

Audit and Corporate Governance Committee Report

Report of Audit Manager

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AGENDA ITEM NO 9

Internal Audit Activity Report Q1 2009/2010

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: 1

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
Cornerstone	Satisfactory	12	0	N/A	3	3	9	9
1. Emergency Planning	Limited	8	2	2	5	5	1	1
2. Disaster	Limited	3	1	1	0	N/A	2	2

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
Recovery								
Internal Recharges	Satisfactory	5	0	N/A	0	N/A	5	5
Post Room	Satisfactory	7	1	1	1	1	5	5
GIS	Satisfactory	4	0	N/A	2	2	2	2
Corporate Governance	Full	2	0	N/A	0	N/A	2	2
Sundry Debtors	Satisfactory	5	1	1	3	2	1	1
3. Payroll	Limited	20	2	2	13	12	5	5
Human Resources	Satisfactory	9	0	N/A	5	5	4	4
Tourism	Satisfactory	4	0	N/A	3	3	1	1

Follow Up Reviews

	Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
4. Dog Control	Limited	9	6	1	2	N/A
Planning Control	Good	3	3	N/A	N/A	N/A
Out of Hours	Satisfactory	7	6	1	N/A	N/A
Concessionary Fares	Satisfactory	3	2	N/A	1	N/A

7. **Appendix 1** of this report sets out the key points and findings relating to the completed audits which have received limited or nil assurance, and satisfactory or full assurance reports which members have asked to be presented to Committee.
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 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. EMERGENCY PLANNING 2008/2009

1. INTRODUCTION

- 1.1 Final issued 20th April 2009. The fieldwork for this audit was undertaken between January and March 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that key strategies, policies and plans relating to emergency planning are in existence, and that the arrangements are sufficient.
 - To ensure that adequate consultation in putting together the emergency planning arrangements has taken place.
 - To ensure that testing arrangements are in place for the emergency plans.
 - To ensure that an adequate training programme is in place for all responsible officers within the emergency plans.
 - To ensure that a formal monitoring and review process is in place for emergency planning.

2. BACKGROUND

- 2.1 In a local or national emergency, the Council has a vital part to play in civil protection and responding to its community and the public. The Civil Contingencies Act 2004 is the primary legislation, which classifies the Council as a Category 1 Responder. The primary role as a Category 1 Responder is to deal with problems emanating from incidents within the District. The Council has a role to assist emergency services when the scale increases requiring additional resources such as manpower, equipment, temporary accommodation, feeding, specialist services and technical advice.
- 2.2 The overall aim of emergency planning is to achieve an effective response to an incident regardless of its cause. Plans should be realistic, robust and sufficiently flexible to deal with a range of situations that are likely to increase in significant, duration and complexity and which may effect more than one commissioning authority, provider or service.

3. PREVIOUS AUDIT REPORTS

- 3.1 This is the first time this area has been specifically reviewed.

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 Eight recommendations have been raised in this review. Two High risk, five, Medium risk and one Low risk.

5. MAIN FINDINGS

5.1 Strategies, Policies and Plans

- 5.2 An Emergency Plan is in place, however it is Internal Audit's opinion that areas of the plan need to be strengthened in order to have robust emergency planning arrangements in place. It was noted that external sites have not been identified for proposed rest centres/alternative emergency centres, an inventory of equipment to be used in an emergency response is not in place and officers listed within the Emergency Plan are not clear on their roles and responsibilities. It was also identified that an information system has not been designed to collate/record details of calls taken from the public in an emergency situation and the Council's response to that call. Seven recommendations have been made as a result of our work in this area.

5.3 Consultation

- 5.4 Adequate consultation was held with officers and the senior management team in drafting the Emergency Plan, and copies of the plan were distributed to external agencies and neighbouring local authorities for information/comment. No recommendations have been made as a result of our work in this area.

5.5 Test Exercises

The Emergency Plan has not yet been subject to a test exercise. One recommendation has been made as a result of our work in this area.

5.6 Training

- 5.7 Internal Audit could evidence that key officers had received training from Oxfordshire County Council. However, it is Internal Audit's opinion that training needs should be identified on an ongoing basis, but formally from the test exercises. A related recommendation has been made within objective for Test Exercises.

5.8 Monitoring and Review Process

- 5.9 The Emergency Plan is updated on an ongoing basis as and when updates are received from Oxfordshire County Council and the Oxfordshire Resilience Group. However, Internal Audit confirmed that an annual formal review process is also in place. No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

STRATEGIES, POLICIES AND PLANS

1. Emergency Plan

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Council's Emergency Plan should be strengthened to include the following:</p> <ul style="list-style-type: none"> • Definition of a major incident / emergency situation. • Types of emergency situations. • Identification of local hazards and levels of risk exposure. • Identification of internal and external dependencies and stakeholder. 	<p><u>Best Practice</u> Comprehensive emergency planning arrangements should be in place to ensure the Council fulfils its responsibilities in accordance with the Civil Contingencies Act 2004.</p> <p><u>Findings</u> An Emergency Plan is in place, but it is Internal Audit's opinion that key elements are missing which would assist in providing a comprehensive response to an emergency situation.</p> <p><u>Risk</u> If comprehensive emergency planning arrangements are not in place, there is a risk that the Council will not fulfil its responsibilities in accordance with the Civil Contingencies Act 2004. This could have significant legal, operational, financial and reputational implications.</p>	Head of Commercial Services
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>OCC are currently reviewing emergency planning County wide which may result in changes to the Councils roles and responsibilities. A draft report is expected by end of June. Consequently implementation dates are generally stated throughout this report as 30 September 2009 to enable any changes to roles and responsibilities to be reflected in improvements to plans, processes, etc.</p> <p>Management Response: Head of Commercial Services</p>		30 September 2009

2. External Sites

(High Risk)

Recommendation	Rationale	Responsibility
<p>External sites should be identified for rest centres which can be used for temporary shelter and care and/or a possible alternative emergency centre.</p>	<p><u>Best Practice</u> External sites should be identified that can be utilised in an emergency response.</p> <p><u>Findings</u> The Principal Environmental Health Officer confirmed that external sites have not been identified within the Emergency Plan.</p>	Head of Commercial Services

	<p><u>Risk</u> If contingency arrangements are not in place, should the Council buildings not be available or exceed capacity limits, then there is a risk that the Council will not be able to respond effectively to demand in an emergency situation.</p>	
Management Response		Implementation Date
Recommendation is Agreed		30 September 2009
Management Response: Head of Commercial Services		

3. Emergency Stock

(Medium Risk)

Recommendation	Rationale	Responsibility
An emergency response stock inventory should be implemented listing all stock and where it is held. This should be subject to regular review to ensure it remains up to date.	<p><u>Best Practice</u> A stock list should be held of all stock which is available for use during an emergency situation.</p> <p><u>Findings</u> Internal Audit confirmed that a stock inventory is currently not maintained. i.e) blankets, mobile phones.</p> <p><u>Risk</u> If stock information, levels and whereabouts are not maintained, there is a risk the Council will not be able to respond effectively to demand in an emergency situation.</p>	Head of Commercial Services
Management Response		Implementation Date
Recommendation is Agreed		30 June 2009
Management Response: Head of Commercial Services		

4. Roles and Responsibilities

(Medium Risk)

Recommendation	Rationale	Responsibility
Officers listed in the Emergency Plan should be trained in their expected roles and responsibilities in an emergency situation, and greater clarification on their roles should be documented within the plan.	<p><u>Best Practice</u> Officers assigned to specific roles in an emergency response should be trained in their roles and responsibilities, to ensure they perform their duties effectively.</p> <p><u>Findings</u> The Emergency Plan has been designed on a role basis, and a number of officers have been assigned to that role to be called upon. This makes the Plan more flexible and allows a number of officers available in an emergency situation to be assigned to the roles. However, 14 officers listed were contacted and only 5 were aware that they were in the Plan and they had limited knowledge on their roles and</p>	Head of Commercial Services

	responsibilities. <u>Risk</u> If roles and responsibilities in an emergency are not clearly identified and assigned, there is a risk that the response will not be executed effectively.	
Management Response		Implementation Date
Recommendation is Agreed Timing of training will need to reflect changes to roles and responsibilities consequent to the County review and be agreed with County. Management Response: Head of Commercial Services		31 October 2009

5. Information System

(High Risk)

Recommendation	Rationale	Responsibility
An information system should be developed, to record calls/information taken from members of the public in an emergency situation and to record the action the Council has taken.	<u>Best Practice</u> An efficient and effective method of recording and disseminating information in an emergency situation should be in place. <u>Findings</u> The Principal Environmental Health Officer confirmed that a system is not in place to collate/record information/calls taken from members of the public. <u>Risk</u> If effective information/communication arrangements are not in place, an inadequate or unnecessary response may be implemented and resources may not be allocated in an efficient and effective manner.	Head of Commercial Services
Management Response		Implementation Date
Recommendation is Agreed Discussion required with IT before definite implementation date can be agreed. Management Response: Head of Commercial Services		31 October 2009

6. Team Sheet Template

(Low Risk)

Recommendation	Rationale	Responsibility
A team sheet template should be developed for use in each emergency situation. This should identify and allocate which officers have been appointed to which role.	<u>Best Practice</u> Officers assigned to specific roles in an emergency response should be clearly identified. <u>Findings</u> The Emergency Response and	Head of Commercial Services

	<p>Recovery Plan has been designed on a role basis, rather than an officer basis. This makes the Plan more flexible and allows any officers available in an emergency situation to be assigned to the roles. However, a team sheet template was not in place to be used for each emergency situation, which would clarify who had been assigned to which roles.</p> <p><u>Risk</u> If roles and responsibilities in an emergency are not clearly identified, there is a risk that the response will not be executed effectively.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Head of Commercial Services</p>		30 June 2009

7. Approval of Emergency Plan

(Medium Risk)

Recommendation	Rationale	Responsibility
The Emergency Plan should be subject to formal approval by the Management Team.	<p><u>Best Practice</u> Emergency planning arrangements should be assessed at a senior level to ensure they are adequate and formally approved.</p> <p><u>Findings</u> The Emergency Plan had not been formally assessed and approved at management level.</p> <p><u>Risk</u> If emergency planning arrangements are not assessed and owned by the management team, there is a risk that the arrangements are not robust enough and management team are not equipped to lead in an emergency situation. This could lead to the Council will not fulfilling its responsibilities in accordance with the Civil Contingencies Act 2004.</p>	Head of Commercial Services
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>This will be done following any changes consequent to the OCC review.</p> <p>Management Response: Head of Commercial Services</p>		31 October 2009

TEST EXERCISE

8. Test Exercise

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The emergency planning arrangements should be tested on an annual basis. Training needs should be identified, and lessons learnt should be incorporated into a revised plan.</p>	<p><u>Best Practice</u> Regular testing of emergency planning arrangements should be undertaken to ensure that they are fit for purpose.</p> <p><u>Findings</u> No testing has been undertaken of the Emergency Response and Recovery Plan.</p> <p><u>Risk</u> If adequate testing of the emergency planning arrangements are not in place there is a risk that:</p> <ul style="list-style-type: none"> • an inappropriate plan will be relied upon and the Council will not fulfil its duties. • under-resourced elements are not identified and the plan may fail. • training needs are not identified and officers do not perform effectively in a live response. • duplicated efforts with external agencies are not identified and removed, gaps in provision are not identified and corrected and communication weaknesses are not resolved. 	<p>Head of Commercial Services</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>County annual plan proposes an event in March 2010.</p> <p>Management Response: Head of Commercial Services</p>		<p>31 March 2009</p>

2. DISASTER RECOVERY 2008/2009

1. INTRODUCTION

- 1.1 Final issued 29th April 2009. The fieldwork for this audit was undertaken between January and April 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that an adequate Disaster Recovery Plan is in place, which is current and complete and accessible to relevant officers/parties;
 - To ensure that the Disaster Recovery Plan is periodically tested for its relevance and effectiveness, and training needs/recovery weaknesses are identified and dealt with appropriately;
 - To ensure that disaster recovery contract/agreement arrangements in place are adequate and appropriately tested and monitored;
 - To ensure that adequate financial resources have been assigned to disaster recovery and sufficient financial planning has been undertaken.

2. BACKGROUND

- 2.1 As IT systems and supporting infrastructure become more and more critical to its operations, it leads to the prospect that any disruption to these systems can cause serious operational difficulties. Organisations that are reliant upon their IT systems should consider the risk of business interruption resulting from the failure of these IT systems and prepare appropriate disaster recovery plans.
- 2.2 Responsibility for disaster recovery arrangements sits within ICT. At the time of this review, there were no departmental issues.

3. PREVIOUS AUDIT REPORTS

- 3.1 Disaster Recovery has not been subject to a specific review before. Relevant issues that have been raised in previous ICT internal audit reviews have been incorporated where appropriate.

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 Three recommendations have been raised in this review. One High risk and two Low risk.

5. MAIN FINDINGS

5.1 Disaster Recovery Plan

5.2 A documented ICT disaster recovery plan is in place, which Internal Audit considers to be satisfactory. The Head of HR, IT and Customer is responsible for the plan and it could be evidenced that it is reviewed on a regular basis and is accessible to all of the relevant officers and from remote sites. However, no evidence could be obtained that the Plan had been approved at an appropriate level. One recommendation has been made as a result of our work in this area.

5.3 Disaster Recovery Testing

5.4 Hewlett-Packard were the Council's contractors for providing disaster recovery support until the 31 March 2009, and it was noted that testing of the disaster recovery arrangements had not been undertaken in the last three years. One recommendation has been made as a result of our work in this area.

5.5 Disaster Recovery Contractor

5.6 Hewlett-Packard has been the appointed contractors to provide disaster recovery support, but this contract formally ended on the 31 March 2009. The IT Support Manager is currently agreeing a disaster recovery provision with the Vale of White Horse District Council's providers – Adam Continuity. Internal Audit will follow-up this area in 6 months, to ensure that a contractor has been formally appointed for South Oxfordshire District Council and clear specifications and contract documentation is in place.

5.7 It was noted that Hewlett-Packard had not been asked to provide assurance on their own disaster recovery arrangements. One recommendation has been made as a result of our work in this area.

5.8 Financial Resources

5.9 Adequate financial resources for disaster recovery arrangements were seen to be in place. Annual payments to Hewlett-Packard were reviewed on Agresso, and it could be confirmed that they were accurate and in accordance with the contract. Insurance arrangements for ICT equipment were reviewed, and no concerns were noted. No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

DISASTER RECOVERY PLAN

1. Approval of Disaster Recovery Plan

(Low Risk)

Recommendation	Rationale	Responsibility
The Disaster Recovery Plan and arrangements should be formally reviewed and approved at an appropriate level.	<p><u>Best Practice</u> Disaster recovery arrangements should be subject to review and approval at an appropriate management level.</p> <p><u>Findings</u> Internal Audit could not find any evidence that the Disaster Recovery Plan had been subject to formal review and approval by the Management Team.</p> <p><u>Risk</u> Without an adequate plan, there is a risk that restoration of IT infrastructure following an incident may fail or be significantly delayed. The consequent impact of this on mission critical activities may be significant. In addition, inadequate senior management support could result in disaster recovery not being taken as a serious issue, and the required resources to implement the plan are not made available.</p>	ICT Support Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Existing plan is current live document. Will arrange for Head of HR, IT and Customer to get DR plan approved by appropriate level of management team.</p> <p>Management Response: ICT Support Manager</p>		31 May 2009

DISASTER RECOVERY TESTING SCHEDULE

2. Disaster Recovery Testing Schedule

(High Risk)

Recommendation	Rationale	Responsibility
<p>a) The disaster recovery arrangements should be tested on an annual basis.</p> <p>b) Test results should be documented and analysed.</p>	<p><u>Best Practice</u> Critical business systems should be recovered in an agreed timescale following a disaster.</p> <p><u>Findings</u> The IT Support Manager confirmed that the Council's disaster recovery arrangements had not been tested in</p>	ICT Support Manager

c) An action plan should be implemented to address any weakness identified during testing (including contractor performance).	the last 3 years. <u>Risk</u> Inadequate testing could mean that the disaster recovery plan may not work in a real disaster and mission critical activities may not be achieved. This could result in significant legal, financial, operational and reputational implications.	
Management Response		Implementation Date
Recommendation is Agreed in Principle New one year contract with Adam Continuity (AC) has been agreed. Once contract is signed, initial testing dates and sites will be offered by AC. This will allow initial testing and documenting of test recovery. Management Response: ICT Support Manager		31 March 2010

DISASTER RECOVERY CONTRACTOR

3. Contractor Risk Assessment

(Low Risk)

Recommendation	Rationale	Responsibility
On an annual basis, the Council's contractors for disaster recovery should be asked to provide a risk assessment on their own disaster recovery arrangements.	<u>Best Practice</u> Risk assessments should be completed for disaster recovery arrangements, and where responsibility is transferred to a third party they should be asked to complete and submit their own risk assessments. <u>Findings</u> The IT Support Manager confirmed that Hewlett Packard have not been asked to submit a risk assessment of their own disaster recovery arrangements. <u>Risk</u> Inadequate or inappropriate resources could mean that recovery methods are not attainable in the required timescales.	ICT Support Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle Arrangement with Adam Continuity is being entered into. The recommendation for the DR contractors own risk assessment is being progressed by Vale of White Horse District Council officers. Will request a copy for information for SODC purposes. Management Response: ICT Support Manager		31 May 2009

3. PAYROLL 2008/2009

1. INTRODUCTION

- 1.1 Final issued 22nd May 2009. The fieldwork for this audit was undertaken between December 2008 and April 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that payroll records are secure, accurate and up to date;
 - To ensure that amendments to payroll details are appropriately authorised and documented;
 - To ensure that payroll records are reconciled with the Council's establishment list and general ledger;
 - To ensure that starters and leavers have appropriate additions and deductions to pay;
 - To ensure that adequate management information is provided.

2. BACKGROUND

- 2.1 Responsibility for both Vale of White Horse District Council (VWHDC) and South Oxfordshire District Council (SODC) payroll service has been provided by SODC since the 1st February 2008. The current payroll system known as Ingenuity@Work (IAW) was implemented in January 2007 and is managed by Capita.
- 2.2 During the audit review and following the management restructure, the payroll team transferred into the Finance Team structure.

3. PREVIOUS AUDIT REPORTS

- 3.1 Payroll was last subject to an internal audit review in February 2008 and ten recommendations were raised and a limited Assurance level opinion was issued.
- 3.2 Five recommendations are seen to be implemented. One not implemented has a revised date agreed as it is dependant upon the roll out of the ASR system. Two recommendations not implemented are covered by recommendations within the current audit. The two recommendations which were not agreed have not been implemented but are under discussion as part of plans to harmonise processes within payroll.

4. 2008/2009 AUDIT ASSURANCE

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

at risk.

- 4.2 Twenty recommendations have been raised in this review. Two High risk, thirteen Medium risk and five Low risk.

5. MAIN FINDINGS

5.1 **Secure and Accurate Records**

5.2 The payroll system is managed by Capita who carry out the system administration functions. System access is managed by Capita. Current users included 2 officers with update access and two with enquiry access who ceased to require access during 2008/2009. An audit trail identifying changes made within the payroll system is available in the form of audit logs, but access to these logs is restricted to Capita users only. Payroll staff are unable to view this data on the payroll system, so rely on the stamped grid of payroll actions being completed on the documentation as the audit trail for actions taken. Input by one payroll officer is checked within the payroll system by another payroll officer.

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

5.4 **Amendments**

5.5 From the samples tested, the documentation of changes to payroll details appear to be adequate and there are independent checks of changes input to the payroll system. Queries were raised regarding the calculation of some elements of pay such as sickness absence and the payment of essential user allowance for maternity leavers which appeared to be inconsistent. Details of maternity pay are calculated by HR staff and referred to by payroll. When changes are made to deduction due for Council Tax it would be helpful if an amended spreadsheet was provided as changes are notified to payroll. This may help reduce any discrepancies between what Council Tax expects to be deducted and what is deducted.

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

5.7 **Reconciliations**

5.8 A reconciliation of the establishment list to payroll is carried out annually and discrepancies identified. The documentation supporting the reconciliation does not clearly identify what actions have taken place to address those discrepancies. In addition, the payroll list is not reconciled to the establishment list There could be additional records in payroll to those listed on the establishment list, which cannot be explained as members' payments or casual staff and which would not be identified by only reconciling the establishment list to payroll details. The reconciliation of payroll transactions within the General Ledger has been mainly carried out by Accountancy, but clearly defined responsibilities and procedures for reconciliations are not in place. However, the Payroll Supervisor has recently started regular meetings with Accountancy to progress reconciliations and resolve differences.

- 5.9 Four recommendations have been made as a result of our work in this area.
- 5.10 **Starters and Leavers**
- 5.11 Procedures are in place covering starters and leavers as far as processing within the payroll system. However, there is no comprehensive procedure covering roles and responsibilities and what authorisation and supporting documentation is required. Notification sheets of new appointees and leavers are passed from HR to Payroll for action. Testing highlighted that the forms are not always fully completed, for example seven of twenty starters' forms did not state the post number. A stamped grid records payroll actions when amendments are input and checked, but this was not fully completed in six out of twenty starters sampled and two of twenty leavers. The hourly rate stated on the payslip does not match that stated on the published pay scales.
- 5.12 Four recommendations have been made as a result of our work in this area.
- 5.13 **Management Information**
- 5.14 Reports are produced monthly as part of the payroll process of running a dummy run for checking prior to the main payroll run. There is a reconciliation of the dummy run to the main run and supporting documentation is retained in hard copy annotated with checks made, and electronic copies. Checks made to ensure accuracy rely on a comparison of the current to previous month's net pay. Reports of elements such as overtime and mileage paid are not matched back to the supporting documentation to ensure no omissions occur. A monthly checklist is used as an evolving ongoing document and enhancements such as including a check of BACS submission details are recommended.
- 5.15 Four recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

SECURE AND ACCURATE RECORDS

1. User Access

(Medium Risk)

Recommendation	Rationale	Responsibility
a) Payroll users and access levels are regularly reviewed and users who no longer need access are	<u>Best Practice</u> Users are regularly reviewed and access adjusted accordingly. <u>Findings</u>	Payroll Supervisor

<p>removed.</p> <p>b) A procedure is introduced covering user access including authorising officers, the review process.</p>	<p>Capita provide system administration for the payroll system and create and amend users as advised by authorised payroll officers. There is no documentary evidence stating who is authorised to agree user access and levels of access.</p> <p>A list of 23 current users provided by Capita included 9 Capita System Administrators, 5 payroll officers with update access and 9 enquiry users.</p> <p>Of the users listed, 2 update users and 2 enquiry users should no longer have access. Two enquiry users in finance and one audit user were not aware that they had access to the payroll system and it was not available on their desktop.</p> <p>Whilst the payroll supervisor does review access on an annual basis this is not documented and access levels are not included in the review.</p> <p><u>Risk</u> If payroll records are not protected from unauthorised access then fraudulent payments may be made.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>A full review of users and access levels will be implemented and reviewed on an annual basis.</p> <p>Management Response: Payroll Supervisor</p>		30 November 2009

2. Retention Periods

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>A review of documentation held should be carried out and a retention policy developed based on the requirements for retention of individual documents.</p>	<p><u>Best Practice</u> Payroll documentation is retained in accordance with the requirements for the specific documentation.</p> <p><u>Findings</u> Copies are retained of P45 and P46 documentation submitted to HMRC for starters and leavers. A P45 part 2 is required by HMRC to be held for at least three years after the end of the year it relates to. Discussions suggest that these documents are not retained for this period and a retention policy covering specific payroll documents is lacking.</p>	Payroll Supervisor

	<u>Risk</u> If the Council does not comply with all Inland Revenue regulations then it may incur a fine for non compliance.	
Management Response		Implementation Date
Recommendation is Agreed A payroll document retention policy will be drawn up. Management Response: Payroll Supervisor		30 November 2009

3. Audit Trail

(Medium Risk)

Recommendation	Rationale	Responsibility
The payroll supervisor should be provided with either access to system audit trail records or these should be regularly reported by Capita.	<u>Best Practice</u> An audit record is visible within the system showing who updated transaction and when. <u>Findings</u> An audit log is available within the payroll system identifying what actions were taken, by whom and when but access is restricted to Capita staff only. There is no report produced identifying actions, so original documents are marked to identify who has updated the payroll details. <u>Risk</u> If an audit trail is not available it may be difficult to check data is processed completely or identify any patterns where errors occur.	Payroll Supervisor
Management Response		Implementation Date
Recommendation is Agreed in Principle Access levels will be discussed with Capita to comply with full audit trail requirements. Management Response: Payroll Supervisor		30 November 2009

4. System Changes

(Medium Risk)

Recommendation	Rationale	Responsibility
a) Documentation of system changes should be obtained in order to accurately test upgrades prior to their implementation in the live environment. b) Open communications are	<u>Best Practice</u> Changes to the operation of the payroll system are fully detailed and upgrades document, timely and authorised. <u>Findings</u> The payroll system is maintained by Capita. Upgrades are applied to test prior to them being applied in live, but	Payroll Supervisor

established regarding the appropriate timing of upgrades.	documentation is not provided to the payroll officers detailing what changes have been made to the system. Discussions suggest that little notice is given and there is a lack of consultation regarding the timing of upgrades. <u>Risk</u> If users are not informed of changes to the payroll system then they cannot be expected to operate it efficiently and be aware of its capabilities.	
Management Response		Implementation Date
Recommendation is Agreed Capita to be advised that we need at least seven days notice of any upgrades. Management Response: Payroll Supervisor		30 November 2009

AMENDMENTS

5. Council Tax Deductions

(Low Risk)

Recommendation	Rationale	Responsibility
Payroll should request that Capita provide the spreadsheet with a full listing of the expected payroll deductions when changes are made so that the overall amount deducted can be compared. Those changes in that month should be highlighted on the full listing.	<u>Best Practice</u> An updated total is provided of the full amount of Council Tax deductions expected each month. <u>Findings</u> At the start of each financial year a spreadsheet is sent to payroll by Capita listing Council Tax deductions to be made each month. This annual listing is copied for each month but is not updated with changes. As amounts due change during the year, Capita notify the changes to payroll by email. Testing highlighted that one employee's council tax payments had been reduced, but an incorrect amount had been taken from their pay. Whilst this was corrected in subsequent months an amended listing of deductions expected each month would assist in preventing this. <u>Risk</u> Without an up to date control total for deductions it is difficult to ensure that deductions are correct without checking each entry which would may be unnecessarily time consuming.	Payroll Supervisor/ Capita
Management Response		Implementation Date

<p>Recommendation is Agreed in Principle</p> <p>A request will be made to Capita (Council Tax Dept) that when any changes are required they advise us and send a full updated spreadsheet. We can then agree totals each month. The present process is that we advise Capita (Council Tax Dept) by spreadsheet of payments made each month and they balance payments.</p> <p>Management Response: Payroll Supervisor</p>	30 December 2009
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6. SMP Calculation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) Essential car user allowances are reviewed to ensure they have been paid in accordance with documented procedures and are consistently applied.</p> <p>b) The calculation of the maternity pay in the case sampled is reviewed and adjusted accordingly if necessary.</p>	<p><u>Best Practice</u> Essential car user allowances during maternity leave are paid in accordance with agreed procedures.</p> <p><u>Findings</u> Information leaflet no.3 states that the essential car user lump sum is paid as usual in the month maternity leave starts and the following three months with a further three months at 50 percent paid in instalments over the first three months back at work.</p> <p>The sample tested included two employees on maternity pay who also had an essential car user allowance. Each was paid the amount calculated by HR consultants but this did not appear consistent or in accordance with the information leaflet. Each was paid an apportioned lump sum allowance in the month maternity leave started rather than the usual monthly amount.</p> <p>One, whose leave started in December, was paid four weeks allowance in February and March. The other, whose leave started in July, was paid two weeks allowance in August, five weeks in September and four weeks in October. The 50% lump sum on return was evident in one case sampled but not yet due in the other.</p> <p>One case tested through HMRC's online calculation process suggested that different months should be used for the calculation of maternity pay which would indicate an underpayment of £75.66.</p> <p><u>Risk</u> If policies and procedures are not</p>	<p>a) Payroll Supervisor</p> <p>b) HR Manager</p>

	applied consistently and accurately then over or under payments may occur.	
Management Response - Payroll		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>a) Procedures put in place to review essential user allowances to payroll quarterly. Any car detail changes to be checked on payroll by Supervisor each month to check any cc changes that may affect essential user allowance.</p> <p>Management Response: Payroll Supervisor</p>		30 November 2009
Management Response - HR		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: HR Manager</p>		30 September 2009

7. Sick Pay Calculation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The application of sickness absence policy during the first year of service should be clarified and the case tested reviewed to confirm its accuracy.</p>	<p><u>Best Practice</u> Sickness pay during the first year of service is clearly stated, accurately calculated and paid in accordance with agreed procedures.</p> <p><u>Findings</u> The policy for sickness absence states that during the 1st year of service employees are entitled to one months full pay and (after completing 4 months service) 2 months half pay. Internal Audit are of the opinion that the one month full pay is not dependant upon completion of 4 months service which only applies to the 2 months half pay.</p> <p>An employee checked during testing was sick within the first few months of employment and received no pay for 14.5 days of absence, full pay for 7 days of absence followed by periods at half pay. This does not appear to reflect the stated policy.</p> <p>The calculation of a months pay was explained as being based on 20 working days but the periods of sickness covered months with varying working days.</p> <p><u>Risk</u> If policies and procedures are not applied consistently and accurately</p>	HR Manager

	then over or under payments may occur.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: HR Manager		30 September 2009

8. Use of Excel

(Low Risk)

Recommendation	Rationale	Responsibility
<p>a) Handwritten calculations are carried out in excel where practical.</p> <p>b) Greater use of electronic templates to speed up processes and calculations.</p> <p>c) Training in use of excel to be provided if necessary.</p>	<p><u>Best Practice</u> Lengthy hand written calculations are avoided and electronic templates used where possible.</p> <p><u>Findings</u> Hand written calculations tabulating overpayments were evident in one of the amendments sampled. Discussions with HR Manager suggest that greater use of excel for templates and calculations would be beneficial.</p> <p><u>Risk</u> If electronic templates and built in formulas are not utilised where possible then unnecessary time may be spent recording calculations and accuracy may be compromised.</p>	Payroll Supervisor
Management Response		Implementation Date
Recommendation is Agreed Management Response: Payroll Supervisor		On an ongoing basis as need arises.

RECONCILIATIONS – ESTABLISHMENT AND GENERAL LEDGER

9. Pro-active Review of Establishment List

(Medium Risk)

Recommendation	Rationale	Responsibility
Heads of Service are asked when reviewing their section of the establishment list, to confirm details are correct whether or not changes are needed.	<p><u>Best Practice</u> Evidence is sought that service areas have reviewed and are happy with the details recorded for their area of the establishment list.</p> <p><u>Findings</u> Whilst Heads of Service are asked on a quarterly basis to check if their area of the establishment list is accurate, it is assumed that if they do not reply by a specific date then they are happy that the list is accurate. This does not provide assurance that the listing has been reviewed by the service area.</p>	HR Manager

	<p><u>Risk</u> If the establishment is not actively reviewed then an employee who has left may still be getting paid.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: HR Manager</p>		30 September 2009

10. Establishment to Payroll Reconciliation

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Changes made as a result of the reconciliation of the establishment with payroll should be clearly detailed.</p>	<p><u>Best Practice</u> Actions taken following reconciliations are clearly documented.</p> <p><u>Findings</u> Testing suggests that comprehensive checks have been made comparing the establishment list details to payroll records on an annual basis. The documentation is initialled by HR and/or payroll staff that make amendments as a result of the findings. However the documentation does not clearly record which items are a discrepancy and what the changes made actually were.</p> <p><u>Risk</u> If details of the reasons for changes are not recorded it would be difficult to explain actions should they be queried.</p>	Payroll Supervisor
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Appropriate action to be discussed between Payroll Supervisor and line manager.</p> <p>Management Response: Payroll Supervisor</p>		30 November 2009

11. Payroll Reconciliation to Establishment

(High Risk)

Recommendation	Rationale	Responsibility
<p>Payroll records are balanced to the establishment listing and discrepancies identified, recorded and resolved.</p>	<p><u>Best Practice</u> Payroll is reconciled with the establishment list to identify any erroneous records.</p> <p><u>Findings</u> Whilst the establishment list is reconciled with payroll, the reverse does not take place so there may be</p>	Payroll Supervisor

	ghost records within payroll which are not supported by an establishment list entry or identified as being casual staff, election officers or councillors. <u>Risk</u> If payroll records are not matched with the establishment list then a number of employees may be set up in only one authorised post and receiving unauthorised payments	
Management Response		Implementation Date
Recommendation is Agreed Appropriate action to be discussed between Payroll Supervisor and line manager. Management Response: Payroll Supervisor		30 November 2009

12. Reconciliation With General Ledger

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) Roles and responsibilities for reconciliations between payroll and general ledger are clearly defined.</p> <p>b) Procedures are in place covering the process for reconciling with the general ledger.</p> <p>c) Appropriate access and reports are provided to users involved in the process.</p>	<p><u>Best Practice</u> Regular and documented reconciliations take place to balance payroll transactions with general ledger codings.</p> <p><u>Findings</u> Roles and responsibilities for reconciliation of payroll to general ledger transactions are not clearly stated and procedures were not evident. An accountant has been carrying out reconciliations and during the course of the audit the payroll supervisor became more involved in the process.</p> <p><u>Risk</u> If regular reconciliations do not take place then transactions may not be appropriately coded and overspending could occur on budgets which are not investigated promptly.</p>	Payroll Supervisor
Management Response		Implementation Date
Recommendation is Agreed This is included in the payroll action plan to address. Management Response: Payroll Supervisor		31 July 2009

STARTERS AND LEAVERS

13. Comprehensive Documentation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>A comprehensive set of procedures should be in place including:-</p> <p>a) clearly defined roles and responsibilities</p> <p>b) authorisations and documentation required</p> <p>c) as far as possible procedures highlight the differences depending which council's pay is being processed.</p>	<p><u>Best Practice</u> Procedure notes should be in place clarifying roles and responsibilities.</p> <p><u>Findings</u> Whilst there are individual documents covering the use of the payroll system for key functions, there is no overall procedure detailing how calculations are made and what authorisation and supporting documentation is required.</p> <p>Payroll staff work on both VWHDC and SODC transactions and there are subtle differences between the two council's policies and procedures. For example the calculation of pay for leave unused on termination. Whilst procedures exist for the use of the payroll system there is no documentation supporting the overall process and identifying the differences required depending which payroll is being processed.</p> <p><u>Risk</u> If staff are not following clear guidelines they may be unknowingly making inappropriate calculations resulting in under and overpayments.</p>	<p>Payroll Supervisor</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>This is included in the payroll action plan to address. Payroll input procedures completed. SODC tested and OK, VWHDC to be tested in May/June input.</p> <p>Management Response: Payroll Supervisor</p>		<p>30 November 2009</p>

14. Appropriately Authorised and Detailed Notifications

(Low Risk)

Recommendation	Rationale	Responsibility
<p>a) Notifications of starters and leavers are fully completed, with details such as post numbers, and appropriately authorised.</p> <p>b) All payroll actions are fully noted on the payroll action grid including the</p>	<p><u>Best Practice</u> Notification forms are fully completed and actions appropriately recorded and authorised.</p> <p><u>Findings</u> Documentation is initiated by the Head of Service and then authorised by a signature from the HR Manager when the request is passed to payroll</p>	<p>Payroll Supervisor/ HR Manager</p>

<p>date of the action.</p>	<p>for action. Where the request relates to HR staff there is no independent authorisation, such as the strategic director for the service.</p> <p>Of the twenty starters and twenty leavers tested, seven starter notifications and eight leaver notifications did not state the post number for the officer.</p> <p>Six of the twenty starters and two of the twenty leavers did not have the grid recording payroll actions fully completed. The perform seven section of the payroll grid was not completed in fourteen of the twenty leavers even if it was only to indicate it was not applicable.</p> <p>The payroll grid on leavers' forms prompts for a date the action is taken but on starters forms a date is not required.</p> <p><u>Risk</u> If documentation supporting starters and leavers is not fully detailed and cross referenced to the establishment post then the employee may be created on different terms to those for the post.</p>	
Management Response - Payroll		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Payroll Supervisor</p>		31 December 2009
Management Response - HR		Implementation Date
<p>Recommendation is Agreed</p> <p>I am keen for us to start submitting starters and leavers information electronically to replace the need for duplicate paper forms. We now have the new starter and leaver workflows in HR Pro which means that post numbers and cost centres are automatically recorded. We are able to run starter and leaver reports from HR Pro and send this data to payroll electronically for it to be entered into the IAW payroll system.</p> <p>Management Response: HR Manager</p>		30 September 2009

15. Hourly Rate

(High Risk)

Recommendation	Rationale	Responsibility
<p>The hourly rate stated on the payslip and the published hourly rates are reviewed to establish</p>	<p><u>Best Practice</u> Hourly payments such as overtime are accurately stated on the payslip and in accordance with published</p>	<p>Payroll Supervisor</p>

<p>which is correct and adjustments made accordingly.</p>	<p>rates.</p> <p><u>Findings</u> Testing of leavers and starters highlighted that the hourly rate stated on the employees payslip is different to that stated on the listing of pay scales available on the intranet.</p> <p>The pay scale rate is calculated by dividing the annual pay by the annual hours, 1924 which for annual salary £21557 is £11.20 per hour. The payslip amount for the above example is stated as £11.17 which is arrived at by dividing the annual pay by 365 to get a daily rate, then multiplying that by 7 to get a weekly rate and dividing that by 37 which is the standard hours in a week.</p> <p>Where hourly amounts are paid it would appear that the payslip amount is used rather than that stated.</p> <p><u>Risk</u> If payments are not made in accordance with published rates then incorrect payments may be made.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Payroll Supervisor</p>		31 July 2009

16. Reclaimed Loans

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>All appropriate steps are taken to recover overpayments for leavers in a timely manner.</p>	<p><u>Best Practice</u> Amounts overpaid and items to be repaid upon leaving are promptly recovered and documented.</p> <p><u>Findings</u> One of the leavers tested owed £2800 in training fees which was stated as needing to be reclaimed by invoicing through debtors. A search on Agresso only listed an invoice of £28.50 for brown bins and no other debtor set up to reclaim the amount.</p> <p><u>Risk</u> If amounts to be repaid are not promptly recovered then recover of the debt may prove difficult.</p>	HR Manager

Management Response	Implementation Date
Recommendation is Agreed	30 September 2009
Management Response: HR Manager	

MANAGEMENT INFORMATION

17. Monthly Reconciliation Statement

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The statement for the reconciliation of the dummy to main payroll runs is enhanced to include:-</p> <p>a) statement of which reports figures are obtained from</p> <p>b) addition of a row for cheques to be added in</p> <p>c) a section explaining differences when different reports stating the same element have variations</p> <p>d) incorporate a check on the number of employees paid</p>	<p><u>Best Practice</u> Reconciliation statements are clear, accurate and fully evidenced by and cross referenced with supporting documentation.</p> <p><u>Findings</u> A reconciliation is carried out to compare the dummy to main payroll run and the differences are recorded on a reconciliation statement. Testing found one example where, although the paid amount was proven to be correct, the reconciliation statement quoted incorrect figures. A check on the number of employees paid is not evident.</p> <p><u>Risk</u> If variances are not fully detailed and explained at the time of reconciliation, and clearly referenced to supporting documentation, it is difficult to explain and justify the actual payroll authorisation should queries arise.</p>	Payroll Supervisor
Management Response	Implementation Date	
Recommendation is Agreed	30 November 2009	
Checks are already in place and need to be reviewed and evidenced.		
Management Response: Payroll Supervisor		

18. Monthly Checklist

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The monthly payroll checklist should be amended to include:-</p> <p>a) A check that the BACS submission credit value and record count is checked with the BACS authorisation details.</p> <p>b) A check that the</p>	<p><u>Best Practice</u> Where checklists exist to cover task for the monthly pay process these reflect all actions required.</p> <p><u>Findings</u> A monthly payroll checklist is used which includes a record of actions taken to reconcile the monthly pay</p>	Payroll Supervisor

report of missing or temporary NI numbers is recorded	<p>amounts. Once payroll is processed and items submitted to BACS a submission report is sent to payroll staff. There is no evidence that this is checked back to the amounts authorised. A report of employees with missing or temporary NI numbers is checked but this is not recorded on the monthly checklist.</p> <p><u>Risk</u> If a checklist is used to carry out key steps in the monthly payroll process, and this document does not include all the key actions, then some checks may be omitted resulting in errors remaining undetected.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>a) already in place b) To be added to monthly check list to evidence</p> <p>Management Response: Payroll Supervisor</p>		<p>a) Implemented b) 31 July 2009</p>

19. Monthly Payroll Reconciliation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) Reports of overtime and mileage are checked to original documents to detect any errors and omissions.</p> <p>b) Consideration is given to a more appropriate reconciliation of monthly pay such as using a spreadsheet to record variances to an agreed initial start figure.</p>	<p><u>Best Practice</u> An appropriate starting point is used to provide an accurate baseline of pay due in order to reconcile amounts from month to month.</p> <p><u>Findings</u> Each month a report is produced during the dummy payroll run which compares and reports differences between the previous month's net pay and the current net pay. Variances in excess of £20 are investigated. This does suggest that any errors in that starting point will be replicated and undetected. Reports are produced listing overtime paid, and reports of individual pay elements such as mileage paid. These reports are not checked back to source documents.</p> <p><u>Risk</u> If an appropriate and accurate start point is not used for the monthly payroll reconciliation the errors may remain undetected and replicated.</p>	Payroll Supervisor
Management Response		Implementation Date
Recommendation is Not Agreed		Decision to be reviewed

More discussion required of method of checking. Management Response: Payroll Supervisor	by 31 January 2010
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20. Authorisation of Payroll Staff Transactions

(Medium Risk)

Recommendation	Rationale	Responsibility
Where payroll staff transactions are reported as part of the monthly reconciliations an independent and appropriate officer is asked to check and sign the transactions.	<p><u>Best Practice</u> Any amendments to payroll staff's salary which are reported in the monthly reconciliations are independently checked and agreed by an appropriate officer.</p> <p><u>Findings</u> Monthly reconciliation reports are checked and signed by two payroll officers. These reports sometimes include changes made to payroll officers' own salary but these transactions are not independently checked or signed other than by payroll staff. As there are only three payroll officers it is likely that the officer who's salary has changed will be signing the reported amount. It is acknowledged that the original entry of the transaction in the payroll system is checked by payroll officers other than the officer it relates to.</p> <p><u>Risk</u> If independent checks of adjustments to payroll staff are not evident then controls may be weakened leading to an increased risk of collusion.</p>	Payroll Supervisor
Management Response	Implementation Date	
Recommendation is Agreed Management Response: Payroll Supervisor	30 November 2009	

4. DOG CONTROL FOLLOW-UP 2007/2008

1. INTRODUCTION

- 1.1 This report details the findings from internal audit's follow-up review of Dog Control 2007/2008. The original fieldwork was undertaken in April and May 2008 and the final report was issued in June 2008. Follow-up work was undertaken in accordance with the 2008/2009 Audit Plan agreed with the Audit and Governance Committee of South Oxfordshire District Council, to ensure that the agreed recommendations have been implemented within the timescales provided. This was presented at the March 2009 Committee meeting, and members requested an update on three recommendations which had not been implemented.

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 was 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 were 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.	<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. <u>Findings</u> There are no documented procedures	Environmental Services Admin Manager

	in place. <u>Risk</u> Responsibilities cannot be covered in the absence of key personnel. An inconsistent and un-uniformed approach may be followed.	
Management Response		Implementation Date
Recommendation is Agreed		September 2008
Follow-Up Observations		
December 2008 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
April 2009 The Finance and Resources Officer has produced a draft copy of the procedures but the final document will be delayed because of insufficient administration resources, the new waste contract, end of year and the split of the services and the admin function. We are getting approval for two new administration posts within environmental health and once we have recruited these we will produce the final documents. I cannot give a date yet but hope to have this in place by the end of June 2009. Management Response: Environmental Protection and Licensing Manager		Partly Implemented Revised Implementation Date: June 2009
June 2009 We are trying to recruit a full time EP admin post to cover this work; however this was delayed by 3 months because of the corporate line on recruitment. The other post has been frozen. We will hopefully have someone in place in the next three months, and hope to meet this target by Sept 09. Management Response: Environmental Protection and Licensing Manager		Partly Implemented Revised Implementation Date: September 2009

INCOME

2. 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.	<u>Best Practice</u> Income should be reconciled to ensure appropriate fees have been received, have been coded correctly and properly accounted for. <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.	Environmental Services Admin Manager

	<p><u>Risk</u> The incorrect fee may be levied resulting in the Council incurring additional costs.</p>	
Management Response		Implementation Date
Recommendation is Agreed		September 2008
Follow-Up Observations		
<p>December 2009 It was ascertained that a detailed income reconciliation has not yet been undertaken. A revised date of March 2009 was provided.</p>		<p>Not Implemented Revised Implementation Date: March 2009</p>
<p>April 2009 This has not been carried out to date because of the above reasons. This function will become a part of one of the new administration posts. We will have to train up one of these officers to carry out the income reconciliation. The only problem I see is that both of these new admin post will be involved in the process e.g. requesting the fees, which means they would not be independent. We would appreciate Internal Audit's advice on how we can get around this.</p> <p>Management Response: Environmental Protection and Licensing Manager</p>		<p>Not Implemented Revised Implementation Date: Dependent upon recruitment</p>
<p>June 2009 As above. Due to Environmental Services being split up this has left a vacuum in the admin section. The Finance and Resources Officer is still technically the admin manager, however all of her time is spent on the new waste contract.</p> <p>Management Response: Environmental Protection and Licensing Manager</p>		<p>Not Implemented Revised Implementation Date: September 2009</p>

MANAGEMENT INFORMATION

3. 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 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. The Council uses Larkmeads Veterinary Surgery to treat any injured</p>	Environmental Protection and Licensing Manager

	<p>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>December 2008 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>
<p>April 2009 I sent a draft contract to the kennels on the 27 November 2008 and they haven't got back to me to date. However, the joint collection contract is up for renewal in October and the Vale have indicated that they want to tender for the whole process of collection and kennelling. The draft contract was for one year, now we are looking at a potential of only 5 months. We clearly have an agreement at the moment, and although it is not formal it's probably binding. If the kennel were to stop providing this service we could use the kennelling services used by the Vale. I will have to inform them that we are now intending to tender out the kennelling service and give them notice sometime in the summer. In all probability the contractor of the new service would probably use these local kennels.</p> <p>Management Response: Environmental Protection and Licensing Manager</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: TBC</p>
<p>June 2009 This is again impacted by the resource situation. The Vet agreement hasn't been drawn up yet, however this is a small risk because we spend about £250 per year and we can use other vets if needed.</p> <p>Management Response: Environmental Protection and Licensing Manager</p>		<p>Partly Implemented</p> <p>Revised Implementation Date: September 2009</p>