential for fraud and corruption. Revised dates for implementation have been agreed.

FOLLOW-UP OBSERVATIONS

PROCEDURES AND POLICIES

1. Update Finance Guidance Manual

(Low Risk)

Recommendation	Rationale	Responsibility
Update sections of the Finance Guidance Manual relating to petty cash:- <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. 	<u>Best Practice</u> Adequate and up to date policies and procedures are in place covering the establishment and use of petty cash floats. <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. <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.	Chief Accountant
Management Response	Implementation Date	

Recommendation is Agreed	December 2008
Management Response: Chief Accountant	
Follow-Up Observations	
As at 26/02/09 the version of the Finance Guidance Manual on the intranet was version 3.1 January 2004. The changes have not yet been made. The Chief Accountant expects to address this by end of August.	Not Implemented Revised implementation date: 31 August 2009

2. Guidance Provided to Staff Claiming Petty Cash

(Medium Risk)

Recommendation	Rationale	Responsibility
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><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> 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.</p>	Chief Accountant, in conjunction with HR Manager
Management Response		Implementation Date
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.		December 2008
Management Response: Chief Accountant & HR Manager		
Follow-Up Observations		
The changes have not yet been made although the Senior Revenues and Benefits Client Officer does issue reminders of appropriate use to staff, when queries arise from claims which have already been submitted and paid out. The Chief Accountant expects to address this recommendation by end of August.		Not Implemented Revised implementation date: 31 August 2009

3. Voucher Signatures

(Medium Risk)

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	<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</p>	Senior Revenues & Benefits Client Officer

be updated within the Guidance Manual	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. <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.	
Management Response		Implementation Date
Recommendation is Agreed		Immediate
Management Response: Senior Revenues & Benefits Client Officer		
Follow-Up Observations		
The claim voucher now has a section for signatures showing who reimbursed the money, who received the money and the date reimbursed. The Chief Accountant needs to reflect this change within the Guidance Manual.		Partly Implemented Revised implementation date: 31 August 2009

4. Insurance Cover

(Medium Risk)

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.	<u>Best Practice</u> The amount of cash held in petty cash is fully insured. <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 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. <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.	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed Cover increased in new insurance contract currently out to tender. Management Response: Chief Accountant		October 2008
Follow-Up Observations		
The amount is stated as £300 in the tender for new insurance services.		Implemented

5. Petty Cash Tin

(Low Risk)

Recommendation	Rationale	Responsibility
The key to the petty cash tin is located separately to	<u>Best Practice</u> The key for the petty cash tin is held in a	Customer Services Manager

the tin itself, perhaps with the main safe keys.	<p>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>	
Management Response		Implementation Date
Recommendation is Agreed		Immediate
Management Response: Customer Services Manager, Capita		
Follow-Up Observations		
Internal Audit visited the cash office and witnessed that the key was kept in a plastic wallet together with the safe key, and is no longer kept with the petty cash tin.		Implemented

6. Petty Cash Replenishment Process

(Medium Risk)

Recommendation	Rationale	Responsibility
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><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 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>	Chief Accountant
Management Response		Implementation Date
Recommendation is Agreed		October 2008
Management Response: Chief Accountant		
Follow-Up Observations		
The recommended process has not yet been adopted and delays are still experienced in replenishing claims whilst they go through additional authorisations within Agresso. The Chief Accountant advised that this would be implemented by the end of August.		<p>Not Implemented</p> <p>Revised implementation date: 31 August 2009</p>

DOCUMENTARY EVIDENCE

7. Excel Listing of Claims

(Low Risk)

Recommendation	Rationale	Responsibility
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><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		
Follow-Up Observations		
The cashier does now use excel to list the petty cash payments but handwrites the claim for re-imburement. Further investigations are needed to see if the claim can be automated using the excel listing so it isn't uncertain if this can be achieved at present.		<p>Partly Implemented</p> <p>Revised implementation date: 31 August 2009</p>

COMPREHENSIVE RECORDS

8. Reimbursed Receipts

(Medium Risk)

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</p>	Cashier

	marked as repaid then they could be used to obtain reimbursement more than once.	
Management Response		Implementation Date
Recommendation is Agreed		Immediate
Management Response: Customer Services Manager, Capita		
Follow-Up Observations		
As receipts are reimbursed they are date stamped showing that they have been processed by the cashier.		Implemented

MAINTENANCE OF FLOAT

9. Discrepancy Procedure

(Low Risk)

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		
Follow-Up Observations		
The cashier's procedure covering Petty Cash now has a section detailing the procedure should petty cash not balance.		Implemented

TRANSACTIONS

10. Appropriate Use of Petty Cash

(Medium Risk)

Recommendation	Rationale	Responsibility
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><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,</p>	Chief Accountant in conjunction with HR

	<p>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>	
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>		October 2008
Follow-Up Observations		
<p>The changes have not yet been made. The Chief Accountant expects to address this by end of August.</p>		<p>Not Implemented</p> <p>Revised implementation date: 31 August 2009</p>

PREVIOUS RECOMMENDATIONS

11. Previous Recommendations

(Medium Risk)

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 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>	<p>Customer Services Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Customer Services Manager, Capita</p>		31 December 2008

Follow-Up Observations	
RAID training is booked for 24 March 2009.	Partly Implemented
The testing of cashiers alarms has been discussed with facilities staff but not yet implemented.	Revised implementation date: 31 August 2009

ANTI FRAUD AND CORRUPTION

12. Pro-active Identification of Fraud and Corruption

(Medium Risk)

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		
Follow-Up Observations		
The general cash procedures have been updated to cover money laundering, but there are no entries on the risk register covering the potential for fraud and corruption within Petty Cash processes.		Not Implemented Revised implementation date: 31 August 2009

16. COMPLAINTS FOLLOW-UP 2008/2009

1. INTRODUCTION

- 1.1 Final issued 4th March 2009. The fieldwork for this follow-up was undertaken during February 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made eleven recommendations and nine were agreed. A Satisfactory opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that of the nine recommendations agreed, three had been implemented, two had been partly implemented and four had not been implemented. Those implemented relate to the timescales, complaint reference numbers and the expansion of the Whistleblowing Policy to cover certain types of complaints. The partially implemented recommendations related to the access levels within the complaints database and the functionality of the complaints database. Revised implementation dates have been given.
- 3.2 The four recommendations not yet implemented relate to the recording of complaints received, the monitoring and reporting arrangements and the performance of the Service Team Administrators. Revised implementation dates have been given.

FOLLOW-UP OBSERVATIONS

RECORDING AND ACKNOWLEDGEMENT OF COMPLAINTS

1. Complaints Database Access Levels

(Medium Risk)

Recommendation	Rationale	Responsibility
a) The access granted to the officer previously employed within the Environmental Services Team is revoked and granted to another appropriate officer within the team. b) An additional officer within Leisure and Economic Development is granted access and training given where necessary. c) Access is granted to the Head of Housing and training given where necessary.	<p>Best Practice Access to the Complaints Database should be restricted to appropriate officers and there should be adequate officers within each service team to input complaints to the database.</p> <p>Findings 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>Risk Without access levels being granted to appropriate officers within the Council and a</p>	Chief Executive's PA

	limited number of administrators within each service area, there is a risk that complaints are not adequately being recorded leading to the database being in accurate and non-compliance to documented procedures.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		30 September 2008
Follow-Up Observations		
A list was provided which denoted access. Alterations have been completed as required and will be subject to review by the new Head of Environmental Health and Housing		Partly Implemented Revised Implementation Date: 31 March 2009

2. Acknowledgement Timescales

(Medium Risk)

Recommendation	Rationale	Responsibility
An appropriate timescale for sending acknowledgments is decided and incorporated into the documented procedures.	<p>Best Practice Appropriate timescales for each stage of the complaints process should be decided and incorporated into procedure documents.</p> <p>Findings 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>Risk 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
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008
Follow-Up Observations		
Updated guidance is now located on the Councils' intranet. A copy of the email to Admin networking group which confirms implementation of the above recommendation has been provided to Internal Audit.		Implemented

COMPLAINTS REGISTER

3. Recording of Complaints Received

(Low Risk)

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>Best Practice 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>Findings Testing identified that one complaint (364) where the input date was out of sequence to the</p>	Chief Executive's PA

	<p>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>	
Management Response		Implementation Date
<p>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.</p> <p>Management Response: Chief Executive's PA</p>		31 October 2008
Follow-Up Observations		
<p>It has not been possible to implement this recommendation due to the confines of the database, however access by to the Admin Group and one head of service has resulted in a degree of control.</p>		<p>Not Implemented</p> <p>Revised Implementation Date: N/A</p>

4. Recording of Complaints Acknowledged

(Medium Risk)

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
<p>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.</p> <p>Management Response: Chief Executive's PA</p>		31 October 2008
Follow-Up Observations		
Please see response to recommendation 3 above.		<p>Not Implemented</p> <p>Revised Implementation Date: N/A</p>

5. Numbering of Complaints

(Medium Risk)

Recommendation	Rationale	Responsibility
The issue of missing complaint reference numbers should be	<p><u>Best Practice</u> Procedures state that a sequential number will be generated by the database and this</p>	Chief Executive's PA

investigated.	numbering provides an appropriate audit trail. <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. <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 deleted from the database.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Chief Executive's PA		31 October 2008
Follow-Up Observations		
The Chief Executive's Personal Assistant has confirmed that she is the only officer that can delete a record.		Implemented

6. Whistleblowing Policy

(Low Risk)

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.	<u>Best Practice</u> Officers should be aware of the Whistleblowing Policy when inputting the details of complaints received by the Council. <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. <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.	Chief Executive's PA
Management Response		Implementation Date
Recommendation is Agreed		31 October 2008

Management Response: Chief Executive's PA	
Follow-Up Observations	
The guidance update can be found on the Council's Intranet. The issue was also raised by the Admin Networking group in Oct 2008.	Implemented

7. Reports from the Complaints Database

(Medium Risk)

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
Follow-Up Observations		
The Chief Executive's PA are still awaiting confirmation from the BIS team with regards to the implementation of this recommendation. An email sent to the BIS team could be evidenced.		<p>Partly Implemented</p> <p>Revised Implementation Date: 30 June 2009</p>

COLLATION OF COMPLAINTS DETAILS

8. Appropriate Reporting Arrangements

(Medium Risk)

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> <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.</p>	Chief Executive's PA

	<p>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
<p>Recommendation is Agreed Management Response: Chief Executive's PA</p>		31 October 2008
Follow-Up Observations		
<p>Management stated that nothing has been determined against this recommendation due to awaiting the outcome and the implementation of Recommendation 7.</p>		<p>Not Implemented Revised Implementation Date: 30 June 2009</p>

9. Admin Network Group

(Low Risk)

Recommendation	Rationale	Responsibility
<p>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>	<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
<p>Recommendation is Agreed Management Response: Chief Executive's PA</p>		31 December 2008
Follow-Up Observations		
<p>Please see response to recommendation 8 above.</p>		<p>Not Implemented Revised Implementation Date: 30 June 2009</p>

17. CONSULTATION FOLLOW-UP 2008/2009

1. INTRODUCTION

- 1.1 Final issued 5th March 2009. The fieldwork for this follow-up was undertaken during February 2009.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made seventeen recommendations and seventeen were agreed. A Limited opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that of the seventeen recommendations agreed, all were partly implemented. This was as expected since full implementation of the recommendations was dependent on the drafting of the Community Engagement Strategy, which was not approved by Cabinet until the 5th February 2009. Revised implementation dates for all recommendations have been provided.

FOLLOW-UP OBSERVATIONS

POLICIES AND PROCEDURES

1. Consultation Procedures

(High Risk)

Recommendation	Rationale	Responsibility
Corporate Consultation Procedures should be produced.	<p><u>Best Practice</u> There should be organisation-wide standards (Corporate 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>	Corporate Community Engagement Officer / Policy and Community Engagement Manager
Management Response		Implementation Date
Recommendation is Agreed This is included as an action in the draft Community Engagement Strategy. Management Response: Assistant Chief Executive		1 March 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

2. Approval of Procedures**(Medium Risk)**

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
Recommendation is Agreed Once drafted approval will be sought from Management Team. Management Response: Assistant Chief Executive		1 March 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

3. Responsible Officer**(Low Risk)**

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 reviewed leading to the document becoming out of date and containing irrelevant information.</p>	Corporate Community Engagement Officer
Management Response		Implementation Date
Recommendation is Agreed We will update the procedures as appropriate. Management Response: Assistant Chief Executive		1 March 2009
Follow-Up Observations		
As above, the review will be carried out by the Corporate Community Engagement Officer and will be programmed into the service plan for 2010/11 (one year after implementation).		Partly Implemented Revised Implementation Date: 31 September 2010

4. Access to Procedures**(Low Risk)**

Recommendation	Rationale	Responsibility
Following the production of the Corporate	<p><u>Best Practice</u> All Policy/Procedure documents should be</p>	Corporate Community Engagement Officer /

<p>Consultation Procedures, they are distributed to Officers and made available on the Council's Intranet site.</p>	<p>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 in-consistent and un-uniformed approaches being undertaken by members of staff.</p>	<p>Policy and Community Engagement Manager</p>
Management Response		Implementation Date
<p>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).</p> <p>Management Response: Assistant Chief Executive</p>		<p>31 March 2009</p>
Follow-Up Observations		
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

5. Service Area Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>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>	<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>	<p>Corporate Community Engagement Officer</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle 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>		<p>1 April 2009</p>
Follow-Up Observations		
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate</p>		<p>Partly Implemented</p>

Strategy action plan for Q2 2009/2010.	Revised Implementation Date: 31 September 2009
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APPROPRIATE CONSULTATION UNDERTAKEN

6. Appropriate Parties

(Medium Risk)

Recommendation	Rationale	Responsibility
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><u>Best Practice</u> 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> 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> An accurate cross section of the population is not being consulted by the Council leading to inaccurate results and limited responses being received.</p>	Corporate Community Engagement Officer / Corporate Projects Officer / Policy & Community Engagement
Management Response		Implementation Date
<p>Recommendation is Agreed 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
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

7. Consultation Techniques

(Medium Risk)

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

	and do not address the issues raised by the consultation exercise.	
Management Response		Implementation Date
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		1 April 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

8. Consultation Period**(Medium Risk)**

Recommendation	Rationale	Responsibility
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><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
Recommendation is Agreed Requirements will be included within procedures for all staff. Management Response: Assistant Chief Executive		1 March 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

CONSULTATION DOCUMENTATION**9. Central Register****(High Risk)**

Recommendation	Rationale	Responsibility
All consultations made by the Council should be	<p><u>Best Practice</u> It should be possible to identify all consultations</p>	Corporate Community Engagement Officer to

recorded on a Central register.	undertaken by the Council. <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. <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.	introduce register All staff carrying our consultation/heads of service responsible for compliance
Management Response		Implementation Date
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		1 April 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

10. Adequate Documentation**(Medium Risk)**

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.	<u>Best Practice</u> There should be corporate guidance in place relating to the documentation required for all consultation exercises. <u>Findings</u> There are no Corporate Consultation Procedures in place. There are no defined criteria as to the documentation required for consultation exercises. <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.	Corporate Community Engagement Officer to draft procedures All staff carrying our consultation/heads of service responsible for compliance
Management Response		Implementation Date
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		1 March 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		Partly Implemented Revised Implementation Date: 31 September 2009

RECORDING OF CHANGES

11. Recording of Changes

(High Risk)

Recommendation	Rationale	Responsibility
Any changes made as a result of any consultation exercises should be appropriately documented and adequately recorded. This requirement as taken from the Audit Commission's guidance on Best Practice should be included in the Corporate Consultation Procedures.	<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> There is no corporate guidance on how changes should be documented and recorded.</p> <p><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.</p>	<p>Corporate Community Engagement Officer to draft procedures and review form</p> <p>All staff carrying our consultation/heads of service responsible for compliance</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>		1 March 2009
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

ASSESSMENTS OF ADDED VALUE

12. Appropriate Assessment

(High Risk)

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.	<p><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.</p> <p><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.</p> <p><u>Risk</u></p>	<p>Corporate Community Engagement Officer to draft review form</p> <p>All staff carrying our consultation/heads of service responsible for compliance</p>

	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.	
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 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
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

13. Assessment and Evaluation Process

(Medium Risk)

Recommendation	Rationale	Responsibility
The assessments of the outcome and process of the consultation and also the evaluation process 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.</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>	Corporate Community Engagement Officer to draft procedures
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 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
Follow-Up Observations		
The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

14. Responsible Officer for Assessments

(Medium Risk)

Recommendation	Rationale	Responsibility
Upon approval of the Corporate Consultation Procedures, an officer	<p><u>Best Practice</u> An officer should be assigned responsibility to ensure assessments and evaluations are</p>	Corporate Community Engagement Officer to draft report to

<p>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>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>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 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>
Follow-Up Observations		
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

ASSESSMENTS OF FINANCIAL COST

15. Financial Assessment

(High Risk)

Recommendation	Rationale	Responsibility
<p>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>	<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</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 – comparisons can be difficult as no two consultation exercises are the same, but it is possible to make a judgement about cost effectiveness.</p> <p>Management Response: Assistant Chief Executive</p>	1 April 2009
Follow-Up Observations	
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.</p>	<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

16. Financial Assessment Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Once the financial cost evaluation process has been decided it should be included in the Corporate Consultation Procedures.</p>	<p><u>Best Practice</u></p> <p>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></p> <p>There is no corporate guidance in relation to evaluating the financial cost of consultation exercises.</p> <p><u>Risk</u></p> <p>Officers would not be aware of the process leading to financial cost evaluations not being undertaken.</p>	<p>Corporate Community Engagement Officer</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>		1 March 2009
Follow-Up Observations		
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: 31 September 2009</p>

17. Reporting Arrangements

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Upon approval of the Corporate Consultation Procedures, an officer within each service area is assigned responsibility for ensuring a financial</p>	<p><u>Best Practice</u></p> <p>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>Corporate Community Engagement Officer to report to management team and scrutiny committee</p>

<p>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>	<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>All staff carrying our consultation/heads of service responsible for compliance</p>
<p>Management Response</p>		<p>Implementation Date</p>
<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.</p> <p>Management Response: Assistant Chief Executive</p>		<p>1 April 2009 Report to MT/Scrutiny 31 March 2010</p>
<p>Follow-Up Observations</p>		
<p>The action is included in the Community Engagement Strategy agreed by Cabinet on 5 February. The action is also included in the Corporate Strategy action plan for Q2 2009/2010.</p>		<p>Partly Implemented Revised Implementation Date: 31 September 2009</p>