

Audit and Corporate Governance Committee

Report of Audit Manager

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To: Audit and Corporate Governance Committee

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AGENDA ITEM 6

Internal audit activity report quarter four 2010/2011

Recommendation

(a) That members note the content of the report.

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.

- 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.

- 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

- Since the last audit and corporate governance committee meeting, the following audits have been completed:

Planned Audits

Full Assurance: 0

Satisfactory Assurance: 4

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. Leisure Centres (GLL)	Limited	9	4	4	3	3	2	2
Housing and Council Tax Benefit Annual Assurance	Satisfactory	2	0	0	0	0	2	2

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
2. Health and Safety	Limited	12	1	1	6	5	5	5
NNDR	Satisfactory	2	0	0	2	2	0	0
Treasury Management	Satisfactory	4	0	0	2	2	2	2
Sundry Debtors	Satisfactory	4	0	0	1	1	3	3
3. General Ledger	Limited	15	0	0	5	5	10	3

Follow Up Reviews

	Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
Cash Office 10/11	Satisfactory	3	2	1	0	0

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 Head of Service, the relevant strategic director, the Section 151 Officer and the relevant member portfolio holder. In addition to the above arrangements, reports are now published on the Council intranet and work is progressing to alert members when reports are published.
10. Internal Audit continues to attempt to carry out a six month follow up on all non-financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

Financial Implications

11. There are no financial implications attached to this report.

Legal Implications

12. None.

Risks

13. Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE
AUDIT MANAGER

1. LEISURE CENTRES (GREENWICH LEISURE LIMITED) 2010/2011

1. INTRODUCTION

- 1.1 The fieldwork for this audit was undertaken between September and October 2010, and the final report issued on 13 December 2010.
- 1.2 The following areas have been covered during the course of this review to provide assurance that:
- the leisure centres are operating in accordance with agreed terms and conditions;
 - appropriate monitoring arrangements are in place;
 - management information is effectively utilised and is prompt and accurate;
 - comments and complaints are appropriately managed, recorded and resolved;
 - memberships are managed in accordance with agreed terms;
 - health and safety and insurance requirements are being adequately addressed;
 - cash is handled appropriately; and
 - income is analysed and appropriately recorded.

2. BACKGROUND

- 2.1 Greenwich Leisure Limited (GLL) is responsible for all SODC leisure centres. Nexus have been appointed as subcontractors by GLL for this contract. Nexus are responsible for seven sites, which are Henley Leisure Centre, Abbey Sports Centre, Didcot Wave Leisure Pool, Thame Leisure Centre, Riverside Park and Pools, Park Sports Centre and Didcot Leisure Centre. The following leisure centres were selected for review in this audit Henley Leisure Centre (HLC), Thame Leisure Centre (TLC) and Didcot Wave Leisure Pool (DWLP). IA was aware that Henley Leisure Centre had experienced operational difficulties due to frequent changes of management.
- 2.2 The council's monitoring team consists of four individuals, the shared leisure manager, the shared development officer, the shared leisure facilities officer and the shared leisure co-ordinator who collectively are responsible for the monitoring of all leisure contracts for both SODC and VWHDC.
- 2.3 During the audit Internal Audit (IA) became aware of the impending merger in January 2011 between Nexus and GLL.

3. PREVIOUS AUDIT REPORTS

- 3.1 The leisure centre contract was last subject to an internal audit review in 2008 and five recommendations were raised. A satisfactory assurance opinion was issued.
- 3.2 As the above audit focused on head office operations at SOLL, the previous leisure contractor, IA deem the audit to be no longer relevant due to the change of contractor and therefore no follow-up of the previous

recommendations has been carried out during the current review.

4. 2010/2011 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 Nine recommendations have been raised in this review. Four high risk, three medium risk and two low risk.

5. MAIN FINDINGS

5.1 Contract

- 5.2 The contract between SODC and Greenwich Leisure Limited (GLL) is dated 1st April 2009 to 31st August 2014 and covers seven SODC leisure facilities. Key performance indicators for each leisure facility are detailed within the contract. From review IA can confirm the contract is comprehensive, detailed and up-to date. No recommendations have been made as a result of our work in this area.

5.3 Monitoring arrangements

- 5.4 The procedures to carry out health and safety (h&s) inspections are not documented by the council monitoring team. From work undertaken, IA noted procedures for example those relating to CRB checks and pool tests are not as robust as they should be. Quarterly h&s inspections which are more prescriptive in their approach have been implemented for all leisure centres at SODC in September 2010 replacing the previous regime. Two recommendations have been made as a result of our work in this area.

5.5 Management information

- 5.6 Sharepoint is a software system used by Nexus to store comprehensive management information. All members of the council's monitoring team have access to Sharepoint remotely via a personal username and password. Key performance indicators (KPI) are documented; these include income, utility and sales. The shared facilities development officer (SFDO) reviews management information on Sharepoint with the Nexus contract manager in monthly contractor meetings which are minuted. Management information for comments/complaints provided to the council's monitoring team appears limited as details of complaints and resultant outcome are not provided for review. No recommendations have been made in this area as they are covered by those stated in paragraph 5.8.

5.7 Comments and complaints

- 5.8 Nexus have a customer complaint policy which is sufficiently detailed and comprehensive. Henley Leisure Centre (HLC) has not yet implemented Nexus customer complaints policy and as yet no training has yet been provided to staff. IA note that the date of action and detail of action/outcome is not regularly documented at all leisure centres as per the contract. IA is unable to

confirm whether appropriate action has been taken to resolve the complaints. One recommendation has been made as a result of our work in this area.

5.9 Membership

5.10 Membership terms and conditions are displayed on the back of new membership forms and are available to all customers. Procedure notes and induction training for processing membership forms is available to staff. Membership details for cancellation and renewals were found to be accurate, up-to-date and processed in a timely manner. Nexus is working with the council to increase the centre usage and activity level. In conjunction with the council a community development plan has been produced for each leisure facility to this effect. One recommendation has been made as a result of our work in this area.

5.11 Health & safety

5.12 From testing undertaken IA can confirm h&s operating manuals were reviewed by the Nexus contract director in November 2009. A further review is currently underway to include best practice usage. Whilst IA note that h&s monitoring sheets are completed regularly, HLC has not yet implemented Nexus normal operating procedures for pools. IA can confirm accident report forms for all leisure centres have been reviewed by the contractor in a timely manner. Instances were noted of individuals not having the required Criminal Records Bureau (CRB) checks. Nexus have recently implemented a policy for all staff to receive a CRB check upon starting employment. Insurance claims are not reviewed by the council's monitoring team. IA can confirm that four insurance claims are in the process of being dealt with for TLC and DWLP. Four recommendations have been made as a result of our work in this area.

5.13 Income

5.14 Nexus have produced comprehensive financial procedures; however these have not yet been implemented by HLC. Discrepancies between till receipts and income sheets were noted at TLC and DWLP for which no audit trail was found. IA noted that Nexus are in the process of reviewing procedures for credit card transactions as currently two different IT systems are required for processing credit cards which can lead to errors when only one system is used. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

MONITORING ARRANGEMENTS

1. Council - monitoring arrangements

(Low Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> To ensure a robust monitoring system, the health and safety (h&s) monitoring process and procedures should be	All monitoring arrangements should be documented. This should include detailed guidance on how to carry out the checks and the	Shared leisure co-ordinator

<p>documented.</p> <p><u>Findings</u> The procedures for carrying out quarterly h&s and monthly cleanliness inspections is not documented.</p> <p><u>Risk</u> If the monitoring process and procedures are not documented there is a risk that staff may not be aware of the process to follow. This may also lead to an ineffective monitoring system.</p>	<p>documentary evidence required to confirm compliance.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Requirements for monitoring are documented and a standard template is used for both health and safety inspections and monthly monitoring checks. However, it is acknowledged that it would be beneficial to write formal processes to ensure consistency.</p> <p>Management Response: Shared leisure manager</p>		<p>April 2011</p>

2. Council - health and safety checks

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The council has a duty to ensure contractors are meeting h&s requirements. It is important that effective h&s checks are carried out in a timely manner.</p> <p><u>Findings</u> From review of three monthly inspection reports for each of the leisure centres (HLC, DWLP & TLC), IA noted a number of items which had not been resolved in the rectification period given to the contractor by the council. Furthermore the issues were noted again by the leisure co-ordinator in the cleanliness inspection for the following month.</p> <p><u>Risk</u> Issues or concerns noted in monthly inspections may not be</p>	<p>The council monitoring team should ensure that contractors resolve issues within the rectification period given by the council and any non-compliance is identified and dealt with promptly.</p>	<p>Shared development officer (leisure)</p>

resolved in a timely manner The council monitoring team should ensure that contractors resolve issues within the rectification period given by the council and any non compliance is identified and dealt with promptly.		
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Rectification periods are monitored and non-compliance raised at re-inspections and monthly client/contractor meetings. Deadlines are agreed depending on resources and the priority given to the issue by the monitoring team. Deadlines are amended if circumstances change.</p> <p>Management Response: Shared leisure manager</p>		Ongoing

COMMENTS AND COMPLAINTS

3. Contractor - complaints procedure

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Relevant Procedure notes should be available to all staff.</p> <p>An accurate record should be kept of all verbal and written comments/complaints and any action/outcome taken by the leisure centre.</p> <p><u>Findings</u> HLC Nexus customer care policy has not been implemented.</p> <p>Management information for comments/complaints presented to the council was found to be incorrect.</p> <p><u>HLC, DWLP & TLC</u> Details of action/outcome are not regularly documented.</p> <p><u>Risk</u> There is a risk that staff may not be aware of the process. This may lead to the council not obtaining details of all comments or complaints made and their</p>	<p><u>HLC</u> HLC should ensure Nexus customer care policy is implemented and that staff are aware of the policy.</p> <p><u>HLC,DWLP,TLC</u> Action/outcome for all complaints should be documented. Details of all complaints and their action/outcome should be reviewed by the council's monitoring team.</p>	GLL/Nexus

outcome. Furthermore there is an insufficient audit trail to confirm that all complaints are responded to appropriately and in a timely manner as per the contract.		
Management Response		Implementation Date
<p>Recommendation is Agreed Customer Comment Policy now implemented at Henley Leisure Centre. System to be widely promoted to customers and staff trained in team meetings.</p> <p>Partnership Manager to work with General Managers to ensure comment spreadsheets on SharePoint (Nexus intranet) are up to date and completed appropriately.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		<p>Promotion to take place during November 2010, training to take place November 2010, starting on 17 November at the General Managers meeting</p>

MEMBERSHIP

4. Contractor – membership details (new joiners)

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Membership details should be accurate and up to date.</p> <p><u>Findings</u> HLC Instances were noted where membership details of new joiners could not be found on the membership database.</p> <p><u>Risk</u> If Membership details are missing this may lead to an inefficient service which may lead to complaints. Furthermore, management reports will not be accurate.</p>	<p>HLC The membership database should be accurate and kept up to date.</p>	<p>GLL/Nexus</p>
Management Response		Implementation Date
<p>Recommendation is Agreed New booking system (Legend) to be introduced in December 2010 that will give opportunity to give refresher staff training to ensure accurate database is held.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		<p>Legend system due to go live 16 December and training will be received prior to this.</p>

HEALTH & SAFETY

5. Contractor - monitoring sheets

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Leisure Centres should ensure that all h&s monitoring sheets are completed in accordance with relevant h&s guidance.</p> <p><u>Findings</u> HLC The Pool Normal Operating Procedures (NOP) in use are those supplied by the previous contractor, (SOLL) IA noted them to be inadequate and insufficiently detailed.</p> <p>DWLP & TLC H&S monitoring sheets were not fully completed.</p> <p>TLC All missing data had been identified by the GM.</p> <p><u>Risk</u> There is a risk that the leisure centres may be non-compliant with h&s legislation. This may lead to the council being held liable if any issues/concerns arise regarding public safety leading to financial penalties and reputational damage.</p>	<p>HLC Pool Normal Operating Procedures (NOP's) should be updated and reviewed periodically.</p> <p>HLC,DWLP,TLC All h&s monitoring sheets should be fully completed by leisure centre staff in accordance with relevant h&s guidance.</p>	<p>GLL/Nexus</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Henley Leisure Centre – new NOP in place and covered in staff training. Health and safety monitoring sheets – requirement to complete sheets to be covered in next team meetings</p> <p>Completion of health and safety monitoring sheets is monitored during the quarterly health and safety monitoring checks</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		<p>November 2010</p>

6. Contractor - criminal records bureau (CRB) checks

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The council has a moral and legal responsibility to provide a duty of</p>	<p>All relevant employees should have an up-to date CRB check which should be</p>	<p>GLL/Nexus</p>

<p>care to all children, young people and vulnerable adults.</p> <p><u>Findings:</u> <u>HLC,DWLP, TLC</u> Instances were noted of individuals employed as lifeguards and a crèche assistant who did not have the required CRB checks.</p> <p>The GM at HLC has not had a CRB check whilst in employment with Nexus, for over five years.</p> <p><u>DWLP</u> One employee who is currently employed as a Parties Host and a Lifeguard whose employment start date is 21.04.2008 was found not to have the required CRB check.</p> <p>TLC is a joint use building with local schools and therefore all staff should have a CRB check.</p> <p><u>Risk</u> There is a risk that inappropriate individuals may have access to children and vulnerable adults. Furthermore if CRB checks are not renewed periodically new convictions may go undetected or unnoticed.</p>	<p>renewed every five years.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle Nexus have recently completed a complete overhaul of CRB across the company and removed staff from its records or completed CRB forms for those without clearance and who are still in employment. Awaiting some forms to be returned from the CRB. Policy is for all staff to be CRB cleared.</p> <p>Sample of CRB checks are reviewed (and will continue to be) as part of the quarterly health and safety inspections.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		<p>Ongoing</p>

7. Contractor - risk assessments

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All risk assessments should be reviewed formally and any</p>	<p>Risk assessments should be reviewed by the council's monitoring team to ensure</p>	<p>GLL/Nexus</p>

<p>necessary action to prevent re-occurrence of the accident should be carried out.</p> <p><u>Findings</u> TLC During the audit IA noted for one accident (for which an insurance claim followed), the council's environmental health officer confirmed insufficient risk assessments had been carried out for the activity.</p> <p><u>Risk</u> If risk assessments are not reviewed in a timely manner, hazards may not be identified. This may lead to re-occurrence of the accident.</p>	<p>they are adequate.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle Nexus recruited a bespoke Health and Safety Coordinator who has developed an Annual Risk Assessment Review Plan that covers all activities within the Centres. Plan commences 2011 with all risk assessments reviewed in the mean time to ensure current.</p> <p>A sample of risk assessments at all sites are reviewed by the council's leisure team on a quarterly basis as part of the health and safety monitoring process.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		<p>Ongoing</p>

8. Contractor - insurance

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All insurance claims should be reviewed to prevent re-occurrence of the accident.</p> <p><u>Findings</u> DWLP, TLC Four insurance claims are in the process of being settled by Nexus. IA note that whilst the council's monitoring team review monthly accident information; the insurance claims following the accidents are not reviewed.</p> <p><u>Risk</u></p>	<p>Details of all insurance claims should be reviewed by the council's monitoring team.</p>	<p>GLL/Nexus</p>

There is a risk additional lessons are not being learned to prevent re-occurrence of the accident and to ensure insurance cover remains suitable and of the required level.		
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Partnership Manager to inform SODC Officers of any claims being made in South Oxfordshire. To be included as agenda item in monthly contractor meetings.</p> <p>Details of accidents are received as they happen and risk assessment reviews are carried out following an initial incident in order to reduce the likelihood of it reoccurring.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>		November 2010

CASH INCOME

9. Contractor – cashing up arrangement

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Any discrepancies noted in cashing up should be investigated and recorded appropriately in a timely manner.</p> <p><u>Findings</u> TLC DWLP Discrepancies were noted between till receipts and income recorded on daily banking sheets. For two discrepancies in excess of £90, notes recorded by cashier staff, stated they ‘do not know’ the reason for the discrepancies.</p> <p><u>Risk</u> There is a risk that the company is non-compliant with its contractual obligations which state: ‘The company shall maintain and provide current complete accurate operational and financial records’. This would also increased the risk of theft or loss of income.</p>	<p>The GM should verify and confirm that the cashing up arrangements are satisfactory and include:</p> <ol style="list-style-type: none"> 1) A second person to be present during the cashing up process 2) Information to be accurately recorded on the daily banking sheets and any discrepancies in cashing up should be investigated and appropriately recorded in a timely manner. 	GLL/Nexus
Management Response		Implementation Date

<p>Recommendation is Agreed</p> <p>General Managers to be reminded of Cash up procedures and to communicate to Duty Manager team. Investigative procedures to be included in training and Partnership Manager and Nexus Finance Team to ensure completion.</p> <p>Management Response: GLL/Nexus Partnership Manager</p>	<p>Immediate and 17 November General Managers meeting</p>
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2. HEALTH AND SAFETY 2010/2011

1. INTRODUCTION

- 1.1 The fieldwork for this audit was undertaken between November and December 2010, and the final report issued on 19 January 2011.
- 1.2 The following areas have been covered during the course of this review to provide assurance that:
- the council has an appropriate health and safety policy that is reviewed and updated regularly;
 - members of staff are aware of and have received appropriate health and safety training;
 - the council is compliant with the health and safety legislations
 - risk assessments and health and safety audits have been/ are being carried out with regards to the council buildings and within the work area to minimise the health and safety risk to the members of staff;
 - the council has an effective monitoring system in place to oversee implementation of health and safety practices by all contractors
 - the council has an appropriate process for reporting incidents, which are reviewed and dealt with by senior management.

2. BACKGROUND

- 2.1 The Health & Safety at Work Act 1974 places overall responsibility for health and safety with the employer. Health and Safety is currently in the process of being harmonised at SODC and Vale of White Horse District Council (VWHDC), and a joint health and safety policy was recently approved by the cabinet in August 2010. The council's health and safety adviser is responsible for the management of health and safety at both councils.

3. PREVIOUS AUDIT REPORTS

- 3.1 A health and safety review by Internal Audit has not been carried out in recent years.

4. 2010/2011 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 Twelve recommendations have been raised in this review. One high risk, six medium risk and five low risk.

5. MAIN FINDINGS

- 5.1 **Health and safety policies**
- 5.2 Internal Audit (IA) note the joint health and safety policy to be comprehensive and sufficiently detailed. The policy is available to all staff via the intranet. IA

note that some health and safety (h&s) policies, for example fire procedures for new staff and the health and safety guide for staff, have not been reviewed in a timely manner. IA note that the Health and Safety Review Board (HSRB) was adopted at SODC in August 2010, and the terms of reference was agreed by members in November 2010. Prior to this date the HRSB was operational at VWHDC only. A joint Safety Action Group (SAG) is also in place at SODC and has been operating since July 2009, however the terms of reference for the SAG have not been updated since 2006. IA noted that neither the SAG nor the HSRB terms of reference is available on the intranet. Two recommendations have been made as a result of our work in this area.

5.3 Health and safety training

5.4 The Shared HR Business Partner (Learning and Development) maintains an employee training list which details mandatory h&s training for each employee, however this is not up-to date as not all employees are included. From testing undertaken IA noted that not all employees have received the required h&s training. Health and safety training is currently provided by an external company, OSTAS, with courses arranged once a sufficient number of new employees have registered for the course. The council should consider providing general h&s training via the intranet for new employees, in conjunction with localised h&s training which is currently provided by the employee's line manager to save resources and to ensure h&s training is provided in a timely manner. IA noted that the general h&s awareness course is included within corporate induction. Induction checklists confirm whether staff have received essential h&s training relating to fire emergency and first aid procedures, however the checklists are not regularly returned to human resources (HR). The h&s adviser is no longer a member of the Chartered Institute of Occupational Safety and Health (IOSH). Four recommendations have been made as a result of our work in this area.

5.5 Health and safety legislation

5.6 The council has a comprehensive display screen equipment (DSE) policy in place. The health and safety advisor could not provide any records of employees who have received a DSE assessment. From testing undertaken IA noted that DSE assessments are not up-to-date. Information held by the h&s advisor and HR for first aid personnel appeared inaccurate, with incorrect details of first aid personnel locations and expiry dates of first aid certificates. At the time of the audit the responsibility for the management of first aid had not been assigned to an officer. A detailed external survey for asbestos is carried out annually by an external contractor, Hawkins Insulation. IA note that h&s management at Poppin (staff restaurant) is satisfactory with all h&s monitoring sheets completed and signed appropriately. Four recommendations have been made as a result of our work in this area.

5.7 Risk assessments

5.8 IA note that generic risk assessment forms including lone working, office risk assessment and site and home visit risk assessment are available to staff via the intranet. Comprehensive guidance notes are available for carrying out risk assessments. Furthermore specific risk assessment guidance notes are

available for new and expectant mothers and young persons. However IA note the documents have not been reviewed since 2006. A one day risk assessment training course is provided to managers. One recommendation has been made as a result of our work in this area.

5.9 Contractor monitoring

5.10 The council has in place a contractor policy 'health and safety (h&s) issues in the selection and management of contractors'. The document states that 'it is the responsibility of the h&s advisor and heads of service to monitor' whether 'requirements of the policy are being adhered to'. Due to the h&s issues noted in the recent leisure centre audit 2010/2011 and as recorded in the 2010/2011 h&s annual report, the h&s advisor should receive assurance that all contractors are being effectively monitored. The Verdant Group are the waste contractors for both SODC and VWHDC and provide h&s training to the council's waste team and h&s is discussed at regular operational meetings between the council and contractor staff. One recommendation has been made as a result of our work in this area.

5.11 Incident reporting

5.12 Investigating incidents guidance is available to all staff via the intranet, and this details the importance of carrying out investigations in order to comply with legal requirements. IA can confirm the document to be comprehensive and sufficiently detailed. From the sample testing undertaken IA can confirm that accident investigations have been documented in accordance with the council's procedures. Accident information is included in quarterly management reports and the annual h&s report produced by the h&s adviser. No recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

HEALTH AND SAFETY POLICIES

1. Review of health and safety policies

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All health and Safety (h&s) policies and procedures should be reviewed periodically to ensure compliance with current h&s legislation.</p> <p><u>Findings</u> Investigating incident guidance was last reviewed July 2006. DSE policy, fire policy and procedure, fire procedures for new staff and the h&s guide were last reviewed in 2007.</p> <p><u>Risk</u></p>	<p>All h&s policies should be reviewed periodically in accordance with the council's h&s procedures.</p>	<p>Health and Safety Adviser</p>

<p>If policies are not regularly reviewed there is a risk staff may not be aware of the most up to date practices to follow. This may lead to the council being in non-compliance with current h&s legislation.</p>		
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed Although there are policies that are due to be reviewed, prior to harmonisation efforts were concentrated on completing all H&S procedures rather than reviewing existing policies. Reviews were set at annually which is probably unrealistic and unnecessary. Due to joint working with the Vale – all of the health and safety policies will need to be harmonised. The review date has been changed to at least 3 yearly.</p>		<p>31 March 2012</p>
<p>Management Response: Health and Safety Adviser</p>		

2. Terms of reference

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Terms of reference should be up-to-date and available to all staff.</p> <p><u>Findings</u> Terms of reference (TOR) for the Health and Safety Review Board (HSRB) and the Safety Action Group (SAG) were last reviewed on January 2006. TOR for the HSRB and SAG are not available on the intranet.</p> <p>The shared head of health and housing has not attended quarterly SAG meeting in February 2010, May 2010 and September 2010 and a representative has not been in attendance.</p> <p><u>Risk</u> Failure to ensure clarity with regards to the TOR for h&s review groups could result in staff not being aware of their roles or responsibilities in improving the effectiveness of the HSRB and SAG.</p>	<p>a) Terms of reference for the relevant h&s groups should be kept up-to-date to ensure members are aware of their h&s duties and responsibilities.</p> <p>b) TOR's for both groups should be available on the intranet.</p> <p>c) Heads of service should ensure there is representation for their service area at all SAG meetings.</p>	<p>Health and Safety Adviser</p> <p>Heads of Service</p>
<p>Management Response</p>		<p>Implementation</p>

	Date
<p>Recommendation is Agreed</p> <p>The SAG was adopted as a joint group in July 2009, and the first meeting of the joint HSRB was in November 2010. Terms of reference for HSRB were updated in Sept 2009 and again in November 2010. The minutes of the HSRB and new terms of reference have been added to the intranet. The SAG minutes have been added to the intranet. The terms of reference for the safety action group will be reviewed in January and then placed on the intranet. We will set up a link from the Vale intranet to the South health and safety page.</p> <p>A reminder will be sent to heads of service regarding attendance at the safety action group.</p> <p>Management Response: Health and Safety Adviser</p>	28 February 2011

HEALTH AND SAFETY TRAINING

3. Employee training list

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Officers who require h&s training are identified and registered.</p> <p><u>Findings</u> From a sample of ten permanent employees, six were not included in the employee training list (ETL). Furthermore individuals who have left the council's employment remain on the list. The process to update the ETL is not as robust as it can be.</p> <p><u>Risk</u> If all relevant employees are not included in the ETL there is a risk that employees are not being monitored and therefore may not receive the required h&s training.</p>	HR 'admin team' should ensure that the employee training list (ETL) is kept up-to-date and include details of all employees with regards to h&s training. Furthermore a regular reconciliation should be carried out with the establishment list to remove employees who have left.	HR Business Support Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>The recent lapse in the maintenance of the employee training list has been due to lack of resources within HR administration. With the recent recruitment of the HR Business Support Manager, the list should be updated monthly.</p> <p>Management Response: HR Business Partner (Learning and Development)</p>		31 May 2011

4. Casual staff

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All staff should receive adequate health and safety training.</p> <p><u>Findings</u> The shared HR Business Partner (learning and development) does not always receive assurance that h&s training is provided to casual staff, as induction checklists for new employees are not regularly returned to HR.</p> <p><u>Risk</u> If adequate training records are not maintained for all employees there is a risk the council may be in non-compliance with h&s legislation. Furthermore training records are not reviewed to confirm whether adequate/refresher training is provided/needed.</p>	<p>Induction check-lists should be returned to HR for all employees. HR to remind all service managers.</p>	<p>HR Business Support Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle It will be investigated as to whether it is practical to add casual employees onto the employee training list, so their training can be tracked in the same way as permanent staff.</p> <p>Management Response: HR Business Partner (Learning and Development)</p>		<p>31 July 2011</p>

5. Health and safety training

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All h&s training should be provided in a timely manner.</p> <p><u>Findings</u> From review of the ETL it was confirmed that 28 employees have not received any h&s training. Furthermore instances were noted of staff receiving h&s training two years after their employment start date.</p>	<p>All staff should receive h&s training in a timely manner. Consideration should be given to providing h&s courses via e-learning.</p>	<p>HR Business Partner (Learning and Development)</p>

<p>Courses are only provided once sufficient new starters have registered for the course. This results in significant delays.</p> <p><u>Risk</u> If training is not provided in a timely manner, staff may not be aware of the processes to follow. This may lead to the council being in non-compliance with current h&s legislation and avoidable risks are not addressed.</p>		
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p> <p>The HR Business Partner (Learning and Development) and H&S Adviser strive to ensure that staff receive H&S training in a timely manner. There is a process in place to monitor existing and new staff and whether they have attended the H&S training. The relevant courses have been available at regular intervals since they were introduced in 2007. However, some staff have persistently failed to turn up on the session they were booked to attend. This was addressed in 2009 with support from our strategic director who communicated to everyone that non attendance on training courses could only be authorised by their strategic director. This resulted in staff finally turning up to courses two years after they had first been invited.</p> <p>The investigation of the cost effectiveness of e learning is already on the work plan for the HR Business Partner (Learning and Development). Health and Safety training is included in this review.</p> <p>Management Response: HR Business Partner (Learning and Development)</p>		<p>30 June 2011</p>

6. IOSH membership

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The h&s adviser should have the relevant experience and qualifications to carry out their duties effectively.</p> <p><u>Findings</u> From discussion with the h&s adviser it was confirmed that their membership of the Chartered Institute of Occupational Safety and Health (IOSH) has lapsed. Members of IOSH are kept informed of any changes to h&s</p>	<p>The h&s adviser should review with management whether membership of the Chartered Institute of Occupational Safety and Health (IOSH) is a necessary requirement for the role of h&s adviser.</p>	<p>Health and Safety Adviser</p>

legislation and best practice.		
<u>Risk</u> If the officer responsible for h&s is not a member of a recognised body they may not be aware of the changes in legislation. The council may be at risk of non-compliance with h&s legislation by not receiving up-to-date advice.		
Management Response		Implementation Date
Recommendation is Agreed Health and Safety Adviser has now rejoined IOSH. Management Response: Health and Safety Adviser		Immediate

HEALTH AND SAFETY LEGISLATION

7. DSE assessments

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> All staff should receive Display Screen Equipment (DSE) assessment in a timely manner. Ideally this should be carried out as part of the induction process. <u>Findings</u> The h&s adviser could not provide IA with any records to confirm which officers have received a DSE assessment. From a sample of five employees it was confirmed only two employees had received a DSE assessment. <u>Risk</u> If DSE assessments are not carried out the council may be at risk of non-compliance with current h&s legislation. This may lead to penalties and/or fines.	a) Line managers must ensure that all relevant staff receive a display screen equipment (DSE) assessment in a timely manner. b) Accurate records for staff DSE assessments should be maintained by the h&s adviser and HR consultants.	Heads of Service Health and Safety Adviser and HR consultants.
Management Response		Implementation Date
Recommendation is Agreed in Principle Due to all the restructures and office moves managers were advised that the reviewing of DSE assessments except for staff experiencing any health problems could wait until everyone was settled in their final destination. DSE assessments are carried out		31 December 2011

<p>electronically at Vale and by trained assessors at South. A decision needed to be made as to which system would be adopted which has also caused a delay in carrying out DSE assessments. A decision has now been made to adopt the system used at South. Reviewing of DSE assessments has now commenced. Originally records of DSE's were kept by DSE assessors – some were in paper format, some electronic. All DSE records have now been scanned/saved to personnel files and recorded on HR Pro. DSE assessments were reviewed annually but this has now been changed to a more realistic every three years unless there has been a change in circumstances to which the DSE assessment relates.</p> <p>Management Response: Health and Safety Adviser</p>	
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8. First aid courses

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Current legislation requires employers to provide adequate 'first aid personnel' and inform employees of the location of first aid personnel.</p> <p><u>Findings</u> Responsibility for managing the provision of first aid has not been assigned to an officer.</p> <p>Information (including location of first aid personnel and the expiry dates of first aid certificates) held by the h&s adviser/HR was inaccurate. Furthermore first aid certificates are not checked by HR/h&s adviser.</p> <p>One individual in the waste management department was not aware their first aid certificate had expired.</p> <p><u>Risk</u> If accurate information for first aid is not held there is a risk that the council may be in non-compliance with first aid legislation.</p>	<p>Adequate monitoring arrangements should be in place to ensure SODC is in compliance with first aid legislation and that responsibility for first aid is assigned to an appropriate officer.</p>	<p>Health and Safety Adviser and HR Business Partner (Learning and Development)</p>
Management Response		Implementation Date
<p>Recommendation is Not Agreed The council is compliant with the Health and Safety (First-Aid) Regulations 1981 and responsibilities are clearly defined in the</p>		<p>30 June 2011</p>

<p>council's first aid procedure.</p> <p>However we do need to ensure that first aiders are reminded of refresher training in good time, they attend and first aid certificates and details of training are recorded on HR Pro and personnel records. Also that payroll are notified promptly when first aid certificates lapse and of any new first aiders.</p> <p>When the first aid procedure is harmonised changes will be made to reinforce the above.</p> <p>Management Response: Health and Safety Adviser</p>	
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9. First aid allowances

(High Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Payroll should be notified in a timely manner when first aid certificates have expired.</p> <p><u>Findings</u> Payroll had not been notified of the following:</p> <p>One individual in waste contract was overpaid one month's first aid allowance.</p> <p>One individual at Cornerstone who qualified in September 2010 has not yet received the monthly first aid allowance at the time of the review.</p> <p><u>Risk</u> If payroll is not notified in a timely manner there is a risk inappropriate payments may be made leading to financial loss for the council.</p>	<p>Payroll should be informed in a timely manner by HR when monthly first aid allowances become due or are no longer appropriate. Furthermore recovery of any overpayments should be instigated.</p>	<p>HR Business Partner (Learning and Development) and HR Business Support Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle A robust process needs to be agreed between the HR Business Partner (Learning and Development) and HR Business Support Manager</p> <p>Management Response: HR Business Partner (Learning and Development)</p>		<p>31 March 2011</p>

10. Hazardous substances

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The h&s adviser and the shared facilities manager (SFM) should be aware of all hazardous chemicals used in SODC buildings.</p> <p><u>Findings</u> The h&s adviser/SFM does not maintain a centralised list of hazardous chemicals contained within SODC buildings.</p> <p><u>Risk</u> If the h&s adviser/SFM is not aware of all hazardous chemicals at all SODC buildings then Control of Substances Hazardous to Health (COSHH) assessments may not be carried out. Furthermore in the event of a fire, hazardous chemicals may not be identified quickly.</p>	<p>Heads of service should provide a list of all hazardous chemicals within their service area to the shared h&s adviser and the relevant facilities officer for review.</p>	<p>Heads of Service</p>
Management Response		Implementation Date
<p>Recommendation is Agreed A reminder will be sent to heads of service.</p> <p>Management Response: Health and Safety Adviser</p>		<p>31 December 2011</p>

RISK ASSESSMENTS

11. Risk assessment (guidance notes)

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Risk assessments should be reviewed periodically and updated when necessary.</p> <p><u>Findings</u> A number of risk assessment reviewed by IA were last reviewed by officers in 2006.</p> <p><u>Risk</u> If guidance notes for risk assessments are not reviewed periodically there is a risk hazards may not be identified.</p>	<p>Guidance notes for risk assessments should be reviewed periodically.</p>	<p>Health and Safety Adviser</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p>		<p>30 June 2011</p>

See comments in recommendation 1. The risk assessment policy and associated guidance was one of the priority policies to be reviewed. All documentation has been updated and is being reviewed by management team prior to going out to consultation.	
Management Response: Health and Safety Adviser	

CONTRACTORS

12. Contractor monitoring

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> As per the council's contractor policy 'h&s issues for the selection & management of contractors', it is the responsibility of the h&s adviser to monitor compliance with the policy.</p> <p><u>Findings</u> The h&s adviser does not receive assurance that contractors are adhering to the council's policy 'h&s issues for the selection & management of contractors' or that the checklist within the policy is completed by council monitoring teams.</p> <p>During the recent leisure centre audit IA noted monitoring processes for carrying out CRB checks and pool tests are not as robust as they can be.</p> <p><u>Risk</u> If contractors are not monitored effectively there is a risk the council may be held liable for any non-compliance with current h&s legislation.</p>	Managers must ensure that employees and contractors are adhering to the councils h&s guidelines and seek advice from the council's h&s adviser when necessary. A periodic review of contractor's compliance with h&s guidelines should be carried out by the h&s adviser.	Heads of Service and Health and Safety Adviser.
Management Response		Implementation Date
Recommendation is Agreed We have procedures in place and the selection and monitoring of contractors has improved immensely over the last 5 years due to the appointment of the health and safety adviser and the work of the procurement team. However, a contractor could be one man putting up a sign to the waste management/leisure services contract. We have a robust process for the appointment of contractors for contracts above £5,000. Below £5,000 most officers are now in the habit of obtaining references, insurance,		31 March 2012

risk assessments and method statements.

Monitoring of contractors does take place but the degree and extent of monitoring will vary dependent on a variety of factors, such as, length of contract, complexities, risks, etc. It is the contractor that is responsible for health and safety, however, the council will also need to make periodic checks to ensure compliance with the risk assessments/method statements/contract, to ensure that employees and members of the public are protected from any risks and that the quality of work/service is satisfactory.

The HSE would not expect the council to monitor every single aspect of the health and safety management system of the contractor; we do not have the resources nor the detailed expertise in some cases. They would expect the council to provide evidence of periodic monitoring and checks. For example, meetings where health and safety issues are discussed, receiving accident statistics, monitoring the outcome of investigations and actions for serious incidents, site visits to check compliance with contract and health and safety, etc.

Although there is evidence of improvement in the selection and management of contractors this has never been confirmed by a comprehensive audit. This will therefore be part of the 2011 – 2012 service plan.

The health and safety check-list is guidance only for officers use, they do not have to complete these. A reminder will be sent to heads of service regarding the importance of the selection and monitoring of contractors.

Management Response: Health and Safety Adviser

3. GENERAL LEDGER 2010/2011

1. INTRODUCTION

- 1.1 The fieldwork for this audit was undertaken in October 2010, and the final report issued on 7 March 2011.
- 1.2 The following areas have been covered during the course of this review to provide assurance that:
- appropriate policies and procedures are in place covering general ledger processes;
 - appropriate and adequate reconciliations are undertaken of individual bank accounts;
 - suspense account items are promptly investigated and adequately documented and controlled;
 - journal transfers are appropriate, authorised and adequately documented and controlled;
 - amendments to standing data are appropriately authorised and controlled; and
 - system access is appropriate and adequately controlled.

2. BACKGROUND

- 2.1 The Agresso financial information system holds the council's financial transaction data and is maintained by Capita. The council has four giro bank accounts with Alliance and Leicester and responsibility for reconciling these lies with accountancy staff. Four accounts are held with Barclays and these are the general account, the drawings account used for accounts payable and two accounts for use within the revenues and benefits system for council tax and business rates refunds and for housing benefit payments. The Barclays bank accounts are reconciled by Capita using electronic bank data provided by accountancy. Any issues identified by Capita in the reconciliation are to be reviewed and resolved by accountancy.
- 2.2 The cash office function is provided by Capita. Following an upgrade to the Civica Icon cash office system in February 2010, the ownership of the software was transferred from Capita to the council. At this point the council took the decision to move to a hosted support arrangement provided by the software company Civica.

3. PREVIOUS AUDIT REPORTS

- 3.1 General ledger was last subject to an internal audit review in February 2010 and eleven recommendations were raised. A satisfactory assurance opinion was issued. In October 2009 the bank reconciliation element of general ledger was subject to a separate review with a satisfactory assurance opinion and nine recommendations were raised.
- 3.2 It was noted that four of the eleven general ledger recommendations had been stated in the 2008/2009 and 2009/2010 audit reviews and still remain not implemented. The findings from the 2010/2011 review in respect of previous recommendations for general ledger and bank reconciliations are

recorded in more detail within the main findings.

4. 2010/2011 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 Five recommendations have been raised in this review and a further ten are restated from previous audit reviews as they remain not implemented. Five recommendations are medium risk and ten are low risk.

5. MAIN FINDINGS

5.1 Policies and procedures

- 5.2 Financial policies supporting general ledger functions include a finance guidance manual. At the time of review this manual was dated January 2004 and did not reflect current practices in many areas. Procedures are in place and available via the council's intranet covering the use of the Agresso financial system aimed at non finance users. Whilst these were of a consistent format some minor issues were observed in recording version control within the documents. Procedures covering processes carried out by finance officers were not in a consistent format and did not follow the format of the Agresso procedures available on the intranet. Not all of the finance functions appeared to be covered by appropriate procedures. Four recommendations have been made as a result of our work in this area.

5.3 Reconciliations

- 5.4 A monthly reconciliation is undertaken by the council's finance and accountancy team to match the four giro bank accounts and the council's general bank account with general ledger codings. At commencement of the audit review these were not up to date due to work on the closedown of accounts taking priority. However during the course of the review the reconciliations were brought up to date.

- 5.5 Monthly reconciliations are also carried out by Capita to match drawings accounts used for creditors and revenues and benefits payments to the general ledger transactions. Capita also reconcile cash office system transactions with general ledger postings, but at the time of review this had not been completed for 2010/11. No recommendations have been made as a result of our work in this area but recommendations from previous years have not been implemented and have been restated.

5.6 Suspense

- 5.7 Since the last review and following an upgrade to the Civica Icon cash office system, good progress has been made in minimising items allocated to the council's general suspense. A proactive approach is followed to requesting information from the bank regarding unidentified receipts. At the end of July 2009 the amount remaining on suspense for 2009/10 transactions was £126,678.76. At the end of July 2010 the amount was £31,228.28 for

2010/11 transactions. A reduction in the number of items was also observed and had dropped from 223 in the first four months of 2009/10 to 171 in the first four months of 2010/11.

5.8 A suspense monitoring report was recommended in the 2008/2009 audit review and restated in 2009/2010. Whilst progress had been made on developing the report it was not yet complete or in regular use hence the recommendation has been restated. No further recommendations have been made from our work in this area

5.9 **Journals**

5.10 Journals were seen to be recorded either on a standard journal form or a stamped grid on supporting documentation which captures the required information. Whilst there is an audit trail within the Agresso financial system there is little separation of duties in originating and processing journals. No recommendations have been made as a result of our work in this area.

5.11 **Standing data**

5.12 The documentation and authorisation of amendments to coding data appear to be appropriate and access to amend key data is restricted to Capita's system administrators. Previous audit report recommendations included a regular review of the agreed chart of accounts and also comparison with that in use at VWHDC which were agreed to be implemented by 31 December 2010. No further recommendations have been made as a result of our work in this area but the previous recommendations still stand and are repeated as a reminder.

5.13 **System access**

5.14 User access rights are maintained by Capita's system administrators as advised by the councils finance officer who acts as an administrator controlling user access. Whilst testing undertaken did not highlight any areas of concern regarding access, users who have left cannot be removed from the system while they have outstanding tasks assigned to them. A proactive approach is lacking in ensuring these users have their tasks completed and their access removed. One recommendation has been made as a result of our work in this area.

5.15 **Previous recommendations (general ledger)**

5.16 The 2009/10 general ledger audit raised eleven recommendations, all of which were agreed. Two recommendations regarding a review of the chart of accounts and a comparison of cost centres are ongoing as the agreed implementation date has not yet been reached, and these are restated as a reminder. Three recommendations were considered to have been implemented from the findings of the current review. These were the frequency of miscellaneous cash postings, journal documentation and the use of Agresso codes for miscellaneous cash postings. One recommendation was only partly implemented and five were not implemented so have been restated. Internal Audit noted that four of these recommendations have not been implemented from both the 2008/09 and

the 2009/10 reviews. A total of eight recommendations have been restated within the current review.

5.17 **Previous recommendations (bank reconciliation process)**

5.18 The 2009/10 bank reconciliation audit raised nine recommendations, eight of which were agreed. Two recommendations regarding bank reconciliation timescales and miscellaneous cash postings are considered to have been implemented from the findings of the current review. Three recommendations are not implemented and have not specifically been restated as they are covered within the restated 2009/2010 general ledger audit recommendations. One recommendation is no longer considered relevant; and, two recommendations are not implemented and have been restated within the current review.

OBSERVATIONS AND RECOMMENDATIONS

2010/2011 GENERAL LEDGER AUDIT RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Financial guidance manual

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All available guidance should be accurate and up to date.</p> <p><u>Findings</u> The finance section of the intranet includes a guidance manual under the heading 'Rules and regulations'. The document was last updated in January 2004 and refers to systems and practices no longer in use.</p> <p><u>Risk</u> If up to date and accurate guidance is not provided then officers may unknowingly take inappropriate actions.</p>	<p>The financial guidance manual should be updated to reflect current systems and processes. This should be cross referenced with the online Agresso manuals.</p>	
Management Response		Implementation Date
<p>Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.</p> <p>Management Response: Chief Accountant</p>		

2. Procedures - format

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All financial procedures should follow a consistent format.</p> <p><u>Findings</u> Procedures are presented in a consistent format for processes undertaken by non financial Agresso users and for Capita financial functions and these are available via the intranet. However some discrepancies were noted between the version control tables and the dates/versions stated in the headers, footers and front pages of the documents. The processes undertaken by finance officers, such as bank reconciliations and journal transactions are not documented in a consistent format.</p> <p><u>Risk</u> If up to date and authorised procedures are not in place then it would be difficult to provide suitable cover for general ledger functions in the absence of key staff. Inconsistent practices may proliferate and increased risk of error, omission, waste or fraud.</p>	<p>a) When procedures are reviewed and updated all instances of version control such as the version control table, header, footer and front page should be updated accordingly and consistently</p> <p>b) All financial processes should be documented in the same format as the existing Agresso user manuals and should be available on the council's intranet.</p> <p>c) The procedures should be enforced to ensure staff comply fully with them.</p>	
Management Response		Implementation Date
<p>Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.</p> <p>Management Response: Chief Accountant</p>		

3. Procedures – all functions

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All financial processes should be covered by comprehensive procedures.</p>	<p>All financial processes should be identified and covered by procedures which follow the format recommended above.</p>	<p>Chief Accountant</p>

<p><u>Findings</u> Procedures are not in place covering all general ledger functions e.g. suspense account procedures do not cover tracing items, posting identified items and reporting requirements. The process for establishing new users, amending access, controlling user access is not covered by a comprehensive procedure.</p> <p><u>Risk</u> If up to date and authorised procedures are not in place then it would be difficult to provide suitable cover for general ledger functions in the absence of key staff.</p>		
Management Response		Implementation Date
<p>Recommendation is Agreed Processes without comprehensive procedures will be reviewed and procedures identified. Some of these tasks may also be subject to fit for the future review so creation of procedures will occur then.</p> <p>Management Response: Chief Accountant</p>		31 March 2012

4. Transaction types

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Where lists of transaction types are provided, their use should be clearly explained to assist with user enquiries.</p> <p><u>Findings</u> A straightforward listing is available on the council's intranet providing a narrative description of Agresso transaction types. Whilst this is useful it does not provide enough explanation as to what the transactions are. For example, code IP is 'update gl with payments' and RB is 'SX3 transactions'. It is not clear to users what this means and</p>	<p>a) More detailed explanations are provided of the meaning and use of the transaction types to assist users in Agresso queries.</p> <p>b) The transaction list should be kept up to date as new transaction types are added.</p>	

<p>whether the transaction is a payment.</p> <p>Risk If up to date and clear explanations for abbreviations are not provided then officers may not correctly interpret ledger information resulting in incorrect actions being taken.</p>		
Management Response		Implementation Date
<p>Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.</p> <p>Management Response: Chief Accountant</p>		

SYSTEM ACCESS

5. Leavers access

(Low Risk)

Rationale	Recommendation	Responsibility
<p>Best Practice A proactive approach is taken to resolve issues preventing users who have left having their system access removed.</p> <p>Findings Requests to remove users who have left from the Agresso system cannot be completed where the user still has active tasks. Whilst testing did not highlight any access issues when users have left, the actions outstanding do not get cleared to allow closure of the users account.</p> <p>Risk If users who have left do not have their access removed then there is a risk that they may be able to remotely access the financial system.</p>	<p>Users who appear on the Agresso user access data grid as 'left' but cannot be removed from Agresso should be listed by Capita and copied to the finance officer for active pursuit within the relevant team to clear the user's active tasks and allow removal of the user's access.</p>	
Management Response		Implementation Date
<p>Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this</p>		

recommendation. Therefore we have to accept the risk.	
Management Response: Chief Accountant	

2008/2009 AND 2009/2010 PREVIOUS AUDIT RECOMMENDATIONS RESTATED

GENERAL LEDGER

6. Account reconciliation

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Reconciliations are carried out on a regular basis and are up to date according to stated service level requirements.</p> <p><u>Findings – 2009/2010</u> At the time of the review (Nov 2009), internal audit noted from the bank reconciliation audit review that there are still outstanding issues with regards to reconciliations, in that the Icon reconciliation is not completed to the satisfaction of the accountancy team.</p> <p><u>Findings – 2010/2011</u> At the time of review finance officers were chasing Capita for the reconciliation of Icon cash office system balances with the general ledger as this had not been received for 2010/2011. Drawings account reconciliations were not up to date and at the time of review were a month behind.</p> <p><u>Risk</u> If regular and prompt reconciliations are not undertaken then errors may go undetected and be repeated.</p>	<p>Reconciliations, including Icon to general ledger and drawings accounts, are regular and up to date in accordance with required service levels.</p>	<p>Chief Accountant</p>
Management Response – General Ledger Audit 2009/2010		Implementation Date
<p>Recommendation is Agreed The Chief Accountant to continue to liaise with Capita to ensure that up to date reconciliations are provided in a timely manner and in accordance with the requirements for final accounts.</p>		<p>30 April 2010</p>

Management Response: Chief Accountant	
Management Response – Bank Reconciliation Audit 2009/2010	Implementation Date
Recommendation is Agreed ICON reconciliation is subject to Service Level Agreement alterations/ agreement and subsequent reconciliation will take place as per designated timetable.	31 January 2010
Management Response: Business Accountant - Capita	
Management Response – 2010/2011	Implementation Date
Recommendation is Agreed	31 July 2011
Management Response: Chief Accountant	

7. Variances resolved

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Variances in reconciliations are identified and resolved promptly.</p> <p><u>Findings – 2008/2009 & 2009/2010</u> The drawings account reconciliations identify variances which include un-presented out of date cheques. At the time of the review, action had not been taken to resolve these variances and cancel the transactions within the general ledger.</p> <p><u>Findings – 2010/2011</u> The principal accountant was not aware of any out of date cheques being written off.</p> <p><u>Risk</u> Without regular reconciliations errors may go undetected and be repeated.</p>	Variances, such as out of date cheques, are dealt with and appropriate adjustments to ledger codings made promptly.	Chief Accountant
Management Response – 2008/2009		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.		Ongoing
Management Response: Chief Accountant		

Management Response – 2009/2010	Implementation Date
<p>Recommendation is Agreed The Chief Accountant to continue to liaise with Capita to ensure that this activity is undertaken in a timely manner and that the ledger position is up to date for the final accounts process.</p> <p>Management Response: Chief Accountant</p>	30 April 2010
Management Response – 2010/2011	Implementation Date
<p>Recommendation is Agreed Management Response: Chief Accountant</p>	30 April 2011

8. Cash posting procedures

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Agreed and version controlled procedures are in place covering all aspects of the miscellaneous cash posting process.</p> <p><u>Findings – 2008/2009 & 2009/2010</u> Capita's procedure note for posting miscellaneous cash into the general ledger is still in draft stage according to the version control. The procedures do not appear to have been reviewed or agreed.</p> <p><u>Findings – 2010/2011</u> The miscellaneous cash process has changed since the previous review. Procedures are still to be produced which fully cover the new arrangements.</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>	Appropriate, agreed and up to date procedures are in place to cover all aspects of the miscellaneous cash posting process.	Staff Officer
Management Response – 2008/2009		Implementation Date
Recommendation is Agreed		31 March 2009

Miscellaneous cash posting procedures are under review. As part of this process the Chief Accountant will liaise with Capita colleagues concerning procedure notes.	
Management Response: Chief Accountant	
Management Response – 2009/2010	Implementation Date
Recommendation is Agreed in Principle The cash system was upgraded in February 2010. The Chief Accountant will liaise with Capita on this issue in respect of the upgrade of system. Capita has confirmed that new procedure notes have been written to cover this aspect of the cash posting arrangements.	31 March 2010
Management Response: Chief Accountant/ Business Accountant (Capita)	
Management Response – 2010/2011	Implementation Date
Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.	
Management Response: Chief Accountant	

9. System access review

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice – 2009/2010</u> All Agresso users are reviewed to ensure only agreed and current users have access. <u>Findings – 2009/2010</u> Internal audit would like to restate a recommendation following the review of the previous audit recommendations regarding a review of all users and considers to enhance the security of user access that the council's system administrator should be included in the information from human resources/payroll to enable her to delete and/or close users on the Agresso system when necessary. <u>Findings – 2010/2011</u> A regular comparison with HR records has not yet been	A regular comparison between the system list of users and accountancy's agreed list should be undertaken and variances resolved appropriately. Human resources/payroll should be required to notify accountancy of leavers to ensure Agresso access is restricted.	HR Manager

implemented.		
<u>Risk – 2009/2010</u> If unauthorised personnel are able to access the financial system then they may be able to corrupt the data.		
Management Response – 2008/2009		Implementation Date
Recommendation is Agreed		Reviews to be undertaken periodically
Management Response: Chief Accountant		
Management Response – 2009/2010		Implementation Date
Recommendation is Agreed		30 April 2010
Management Response: Chief Accountant/HR Manager		
Management Response – 2010/2011		Implementation Date
Recommendation is Agreed		31 March 2011
Management Response: HR Manager		

10. Temporary suspensions

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice – 2009/2010</u> Closure and substitutions should be applied to all Agresso account users on maternity leave and/or sabbatical where appropriate. <u>Findings – 2009/2010</u> Internal audit noted from the review of users maintained by the council a number of staff who have left the employment of the council and/or are on maternity leave. <u>Findings – 2010/2011</u> This review has not yet been implemented. <u>Risk – 2009/2010</u> If access rights are inappropriate then unauthorised edits/amendments may result in system controls being weak and ineffective.	Human resources/ accountancy should review those employees on maternity leave/ sabbaticals to ensure an Agresso substitute has been set up to cover their absence and the Capita system administrator has been informed to close their account until their return to work.	HR Manager
Management Response – 2009/2010		Implementation

	Date
Recommendation is Agreed Management Response: Chief Accountant/HR Manager	30 April 2010
Management Response – 2010/2011	Implementation Date
Recommendation is Agreed Management Response: HR Manager	31 March 2011

11. Monitoring reports

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Regular and adequate monitoring reports are produced.</p> <p><u>Findings – 2009/2010</u> The chief accountant stated that there is currently no formal process for reporting bank reconciliation or suspense values at present; however he is aware that the strategic director (finance) has intimated that he would like a chief financial officer pack to contain this information and be reported to him on a monthly basis.</p> <p><u>Findings – 2010/2011</u> It was noted that the recommendation was stated within the 2008/09 audit report with and it was agreed to be implemented for 2009/10. The finance officer has made progress on developing a monthly suspense monitoring report starting with transactions from 2009/10. At the time of the review this was not complete. Hence the recommendation is considered partly implemented and is restated.</p> <p><u>Risk – 2009/2010</u> If regular monitoring reports are not produced then areas of concern may not be apparent early on and would remain</p>	<p>Regular and appropriate monitoring reports should be reintroduced to include information on the status of reconciliations, suspense accounts and unidentified transactions as part of the monthly reconciliation review information reported to the council's chief finance officer.</p>	<p>Chief Accountant</p>

unresolved		
Management Response – 2008/2009		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		Reports to be reintroduced for 2009/10 financial year
Management Response – 2009/2010		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		30 June 2010
Management Response – 2010/2011		Implementation Date
Recommendation is Agreed Management Response: Chief Accountant		31 December 2011

12. Bank reconciliation

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> A review/signing off process should exist to provide assurance to the section 151 officer that reconciliations are accurate and timely. Furthermore senior officers should be aware of any issues arising from the bank reconciliation process.</p> <p><u>Findings – 2009/2010</u> Internal Audit confirmed there is currently no process in place to sign off the bank reconciliations on a monthly basis on either the general account or any of the payment accounts. The sign off process is only currently undertaken for the giro bank account.</p> <p><u>Findings – 2010/2011</u> Giro bank reconciliations are subject to an independent review but at the time of the audit, the two most recent giro bank monthly reconciliations had not been reviewed by an independent officer. Drawings account reconciliations are completed by Capita and</p>	<p>a) Accountancy should introduce a review process for the bank reconciliations process which requires a second named officer to review and sign off that bank reconciliations are accurate, timely and carried out to the satisfaction of the section 151 officer.</p> <p>b) Sign off of reconciliation statements should be kept up to date.</p>	Chief Accountant

<p>reviewed by the Principal Accountant. The general account is not currently independently reviewed. The section 151 officer requires independent review of all reconciliations and anticipates these will be incorporated into a monthly information pack in future.</p> <p><u>Risk – 2009/2010</u> Failure to note the reconciliation positions could result in the Chief Accountant/Section 151 officer being unaware of issues arising from the reconciliations.</p>		
Management Response – 2009/2010		Implementation Date
Recommendation is Agreed		31 March 2010
Management Response: Principal Accountant		
Management Response – 2010/2011		Implementation Date
Recommendation is Agreed		31 December 2011
Management Response: Chief Accountant		

13. Academy and Agresso interface

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> An automated bank reconciliation process provides speed and accuracy to the bank reconciliation process with a minimal amount of manual intervention.</p> <p><u>Findings – 2009/2010</u> Internal audit has noted there is currently no interface between the Academy system and Agresso system.</p> <p><u>Findings – 2010/2011</u> An electronic interface was not in place at the time of review.</p> <p><u>Risk – 2009/2010</u> Failure to adopt a robust reconciliation process and/or</p>	<p>That consideration is given to the introduction of an interface between the Academy and Agresso system to facilitate an automated bank reconciliation process all the council's bank accounts.</p>	<p>Head of Finance/Business Accountant (Capita)</p>

manual intervention in the reconciliation process may result in greater likelihood of errors.		
Management Response – 2009/2010		Implementation Date
<p>Recommendation is Agreed The implementation of this recommendation is subject to discussion between the Contract Manager and the Section 151 Officer. Developments here are being discussed as part of the Agresso Development Plan alongside the Business Accountant working on the cheque payment interface.</p> <p>Management Response: Business Accountant (Capita)</p>		31 March 2010
Management Response – 2010/2011		Implementation Date
<p>Recommendation is Agreed Capita has expressed its intention to replace the manual interface with an electronic interface. A test interface is currently being developed with an expectation that the interface will be operational by 1 April 2011.</p> <p>Management Response: Head of Finance/Business Accountant (Capita)</p>		1 April 2011

14. Cost centre comparison

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> An agreed version of the chart of accounts is in use and is reviewed to ensure the chart of accounts are used appropriately across both Councils.</p> <p><u>Findings – 2009/2010</u> The chief accountant stated there is currently no procedure adopted to investigate invalid codes or codes not currently being utilised, and he has further stated that he considers there is some merit in undertaking a comparison of the use of cost centres in use at both sites.</p> <p><u>Risk</u> If unauthorised or old system codes are in use then transactions and expenditure may not be allocated correctly</p>	Accountancy undertakes a comparison of the use of cost centres in use at SODC and VWHDC to ascertain if the codes are being used appropriately across both sites.	

and illegal/non valid transactions could occur.		
Management Response – 2009/2010		Implementation Date
<p>Recommendation is Agreed in Principle Given the nature of the recommendation and the associated level of risk this activity will be undertaken as resources permit.</p> <p>Management Response: Chief Accountant</p>		31 December 2010
Management Response – 2010/2011		Implementation Date
<p>Recommendation is Not Agreed I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.</p> <p>Management Response: Chief Accountant</p>		

15. Chart of accounts

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> An agreed version of the chart of accounts is in use and subject to periodic reviews to ensure the information is valid.</p> <p><u>Findings – 2009/2010</u> Internal audit found this recommendation had not been implemented since the 2008/09 Internal audit review of the general ledger and noted the comments made at that time, “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 or old system codes are in use then transactions and expenditure may not be allocated correctly and illegal/non valid transactions could occur.</p>	<p>A regular comparison between the system and the agreed version of the chart of accounts should be undertaken and variances resolved.</p>	
Management Response – 2009/2010		Implementation Date
<p>Recommendation is Agreed Resources have not permitted this to be undertaken to date. It is anticipated that this task will be undertaken when resources</p>		31 December 2010

permit.	
Management Response: Chief Accountant	
Management Response – 2010/2011	Implementation Date
<p>Recommendation is Not Agreed</p> <p>I acknowledge that this recommendation is best practice but accountancy do not have resources to commit to implement this recommendation. Therefore we have to accept the risk.</p> <p>Management Response: Chief Accountant</p>	