

## AUDITS COMPLETED TO DATE FROM 2007/08 AUDIT PLAN

### Report No 1 – 2007/08 – Mobile Telephones

The scope of the audit was to ensure that the Council were receiving value for money when purchasing mobile phones etc, to ensure staff's personal calls were paid for and to follow up the recommendations of the previous audit.

In the opinion of the auditor the control assurance level is **substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 Consider setting a level of personal mobile telephones calls to be acceptable. (Medium)**

Quite often personal use is minimal. Where personal use is of little monetary value it actually costs the Council more to collect the debt than it would to waive the debt therefore the above recommendation was made.

**R2 Review the current expenditure codes used for payment of the mobile telephone invoices to ensure that they are correct. (Medium)**

Some expenditure was found to have been allocated to the wrong code.

**R3 Ensure that when the LSBU mobile telephones reach the end of their contract that they are replaced with mobile telephones on the main Council contract subject to this being financially advantageous. (High)**

**R4 Ensure that LSBU staff are notified of the need to make contributions towards the costs of private calls. (High)**

The Auditor found that the Leisure Services Business Unit (LSBU) was not on the Council's contract and their 6 mobiles phones were costing £1,600 for the year 2006/07. Also LSBU staff was not being asked to pay for their personal calls.

### Report No 2 – 2007/08 – Part time employee leave calculations

An audit brief was not issued for this audit as the scope was to recalculate all part timers leave to ensure they had been given the correct entitlement.

In the opinion of the auditor the control assurance level is **High**.

Only a few minor errors were identified and corrected at the time of the audit and therefore no recommendations were made.

### **Report No 3 – 2007/08 – Penalty Charge Notices**

The audit brief, annex 1, was issued by the Senior Internal Auditor. The scope of the audit was to document and review the system relating to the issue of Penalty Charge Notices (PCN) and to evaluate the effectiveness of the internal controls set up within the system.

In the opinion of the auditor the control assurance level is **Limited**.

The recommendations and an explanation of how they arose follows below.

**R1 Identify the difference between the Cash Receipting System and the Parking System for March – April 2007. (High)**

**R2 Ensure that a daily reconciliation is completed between the Cash Receipting System and the Parking System. (High)**

The above recommendations arose as the Auditor found a difference between the receipting system and the parking system. This difference would have been identified earlier if a daily reconciliation was taking place.

**R3 Ensure that the effectiveness and efficiency of the bailiffs is monitored on a regular basis. (High)**

At the time of the audit it was found that a number of the debts that had been sent to the bailiff were very old and there was no one regularly monitoring the situation.

**R4 Ensure that the Risk Register is updated to include all of the risks and controls associated with Penalty Charge Notices. (Medium)**

The risks associated with PCN's not being processed was not highlighted enough.

### **Report No 4 – 2007/08 – Internet Usage**

No audit brief was issued on this occasion, as the basis of the audit was to establish the current systems for the monitoring of internet usage and how this information is analysed.

In the opinion of the auditor the control assurance level is **Minimal**.

The recommendations and an explanation of how they arose follows below.

**R1 Remind staff of the Internet Policy at least yearly. (High)**

This was re-recommended as this helps to act as a deterrent to staff against abusing the internet for personal usage.

**R2 Chief Officers should further interrogate the Internet usage regarding the top ten users to establish if there is any misuse and if any further action such as disciplinary procedures are required if not already done so. (High)**

The Auditor went into further detail for the top ten users and in some cases it was apparent that personal use of the internet was high (which could potentially be a disciplinary offence). As only the managers in each service would be aware of how much and what staff would need to use the internet for the above recommendation was made.

**R3 Chief Officers should ensure that they monitor the information they receive from the ITM regarding internet usage or delegate this to an appropriate Manager and perhaps cascade the findings through team briefings. (High)**

Chief Officers had been receiving information about Internet usage but this information was not always monitored.

**Report No 5 – 2007/08 – Refuse, Street Cleansing and Recycling**

This audit will be reported on at the next meeting as it is still in draft stage.

**Report No 6 – 2007/08 – Building Maintenance**

The audit brief was to ensure that the maintenance programme is being delivered in line with agreed standards and that response maintenance is delivered within appropriate timescales. In addition to ensure compliance and monitoring of mandatory requirements, reporting to Management Team and complying with the Contract Procedure rules and Financial Procedure rules where appropriate, updating any system notes and following up any recommendations from the previous audit.

In the opinion of the auditor the control assurance level is **substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 As per the Financial Procedure rules, with the exception of utility services, periodic payments or petty cash items all works, goods or services must be the subject of an official order. The only other examples that may be acceptable are emergency repairs (at the weekends) where the invoice is produced before an order can be raised. (High)**

The Auditor took a sample of 40 invoices and 20 (50%) of those were produced without an official order.

**R2 The crystal reporting should be used periodically to enable monitoring and follow up of outstanding orders. (Low)**

This recommendation was made to aid management by producing a useful report. An example was produced during the audit.

**R3 The risk register should be reviewed as soon as possible. (Medium)**

The risk register had not been updated/reviewed for over a year although they did tell the Auditor that they were aware that this was outstanding.

**R4 The capture and recording of more detailed property information should continue in line with what is set out in the Asset Management Plan so that the system becomes more useful and supportive of the maintenance programme. (Low)**

This recommendation was to ensure that the system becomes more useful.

**R5 Confirm that the contract overspend has been reported to Cabinet. (Low)**

At the time of the audit this was awaiting action.

**Report No 7 – 2007/08 – Public Conveniences Cleansing Contract**

The audit of the Public Conveniences Cleansing Contract was to ensure compliance with the Contract Procedure rules and that correct sums paid for the work carried out to agreed standards, including certification of any extra works.

In the opinion of the auditor the control assurance level is **substantial**.

The recommendation and an explanation of how this arose follows below.

**R1 Please issue the contract for Public Conveniences to ensure we have a copy that is signed and sealed. (High)**

Following discussions with the Assistant Solicitor it was found that the contract was never signed and sealed due to a delay pending the outcome of

the contract price discussions in 2006. However as they tendered on the basis of TMBC's standard terms and conditions they were operative and governed by the contract between TMBC and Sevenoaks. The Form of Tender and the specification were seen as part of the audit.

### **Report No 8 – 2007/08 – Land Charges**

This audit will be reported on at the next meeting as it is still in draft stage.

### **Report No 9 – 2007/08 – Mayoral Expenses and Support**

The audit brief was issued by the Principal Internal Auditor. The objective of the audit was to identify the procedures currently in place for the processing of Mayoral payments and that mayoral support is adequate.

In the opinion of the auditor the control assurance level is **Substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 Ensure that the Mayor certifies the Chauffeur invoices that they have been checked to ensure that the times are accurate. (Medium)**

The monthly invoices received show the number of hours for a function, a description of the function, the date and the amounts. A copy of each invoice is sent to the Mayor so that the times on the invoice can be verified. However, there is no indication on the invoice that this has been done.

**R2 Ensure that all payments are received and the acceptance lists are kept up to date. (Medium)**

**R3 Ensure that a check is made that BACS receipts have been received and a note made of the date of the payment. (Medium)**

For most events a list is kept as to who has accepted an invitation to attend, this list also records if payment has been made. All income received should be noted in an income book which is then used by Exchequer Services to process the income. A copy of the acceptance list for the Music Festival held on 15/07/07 was obtained together with the income book and a check was made to ensure that all payments had been received and receipted correctly by extracting a report from Integra.

Three payments could not be located, from discussions with staff it was established that two of these were BACS payments and proof of payment being made was provided, however these had been incorrectly coded and a request has been made to Exchequer Services to adjust these. One payment

from Canterbury City Council could not be located either in the receipt book or as a BACS even though it had been recorded as being paid on the acceptance list. If payment is made by BACS a check is not made that these payments have been received. A check should be made regarding BACS payments and a note made of the date of the receipt on the acceptance lists.

### **Report No 10 – 2007/08 – Travel Claims**

The audit was undertaken to ensure that only legitimate claims have been submitted, the standard of completion supports the claims made and that all vehicles are appropriately insured.

In the Auditor's opinion, the Control Assurance Level is **Substantial**

The recommendations and an explanation of how they arose follows below.

**R1 Director of Finance to request Chief Officers to remind all authorising officers within their service to ensure that all mileage claims must be completed correctly and with appropriate readings. (Medium)**

During the audit a couple of claims were found to be filled in incorrectly with incorrect mileage readings.

**R2 Exchequer Services Manager should remind all Officers that mileage claims should have a valid VAT receipt attached. (Medium)**

A couple of claims were found to not be accompanied a valid VAT receipt.

**R3 Director of Finance to request all Chief Officers to ensure that a procedure should be in place for managing Business Insurance and that it should be constantly reviewed/updated. (High)**

**R4 Exchequer Services Manager should remind all Officers that they are not allowed to undertake a journey unless his/her service is certain that the person's vehicle is correctly insured. (High)**

All relevant officers were contacted and it was ascertained that there are very few procedures in place for authorised persons to check that business insurance is still valid and that when there is a procedure, it is not reviewed often enough.

## **Report No 11 – 2007/08 – Pollution Prevention Control**

The audit brief was issued by the Principal Internal Auditor and was to audit the internal controls relating to Pollution Prevention Control to ensure that there are adequate procedures in place for the issue of permits and the receipt of fees in line with regulations set out by the Environment Agency. In addition update any system notes and follow up any recommendations from the previous audit.

In the opinion of the auditor the control assurance level is **substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 It is suggested that the database is used to run an outstanding inspection report periodically to aid the planning of visits and avoid the potential to miss an inspection. (Medium)**

Whilst the computer database has been implemented and includes appropriate information for each premise/establishment, including dates of visits and comments etc. the system could be used more efficiently and possibly replace some manual records.

Currently as there a small number of premises and a large window of time to complete the inspections i.e. within the financial year following the date of the application, the Environmental Health Technician does not use the database to run a report of when inspections are due instead relying on his memory or checking the individual files. In theory an inspection could be missed in this way of working.

**R2 It is suggested that a field is set up on the database to allow an entry for 'review date' to indicate when premises are due for review. (Low)**

Changes in legislation last year mean that Local Authorities now have to undertake six-yearly reviews of permits to check whether permit conditions continue to reflect appropriate standards etc. The dates of reviews have not been entered on the database yet.

**R3 The amounts paid must always be verified, the cheque returned and the correct amount requested. (Medium)**

Applications for permits should be accompanied by a fee, depending upon the type of process. Once the cheque has been agreed that it is correct it is passed to the Senior Purchasing Assistant and then to Exchequer for receipting. The most recent applications for a permit have been for the Dry Cleaners due to a recent change in legislation. It was checked and verified

that all eight dry cleaners had submitted their fee and was traced to the nominal ledger however one had overpaid which had not been identified.

**R4 Every effort should be made to issue the bills for subsistence charges promptly following the 1<sup>st</sup> April each year to comply with the policy. (Medium)**

Once a permit has been issued an annual subsistence charge is levied upon the premise, again based upon the type of process. The Local Authority is expected to request payment in respect of the annual subsistence fee promptly on 1<sup>st</sup> April each year according to the Inspection and Enforcement Policy and Decision Framework booklet.

An examination of the integra nominal ledger showed that for 2007/8 sundry debtors accounts were sent out on 20<sup>th</sup> April and 25<sup>th</sup> April for Part B's (Dry cleaners and petrol stations) 26<sup>th</sup> April for Part A's and Part B's (Medium Risk) and 2<sup>nd</sup> May for Part B (Low Risk).

#### **Report No 12 – 2007/08 – Larkfield Leisure Centre**

The audit of the Larkfield Leisure Centre was requested by the Principal Internal Auditor however a brief was not issued to the Service as the audit involved a surprise cash up to be carried out. In addition this audit included the follow up of previous recommendations and to examine areas that were not covered at the last audit.

In the opinion of the auditor the control assurance level is **substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 Where petty cash expenditure has not been authorised a reasonable explanation should be noted on the petty cash receipt slip. (Medium)**

An examination of the receipts held were reasonable and existed for each payment however three had not been authorised before their payment. Whilst strictly speaking all petty cash payments should be authorised it is acknowledged that this is not always practical in this environment.

**R2 Review and update the procedure notes reinforcing the system for credit/debit cards and methods of disposal, including noting the relevant date. Staff should be reminded of the importance of how to deal with 'valuable' items. (Medium)**

A credit card was found in the lost property that had been kept instead of being destroyed after 48 hours.

**R3 Ascertain how to correctly input a change in course members on the Plus2 system without causing differences with the reported income. (Low)**

A check of a sample of income through to the integra nominal ledger revealed minor discrepancies between the net income on the ledger compared to the Plus2 system as a result of VAT being calculated on individual transactions and therefore causing rounding errors although they were not material.

**R4 It is suggested that a list is maintained of any items like cameras that are moveable and/or worth at least £500 – see Financial Procedure rules paragraph 19.2. (Medium)**

One area that was highlighted was the lack of an inventory. It was believed that most items either appeared on IT's inventory or on the capital renewals schedule. However there are a number of valuable items such as cameras that do not appear on any lists.

**Report No 13 – 2007/08 – Tonbridge Pool**

As part of the Council's operational audit plan, each cashiering or leisure facility is subject to an unannounced yearly audit in order to ensure that all monies advanced by way of floats and petty cash can be accounted for. Additionally, one cashier is requested to cash up to ensure that there are adequate controls and procedures for cashing up.

In the opinion of the auditor the control assurance level is **Substantial**.

The recommendations and an explanation of how they arose follows below.

**R1 Ensure that a record of the ticket issues for use of the bouncy castle is recorded daily. (Medium)**

A raffle ticket book is held in the games hut which are issued to customers when payment is made for use of the bouncy castle. These tickets are then passed by the customer to the member of staff operating the bouncy castle. Upon examination of the games hut stock sheets it was clear that the issue of the bouncy castle tickets was not being recorded.

**R2 Ensure that till receipts are issued at the games hut for all purchases. (High)**

With regards to all sales from the games hut no till receipts are issued to customers. This is a weakness to the system and leaves the system to abuse. From discussions with staff at the pool it was established that the till held in the games hut is able to produce receipts although this option has not been used in the past.

**R3 Ensure that gift vouchers are issued in numerical order and that a log is made and kept of their issue and usage. (Medium)**

Gift vouchers are kept in the day safe. However upon examination of vouchers it appears that these have not been issued in numerical order as the vouchers held in the safe were numbers T111 and T114 – T118. A log of the issue and usage of the vouchers could not be located by staff at Tonbridge Pool.