

## AUDITS COMPLETED FROM 2007/08 AUDIT PLAN

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

The objective of this review was to ensure that payments are processed promptly and correctly taking into account any adjustments for inflation and base data changes increases. In addition to ensure additional works are sufficiently supported and that penalty clauses are monitored and applied correctly.

The opinion of the auditor was that the control level is **minimal**.

This was reported in an initial draft report that was contested by the service and this led to a number of meetings in order to agree a final report. The main area of concern was that a database system had been introduced that included the issuing and payment for additional works. It was felt that insufficient reconciliation processes existed in order for the internal controls to be assessed. The service argued that they did not consider that this was significant when taken in the context of the value of the contract. Whilst the discussions between Audit and the service took place there have been continued improvements in the database with the help of IT Services in order to enhance the reconciliation process.

However there were ten recommendations made.

The system is a series of databases for different areas of the contract that relies on data being exported from a Council database to the contractor database in order to raise jobs and then the contractor exporting data back to the Council in order to close each job and set up a cost. The Council database has a routine to prepare a monthly invoice taken from all of the individual databases. These databases and exporting routines were written without any input from the Director of Finance or IT Services.

**R1. The Director of Finance shall determine all accounting procedures and financial records of the Council and its officers in consultation with the Chief Officer. All new or amended systems, procedures or practices with a financial implication shall be agreed with the Director of Finance prior to implementation and must meet all requirements specified by him/her. In future, the agreement of the Director of Finance must be sought prior to the implementation of any new systems of a financial nature. (High)**

At the time of the audit it was established that since April 2007 there had been no reconciliations carried out. These have since been carried out to August but September remained outstanding when the final report was issued.

**R2 Ensure reconciliations are carried out monthly to ensure the correct amount has been paid. (High)**

There were no detailed procedures available. There were some guidance notes for users on how to use the database and some basic notes on the steps leading to the checking the bill for accuracy but none on how the bills are checked.

**R3 Ensure that detailed procedure notes are produced regarding the reconciliation of the monthly invoices so that audit can review them. (High)**

As the audit progressed a number of queries arose as it was difficult to ascertain from the information available exactly how the figures could be relied upon as there appeared to be no checks carried out to ensure that the jobs included in the bill were correct etc. and a list of queries were left with the Service.

**R4 Ascertain why job TO5689 was not included in the bill report but was on the client database. (High)**

**R5 Ascertain why job TO5612 had a much later reconciliation date. (High)**

**R6 It needs to be shown that there are controls in place to demonstrate that the right jobs have been paid for in the correct month and for the correct amount. (High)**

**R7 Where the bill data has to be manually input ensure that the evidence is made readily available to back up these figures. The evidence for the figures for the January invoice required for this audit are as per the 'audit outstanding queries list' (High)**

The invoice comprises of two separate parts. Part A is the monthly fixed sum as adjusted for inflation etc. and Part B is for additional works. Two months invoices were checked to see that the appropriate certification had been carried out and the timings were noted. Invoice A's were being paid promptly and invoice B's were submitted weeks later but paid promptly and checked in detail later.

**R8 As per the Financial Procedure Rules invoices must be checked prior to payment to ensure that the work, goods or services conform to what was ordered. (High)**

The risk register for Environmental Health and Housing Waste Services was obtained and found to have been reviewed in January 2007. It appeared to be comprehensive with the exception of highlighting any risks associated with the Contracts database.

**R9 Update the risk register to include the risks associated with the Contracts database. (High)**

Following the issue of the first draft report it was revealed that since April 2007 only the monthly invoice A's had been processed. These make up the bulk of the payments (£250K per month) to Veolia, however there have been no payments made to them regarding the variable items (£25 to £50k per month). This was apparently due to there being problems with the contracts database in April, numerous changes in Contracts Managers over the last few months and associated performance issues. Improvements

have been noted recently following the appointment of a new Contracts Manager by Veolia. Since this report the invoice B for May to August have been paid but are yet to be reconciled. The production of the September invoice was due to be carried out at the time of the final report.

**R10 Ensure that the monthly invoice B for September is reconciled and that the discrepancies found for May to August are investigated. (High)**

Since the draft audit, work has been carried out by Waste Services and IT to resolve some of the issues raised, including carrying out reconciliations of the databases for the months of May, June, July and August 2007. These include identifying the discrepancies and production of a comparison report to aid the investigation of the discrepancies found in those reconciliations.

The future options that have been suggested are to implement the recommendations made during the audit, to investigate with IT and Audit support the possibility of developing a web enabled Contract Management System utilising a single database accessed by both Client and Contractor for work instructions, scheduling and completion and to investigate with Caps Solutions a Waste Management System as recently demonstrated at Westminster City Council. It is understood that this product is in development and may be available during the latter half of 2008.

The further developments have not been tested for this audit but the recommendations that are implemented will be tested as part of the follow up audit in due course.

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

The objective of the audit was to ensure that secure arrangements exist for the collection and recording of monies collected. All monies collected are promptly, completely and accurately brought to account and that adequate records are maintained. CIPFA audit matrices have been used to audit the controls.

The audit consisted of reviewing the procedure notes and then carrying testing on a random sample of searches. The sample was examined from application through to finalisation of the search. In all cases there was an accurate audit trail and the correct search fees had been paid.

In the opinion of the auditor the control level was **High** and no recommendations were made.

**Report No 14- 2007/08 – Community Safety**

The objective of the audit was to ensure that the activities of the Crime & Disorder Reduction Partnership (CDRP) section are addressing the objectives as set out on the performance plan and to ensure that the Partnership funding is accounted for satisfactorily.

The opinion of the auditor was that the control level is **Limited**.

This opinion relates specifically to the administration of the Y2 Crew Scheme, which is a diversionary summer activity initiative of the CRDP and is attended by young people between the ages of 11 – 16. The scheme is administered jointly by the Borough Council and the KCC Youth Service, but operated on a daily basis by the Youth Service. It is therefore a partnership scheme.

During the course of the audit requests were made to the Council's Crime Reduction Assistant to provide relevant paperwork to the Auditor relating to the operation of the Y2 Crew Scheme. Unfortunately, despite many requests by the Crime Reduction Assistant the paperwork has not been forthcoming from the KCC Youth Service. This has resulted in the control assurance level mentioned above being applied to this particular aspect of the audit.

With regards to the funding of the CRDP no queries have arisen.

During the previous audit it was recommended that the Y2 mobile phone used by the KCC Youth Service Officer administering the scheme, should be returned to the office at the conclusion of the summer's activities and re-issued when setting up the next year's activities. From discussions with the Crime Reduction Assistant this has not yet been returned.

**R1 Ensure that the Y2 mobile phone is returned as soon as possible. (Medium)**

It has now been reported that this telephone was in fact lost. However, as it was a pay as you go telephone the loss is minimal.

With regards to other outstanding items relating to the Y2 crew activity, despite numerous requests to the Crime Reduction Assistant, the required information has not yet been supplied. The audit was delayed as a result of waiting for this information as the audit initially began at the beginning of September 2007. The delay has been caused by the relevant member of staff of the Youth Service being unavailable despite numerous attempts by the Crime Reduction Assistant to meet with her and obtain the information.

**R2 Information relating to the Y2 Crew must be obtained and verified as soon as possible with regards to all expenditure and income. (High)**

From discussions with staff it was established that details relating to CRB checks had been received, although not in writing as KCC could not send a copy of the CRB check due to data protection.

A check was made to ensure that all of the youth workers employed for the Y2 Crew scheme this summer had been subject to a CRB check. From investigation it was established that one of the CRB checks had not been returned for one member of staff. This could have had serious implications to the Council if an incident had occurred and the member of staff had not been subject to a CRB check.

**R3 Procedures must be put into place to ensure that CRB checks are completed for all members of staff working with the Y2 crew schemes. (High)**

## **Report No 15- 2007/08 – Playscheme**

The audit brief was to ensure that all monies were collected, banked and recorded promptly and correctly and that all staff had been through the checking procedure before commencing their duties.

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

The audit checked that proper procedure notes had been issued for the playscheme and these procedures had been correctly followed. The procedure notes were found to be in order.

All staff involved in the scheme had been subjected to a CRB check prior to commencing work on the scheme. In addition the Data Protection requirements relating to keeping and destroying these checks promptly were followed.

Testing was carried out to ensure that the daily limits for attendees at the schemes, as approved by Ofsted, were not exceeded. Although the limits were not exceeded there were three registers that could not be found for the last day of the scheme.

### **R1 Playscheme staff should be reminded that registers must be returned to the Youth and Play Development Officer. (MEDIUM)**

Testing was also carried out on the collection and banking of money relating to the scheme. There was an issue with regard to paying in the money received from standby income and "biscuit" money. Whenever an area supervisor returned to the office, they would bring with them records of what was taken. This was handed to the Young Person Development Officer, who ensures the figures are correct. At the end of the week all monies were then added up, recorded in the paying in book, and then taken down to the bank in West Malling.

### **R2 All standby income and "biscuit" money should be paid directly into the kiosk in reception by the area supervisor upon their return to the office. (HIGH)**

It was ascertained that we have sufficient cover for all of the Playscheme sites. The only exception is that the Partnerships must have their own Public Liability Insurance and Employers Liability Insurance, at a value stated within their partnership agreement. After checking through these all were found to be in order with the exception of Poppy Pre-School, Aylesford of which we had no copy of their valid Public Liability Insurance. It was ascertained that Poppy Pre-School should send the Council a copy of their certificate as they are not covered under TMBC's policy.

### **R3 Ensure that all insurances are valid and state both Public Liability and Employers Liability Insurance and a copy of the certificate is kept on file. (HIGH)**

Risk registers and partnership agreements were also tested and found to be in order.

## **Report No 16- 2007/08 – Homelessness**

The audit brief was to audit the internal controls relating to Homelessness applications, the annual fee paid to Russet Homes and the responsibilities laid down in the Homelessness Strategy. In addition, to update any system notes and follow up any recommendations from the previous audit.

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

During the course of the audit it was established that it is intended to provide this service in-house from April 2008. The first recommendation was made to ensure that adequate procedures are in place when this changeover takes place.

### **R1 Ensure that new procedures are drawn up covering how the new in-house service provision will be administered commencing April 2008. (High)**

The Retail Price Index adjustment has still to be applied but provision has been made in the accounts to allow for this.

### **R2 The RPI amount due to Russet Homes should be paid to them. (Medium)**

A sample of ten cases was randomly selected. Five files held by Russet Homes were obtained to ascertain whether procedures were being followed as per the agreement, including examining the homeless application form and checking for evidence to support the application. The remaining five cases where the file was not readily available were checked to ensure that there was a summary of the investigation and the decision letter. No queries arose.

A random sample of twenty cases where decisions have been made for this financial year were examined. The local performance indicator LP16 monitors the percentage of homelessness applications where we make a decision and write to the applicant within 33 days. The target of 97% has not been reached this year to date with the cumulative total being 91%. Of the sample one decision was notified a day late and one was fourteen days late as a result of landlord delay.

### **R3 The number of days taken to process the applications could be improved. (Low)**

Bed and Breakfast establishments invoice the authority direct for any rent. The last two months invoices were examined to ensure that we were only processing invoices for people in Bed and Breakfasts and for the correct periods. The testing showed that this appears to be well controlled.

It was highlighted at the previous audit that the chasing of debts has not been rigorously carried out by Russet and debts have had to be written off. Since the last audit the situation with chasing outstanding debts has been brought in house for debts up to November 2005 and the Temporary Housing Officer has been attempting to recover some of it either through sending reminder letters or issuing a sundry debtor account. The spreadsheets maintained by the Temporary Housing Officer were obtained some of

the debts are now years old and will be difficult to obtain. Russet Homes are supposed to be dealing with debts post November 2005.

A schedule of debts below £1000 to be written off has been started by the Temporary Housing Officer following attempts to chase the clients. Some of the debts are with a debt collection agency.

It is expected that once the service provision is in-house the rent accounts will be set up locally and therefore any outstanding debts will be able to be more closely monitored.

**R4 A review of the debts outstanding and management of the rent accounts should be carried out prior to the new arrangements. (High)**

#### **Report No 17- 2007/08 – Investments**

The audit was carried out to ensure that the Council's day to day surplus funds are invested in accordance with this Authority's Treasury Management (TM) Policy and Treasury Investment Policy. The audit did not include the funds managed by the Council's Fund Managers.

The audit was carried out using the tests laid down in the CIPFA Matrix on TM.

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

A total of 58 tests have been carried out using the CIPFA audit matrix under the following headings.

- Policies and Procedures
- Staffing
- Risk Management
- Cash-Flow
- Lending
- Borrowing
- Capital Investment
- Payments
- External Service Providers
- Fraud Prevention
- Records and Reconciliations
- Monitoring & Reporting
- Security of Data

There were three recommendations arising from the review.

The Exchequer Officer confirmed that in his absence the Exchequer Services Manager would deal in his part of the Investments process. Currently, if both members of staff are absent the Technical Accountant can provide cover. The Exchequer Services Manager plans to train the Exchequer Officer/Insurance Officer in the future.

**R1 Ensure that the Exchequer Officer/Insurance Officer is fully trained regarding Investment procedures. (MEDIUM)**

The risk register for TM was examined and there were some areas identified in the CIPFA matrix that were not covered in the risk register. It was agreed that they were covered elsewhere in other documentation but this needed to be made clear in the risk register.

**R2 The Exchequer Services Manager should state all the following on the risk register: Risks relating to liquidity, interest rates, exchange rates, inflation, credit, refinancing, legal and regulatory and market risks have been considered and can be viewed in the various TM documents/policies. (MEDIUM).**

The Chief Solicitor and Monitoring Officer will be producing a records retention policy as part of the arrangements under the Freedom of Information Act, this is scheduled for 2008/09. Until this document retention policy is produced sections are now requested as part of the audit to ensure that they have produced a document retention policy of their own.

Services are also aware that they should only keep documents for the purpose for which they are intended.

**R3 Produce a document retention policy for the TM system. (LOW)**

**Report No 18- 2007/08 – Cleaning and Security**

The audit was carried out to ensure that the Council is achieving value for money for janitorial services and the purchase of cleaning supplies and to ensure that the stock of cleaning materials, and its storage, especially hazardous materials, was satisfactory. The audit also included an examination of the security arrangements.

In the opinion of the Auditor, the systems in place are **Limited**.

The two main reasons the system has received a limited opinion are as follows:

- 1) The Office Superintendent must deactivate cards immediately when known that they are either missing or an employee has left the authority and
- 2) The acceptable circumstances must be followed on the contract procedure rules when allowing for the security guard contract not to be put out to tender.

If these two issues were resolved, the auditor would have given a satisfactory opinion.

After checking all of the previous recommendations two queries arose. When checking through the alarm code list it was found that there was not a separate list of key holders. It was ascertained that this list was one and the same and therefore should be titled as such. Another issue was that it was discovered that reception are aware that at present, only two visitor/contractor cards are actually being used. This means that any other visitor passes should be deactivated the moment it is known that they are missing to prevent any contractors or visitors entering the building without prior permission.



**R1 The title of the alarm code list should be changed to “Alarm Code and Key Holders List” and must be kept up to date at all times. (LOW).**

**R2 Reception staff should be reminded to ensure that the Office Superintendent is promptly advised when Visitor Access Control Cards are not returned in order for them to be deactivated (HIGH).**

The purchase of janitorial supplies was examined and it was found that the rates achieved through KCS and Screwfix appear competitive with prompt delivery. Cleaning schedules are produced for each area and regular inspections take place but it is acknowledged that a shortage of cleaners may affect the coverage.

After obtaining a copy of the risk register it was ascertained that the substantial risks with regard to security had been looked at in detail therefore no issues arose. With regard to the cleaning aspect of the risk register, it is felt that more detail should be covered regarding the control of substances hazardous to health (COSHH). It is felt that this should be included as it would cause potential harm to employees if they do not mix chemicals or store chemicals correctly. This could also be a potential risk to the building as well as the employees. The risk register was reviewed in July 2007.

**R3 Buildings and Facilities Manager should include Control of Substances Hazardous to Health Regulations (COSHH) on the risk register. (MEDIUM)**

A check was made to ensure that cleaning materials are stored correctly and in line with COSHH regulations. No queries arose.

Records were examined to ensure that all cleaning staff has had the relevant health and safety training from the HSO. After looking through the personal file, as no training log is kept, it is felt that there should be a record of whether the employee has received training in COSHH.

**R4 The Officer Superintendent/Health and Safety Officer should add a note confirming that COSHH has been specifically covered within a cleaners training upon their employment on the existing induction form. (MEDIUM).**

The payments for security guards were audited to ensure that they have been paid at the correct rate and that payments can be traced back to the ledger.

After checking all four invoices put to the special code set up for instances where we were aware of a potential risk to the council, all was found to be in order.

After obtaining the last three financial years figures it was found that in all three years the sum paid to Prosec exceeded the contract procedure rules threshold.

An email exchange between the Chief Executive and the Customer Services Manager was obtained by the Auditor. They had agreed that this service would not go out to

tender as the benefits would outweigh the costs. This process would be acceptable if the amount was less than £30,000.

Paragraph 6.1 of the contract procedure rules state: 'Where continuing work originally estimated to cost below £30,000 has been performed over a period, the appropriate Chief Officer shall monitor the total cost of that work. As soon as it is apparent that the work has exceeded £30,000, or the work is of such a nature that it will need to continue for a further period and future costs will take the total value of the work over £30,000, he/she shall report the circumstances to the next meeting of the Executive or Council.' The above has not been reported.

If the Customer Services Manager in consultation with the Chief Executive still do not want to go out to tender they must follow one of the following options as per the contract procedure rules:

- 1) Authorisation not to follow the contract procedure rules is requested and given by the Council or the Executive  
OR
- 2) If the Chief Executive, following consultation with the Monitoring Officer, decides that because of special circumstances they do not need to be followed and then this must be reported by the relevant Chief Officer or the Chief Executive to the Executive or the Council.

**R5 The Customer Services Manager must ensure that she follows either one of the acceptable circumstances in the contract procedure rules to allow for this service not to be tendered. (HIGH)**

In the majority all security issues were found to be satisfactory. One issue did arise however with regard to proximity cards. When an officer leaves the authority the ID card that they have must be deactivated in order for them not to be able to access the building. After obtaining reports of all current enabled cards and all staff currently on the payroll, these were matched to ensure that all staff that has left the authority have had their cards deactivated. It was found that a large amount of those had not had their cards deactivated therefore could still access the building.

**R6 The Personnel department should be reminded to ensure that the Office Superintendant is informed immediately when staff leave in order for their card to be deactivated. (HIGH)**

**R7 The report of current active card holders currently not on the payroll to be investigated and where necessary deactivated. (HIGH).**

#### **Report No 19- 2007/08 – Fixed Penalties**

The objective of the audit was to audit the controls with regards to the systems relating to Fixed Penalty Notices (FPN).

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

This opinion is as a result of key controls being in place with regards to the FPN's that are issued but that there is the scope for FPN's to be issued under the other headings where they have not been done so to date.

The Cleaner Neighbourhoods and Environment Act 2005 (CNEA) contains a range of new powers to tackle street scene issues. The powers enable local authorities to act to keep public spaces clean and safe. The Council has adopted a number of FPN's, a list of these is attached (annex 3) although currently FPN's have only been issued for litter and dog fouling offences. Shown below are the offences which can be issued with a FPN.

- Nuisance Parking - no penalties have been issued to date.
- Abandoned Vehicles - TMBC do not issue the fixed penalties and KCC do all the paperwork once the vehicles has been recovered. There is information on the Council's website regarding abandoned vehicles.
- Street Litter Control notices & litter clearing notices - From discussions with staff it was established that three Litter Clearing Notices have been issued to date but they are being complied with so it had not been necessary to issue FPN's. However, the FPN charges have been set at £110 which is reduced to £60 if paid on time.
- Unauthorised distribution of literature on designated land - A person commits an offence if he distributes any free printed matter without the consent of a principal litter authority on any land which is designated by the authority. To date none of these notices have been issued and this issue is not considered to be a problem within the borough however charges have been set at £80 which is reduced to £50 if paid on time.
- Graffiti & fly posting - There is currently discussions going on regarding this and from discussions with staff it was established that if an offender was caught in the act then the procedures taken would probably refer to a prosecution rather than a fixed penalty, the charges have been set at £80 which is reduced to £50 if paid on time.
- Failure to produce authority (waste transfer notes), failure to furnish documentation and offences in relation to waste receptacles - These FPN's relate to waste offences and look to control the management and transportation of waste. These new powers are available for Local Authorities looking to tackle prospective fly tippers. From discussions with staff it was established that the Council has not directly served these FPN's and do not envisage doing so in the near future although various charges have been set. However, the Council has been involved in some multi-agency projects (eg Operation Lasso), where some of these powers have been used by the Environment Agency.

- Offences under Dog Control Orders - This item does not refer to dog fouling as this is covered under the Dogs (Fouling of land) Act 1996, it relates to various items which include dogs being held on a lead in certain area and ownership of multiple dogs. Although charges have been set at £80 which is reduced to £50 if paid on time the Council has not issued any notices in relation to offence under dog control orders to date therefore the notices regarding dog fouling will be examined during this audit. The charges set for dog fouling is £50.
- Failure to nominate key holder within an alarm notification area - This relates to premises that are in an area designated by a local authority as an alarm notification area, and an audible intruder alarm has been installed in or on the premises. The responsible person must nominate a key-holder in respect of the premises and notify the local authority in writing before the end of the required period of the name, address and telephone number of the key-holder nominated in respect of the premises. However, the Council has resolved not to adopt this at present.
- Noise from dwellings - This generally refers to noise from neighbours' dogs, burglar alarms etc. To date no notices have been issued regarding this. Although the appropriate action would be taken if and when the necessity arose. There are notes on the Council's website.
- Noise from licensed premises - This generally relates to noise from public houses such as amplified music. To date no notices have been issued regarding this. Although the appropriate action would be taken if and when the necessity arose. There are notes on the Council's website.
- Smoking Offences - There are various offences relating to smoking such as failure to display no smoking signs, failure to prevent smoking in a smoke free place and ensuring that work vehicles are operated as smoke free workplaces. To date one notice has been issued in respect of an offence of smoking in a workplace. There are guidance notes on the council's website regarding the new regulations.
- Litter - According to the Council's website there is a fixed penalty for litter offences of £80 which is reduced to £50 if paid within 10 days, if not paid within 14 days then court action may be taken. Litter offences include the dropping of chewing gum and cigarette ends. Extensive procedure notes have been produced of which a copy was obtained and examined.

As already mentioned although the Council has the power to issue FPN's for all of the offences listed above, to date FPN's have only been issued for offences relating to litter

and dog fouling therefore testing has only been carried out with regards to these two offences.

It should be noted that currently a combined FPN is being drafted which can be used for all FPN's rather than individual ones being used for each type of FPN. Legal Services have examined the draft, relevant Services and the Police are being consulted.

Copies of the FPN's issued during this financial year to date were obtained from the Environmental Health Officer relating to litter and dog fouling offences and a copy of a spreadsheet which records these details, reports were then extracted from Integra detailing income received this year to date. A check was then made to ensure that where payment had been recorded as being received that it had actually been received, coded correctly and where payment had not been received that the appropriate action had been taken.

All was found to be in order with no queries arising.

During 2007/08 to date there have been two FPN's cancelled with regards to dog fouling and three FPN's cancelled regarding littering offences. In all cases there were sufficient reasons for the cancellations and there was supporting documentation held on file.

From discussions with staff in Environmental Health & Housing Services and examination of the procedures it is evident that the health and safety risks relating to fixed penalty staff have been assessed and guidance has been issued to staff.

A copy of the fixed penalty notices procedure notes were obtained from Environmental Health & Housing Services. They appear to be adequate and staff have been made aware of them.

When a FPN is issued the details of the number and the date of issue are recorded on a spreadsheet. There is no record on the spreadsheet as to when the FPN was entered on the spreadsheet but there is a record of the date the FPN was issued and there are no gaps in the numbers of the FPN's recorded on the spreadsheet.

A copy of the Operational Risk Review of EHHS – Environmental Protection was obtained which was dated September 2007 which appears adequate.

There were no recommendations arising from the audit review.

### **Report No 20- 2007/08 – Rent Deposit Scheme**

An audit of the Rent Deposit Scheme was commenced following an audit on the Homelessness Section where this scheme is administered. The Rent Deposit Scheme was found to be an important area that warranted a separate audit therefore it was decided to carry out an audit review as part of this years audit plan to examine the internal controls and write system notes.

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

Since April 2007 landlords who take out a deposit are required to protect the deposit using one of two protection schemes. A fact sheet has been drawn up to explain all of this however the procedures have not been updated to reflect this.

**R1 Procedure Note 2 – Rent Deposit Scheme requires revision and the procedure notes should be reviewed regularly. (Medium)**

An examination of the spreadsheets detailing all rent deposit cases highlighted three other cases, where substantial loans appear to have been given, above the maximum of one months rent quoted in the procedures. When this was queried it was found that each of these was an exceptional case. They all had valid reasons given for the extra support to prevent them from becoming homeless.

**R2 Where loans are given in exceptional circumstances a file note should be made and signed to explain the reasons. (High)**

The sample of clients files examined included the instalments required which were laid out in the agreement signed by the borrower and on a standing order mandate where this was applicable. Two of the standing order mandates were incorrect for C411 and C406.

**R3 Ensure all standing orders are arithmetically correct. (Low)**

From the sample of cases examined there was no evidence on any files regarding landlords registering with a Tenancy Deposit Protection Scheme and it was admitted that there is no monitoring system yet in place for this.

**R4 A system for monitoring whether landlords have registered with a Tenancy Deposit Protection Scheme is required. (Medium)**

There are no procedures laid down for debt recovery and there are currently debts outstanding of approximately £40k. There are spreadsheets that have been set up to monitor the repayments made and any outstanding amounts but from the sample checked there appears to be a lack of consistency in the timing of the reminders and they have not been promptly sent. It was also established that the Exchequer Officer is not always aware of the arrangements made and vice versa the Housing Section are not always aware of what the Exchequer Officer has done e.g when they are written off

**R5 A debt recovery procedure needs to be established and written up including when reminders should be sent and confirm any arrangements with the Exchequer Section. (High)**

Following an examination of the sample of cases and subsequent discussions it was found that although it appears that there has been sporadic follow up of the debts, often there has been verbal communication with the clients, (particularly where the client cannot read or write), which has not always been noted on the file or spreadsheet.

**R6 Where debts are chased verbally or clients call, a note should be made on the file or spreadsheet to keep track of these. (High)**

The risk register was examined for Housing Services which has been updated following the audit on Homelessness and includes the Rent Deposit Scheme.

**Report No 21- 2007/08 – Leybourne Lakes**

The audit was carried out to ensure that the income received from car parking and the concessions is being banked promptly and correctly and also to ensure that Leybourne Lakes is a safe, well maintained open space for the general public to enjoy.

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

Since the last audit the procedure for the collection, counting and banking of the car park income has been passed to Parking Services, but Leisure Services still use the same contractor as other services. Leisure Services also have the option to amend the frequency of collections as they wish, by liaising with Exchequer Services, who certify and appropriately code all invoices. Upon reading the current procedure notes it is clear that they have not been changed to reflect the change in procedure. After speaking with the Head Ranger, he felt that the current notes would be good in case of emergency if for any reason the money could not be collected. Even so, the notes should still be changed to show the procedure carried out by Parking Services and then by the Rangers, and should state that the Rangers will only carry out this procedure in an emergency situation whereby the money cannot be collected by the external contractor.

**R1 Procedure notes for the collection, counting and banking of car park income at LLCP should be updated to include the process carried out by Parking Services as well as the Rangers. (MEDIUM)**

Evidence shows that regular car park monitoring takes place at the lakes and that tickets are being issued where infringements are found.

The Rangers carry out daily/weekly and quarterly monitoring checks, to ensure that the safety of all persons visiting the park is paramount. Copies of the checks are held within a file in the Rangers' Office and any issues are passed directly to the Head Ranger when they are found. The Auditor obtained the most recent quarterly monitoring sheet and carried out a physical examination to ensure that any problems found had been resolved. No issues arose. CRB checks are also obtained for each ranger and volunteer ranger. It should also be noted that the park also recently received a green flag, further proving its cleanliness, safety and security.

The concession agreements were obtained from the Property Technician. The agreements were then matched against what has been taken on Integra to ensure the correct income had been received. With regard to this no issues arose.

One issue arose with regard to the agreement with Mid Kent Water. It was ascertained that Mid Kent Water is currently undergoing a merger with South East Water. This in turn, is delaying the process of signing contractual agreements. It is recommended that the agreement be signed under the name South East Water as soon as the merge has been completed.

**R2 Ensure that the new agreement is signed as soon as the merger between Mid Kent Water and South East Water has been completed. (MEDIUM)**

A copy of the “blanket” insurance was obtained from the Insurance Officer. With regard to this no further issues arose. Copies of the three concession insurance policies were then obtained and all was found to be in order.

After obtaining a copy of the operational risk register for outdoor leisure from the share drive it would appear adequate. The register is dated March 2007 and has therefore been reviewed recently.

Copies of all the risk assessments for LLCP were then obtained from the Head Ranger. All risk assessments have been reviewed as part of the yearly process and are all dated 06.03.07. All areas of risk appear to have been covered.

Copies of the concessions risk assessments were also then obtained. These were also all found to be in order.

The petty cash system was all found to be in order and in accordance to the guidance notes. The correct figure of £50 was agreed when accounting the sums of money and details within the book held within the petty cash tin.

After looking through the lost and found property logs it should be noted that the back of the forms were also being used to complete information. A fresh sheet should be printed upon completion of the current form to ensure that all details are completed in full. There is also a reclaimed column within the logs. Currently a simple “yes” is written if collected. A column should be introduced whereby the person collecting the item can sign and date.

The procedure notes were then checked. Upon my site visit it was discovered that a box that previously held any found items had now been removed. The box was still mentioned in the procedure notes, therefore they should be updated to reflect this. The procedure notes should also be updated to show the process of what should happen to credit/debit cards if they are found whereby they should be destroyed.

**R3 A new lost and found recording sheet should be printed each time that a current sheet has been completed to ensure that all details are completed correctly and in full. (LOW)**



**R4 A column should be included on the found recording sheet whereby the person reclaiming the item can sign and date (LOW)**

**R5 The procedure notes should be updated to include the process of when a credit/debit card is found, whereby it should be destroyed immediately and should also include what happens with found items now that the box has been removed from the Rangers Office. (MEDIUM)**

After obtaining copies of the contracts and the invoices for the filming from the Media and Communications manager all was found to be in order. Each contract show the hours that the park was expected to be used and also identifies the work that will be required before and after the filming. All invoices were then checked against Integra. No issues arose from this.

The audit brief was to audit the internal controls to ensure that the Home Improvement Agency meets the objectives set out in the Housing Strategy and the Housing Performance Plan. Also to ensure that any assistance given by the agency is timely, appropriate and for eligible clients. In addition to update any system notes and follow up any recommendations from the previous audit.

#### **Report No 22- 2007/08 – Home Improvement Agency**

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

Comprehensive guidance notes were available and were detailed however some of the procedures were not dated and some were due for review.

**R1 Update all procedures and policies including a date of when they were reviewed. (Medium)**

A random sample of 10 current cases from the Home Improvement Agency Caseload spreadsheet as at the end of October 2007 was selected as well as 10 closed cases from the file of completed cases for 2007/08.

From an examination of the current cases a number of queries arose regarding the dates used to record referrals, the use of the data protection form, how electrical checks are requested, how the requisitions and payments are dealt with, where income is coded and whether proof of age or disability is obtained.

The actual date of referral in the sample cases was not always obvious from an examination of the correspondence in the file. As this is important for monitoring the section's target for dealing with clients it may be useful to highlight what actually prompted the referral and a note made on file rather than just a date being written down.

**R2 Highlight what actually prompted the referral and make a note on the case file. (Low)**

It appears to be hit and miss whether a data protection form is completed or not.

**R3 To comply with the Data Protection Act the client needs to be informed that their personal information may be passed on to others, therefore the client needs to sign something to evidence that they were made aware of this. (High)**

It appears that works such as electrical checks are being verbally requested/ faxed. The invoice received is subsequently paid upon receipt as a non-order invoice. To comply with financial rules orders must be issued for all works, goods or services. With the new 'e-integra' system eventually everyone will be able to send a requisition electronically which will make this process more simple and will create less paperwork.

**R4 An official order should be used to request any works, goods or services to comply with the financial procedure rules. (High)**

From an examination of the case files and discussions with the Home Improvement Agency staff, it was found that proof of age or disability is not specifically requested. Proof of disability was not an issue as evidence was seen on all files whereas there was no evidence where age was the criteria.

**R5 Proof of age or disability should always be obtained. (Medium)**

An 'approved' list of contractors has been drawn up by the Home Improvement Agency based on reliable and capable builders. The latest list appeared to have been updated in June 2006 however the information available for each contractor is not consistent. The procedures held by the Home Improvement Agency state that the contractor's lists are updated annually with new applications and reviews of previous applications, including a copy of their insurance details. This does not appear to have occurred in many cases.

An examination of the ten closed cases to establish the contractors used, that the lowest tender was used, prices quoted and final amounts revealed that one contractor was not actually on the list. This was discussed and it was noted that contractors may be recommended by other contractors that do not appear on the Councils approved list.

**R6 It is advisable that recommended contractors have the appropriate insurance in place and evidence is provided. (Low)**

**R7 The list of contractors should be reviewed and updated annually as per the procedures. (Medium)**

The final payments book was examined and the amount charged for the admin fee of 12.5% was checked to ensure it was correctly calculated and no queries arose.

A signed agreement with Supporting People was seen whereby the funding should be paid by them monthly. This year payments appear to have been received in August only.

**R8 The funding from Supporting People should be paid as per the agreement (Medium)**

As part of the audit the main income and expenditure codes on integra for the Home Improvement Agency were examined and it was found that amounts could not be easily reconciled as the narrative was not always relevant or useful.

**R9 Where possible a useful narrative should be entered to enable cross-referencing and reconciliation of the income and expenditure to ensure there is a full audit trail. (Low)**

The statistics, maintained by the Private Sector Housing Manager, to monitor their targets were examined and generally targets are being met with the exception of completion of works over £5001.

**R10 Improve the time taken from the 1<sup>st</sup> visit to completion for works over £5001. (Low)**

The risk register for Housing Services dated January 2007 was obtained and had been amended in November 2007, prompted by this audit, to include the risk areas and controls in place regarding the Home Improvement Agency.

**Report No 25- 2007/08 – Member Payments and Allowances**

The audit brief was to audit the controls relating to Member payments and allowances, update the system notes and to follow up any recommendations from the previous audit.

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

In total, three recommendations were made in the previous audit in 2005/6. After re-testing these items again during this audit, all recommendations had been found to have been implemented.

A spreadsheet was obtained from the TMBC website that shows all payments and allowances made to members in the previous financial year. It details all basic rates, special responsibility rates and the mileage claims made for the year. This is updated on a yearly basis and is available to all staff and members of the public.

The Senior Personnel Officer was then contacted. He stated that the Independent Remuneration Panel (IRP) had recommended that the scheme of allowances be published in the local press. As this is a requirement, a press release was issued to both the Kent Messenger and the Courier, written on 22 March 2007. This was obtained by the Auditor and was found to be in order.

After obtaining a copy of the committee section of the Administrative and Property Services risk register all was found to be in order. It has been reviewed within the past twelve months and all risks appear to have been covered.

After conversation with the Financial Services Administration Officer and checking the current process against those written in the previous system notes most was found to be the same. There was a small change in that E-Genda can now be used to ascertain

whether a member has been in attendance, but with that exception all has remained the same and all was found to be in order.

A check was made, by collecting a report showing all payments made to members for the current financial year, to ensure that payments that had been advertised were being paid correctly. This was all found to be in order.

Secondly, a check was made to ensure that each member was being paid correctly for the position that they hold within the meeting/group. After checking the report against the attendance records, once again no issues arose.

A selection of member mileage claim forms were obtained from the Financial Services Administration Officer along with the attendance sheets for all member meetings for the current financial year. Firstly, a check was made to ensure that the member had been in attendance for the meeting that they were claiming for. Secondly, a check was also made to ensure that the arithmetic was correct and the mileage seemed adequate for the journey. In both regards, all was found to have been in order.