

## **AUDITS COMPLETED FROM 2007/08 AUDIT PLAN**

### **Report No 23- 2007/08 – Poult Wood Golf Professional**

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

A recommendation was made in the previous audit to ensure that the correct number was being entered onto the till during the sale of gift vouchers. This was checked by the Auditor and, from looking at the Voucher Audit Report, it is still clear to see that till operators are not always entering the complete four digit code upon every sale.

#### **R1 Ensure that the correct four digit code is entered onto the till at the time of sale and redemption from the gift voucher. (MEDIUM)**

Whilst looking at the voucher system, the Auditor checked to ensure that the system regarding complementary gift vouchers was satisfactory. At the time of sale the book that maintains all records of the vouchers was found to be well managed. After checking the redemption dates of the vouchers it was found that the book has not been updated for sometime now. This should be actioned as soon as the voucher has been redeemed and returned with the daily returns forms.

#### **R2 Ensure that the date the complementary gift voucher is redeemed is written into the book when returned with daily returns record. (LOW)**

After obtaining copies of the procedure notes held within the contract file all was found to be in order. It was noticed however that a recommendation was made in the previous audit asking for a procedure note to be written (separate from the one's held within the contract file) detailing the procedure actioned by the Leisure Services Administration Manager (LSAM) for internet bookings. After speaking to the LSAM it was mentioned that this has not been done, although a procedure has been written on the internet for persons using the system when booking.

#### **R3 Produce procedure notes for the internet bookings procedure as carried out by the LSAM. (MEDIUM)**

After obtaining copies of the tender agreement, current RPI list, the monitoring statement for the Golf Professional contract and a list of all payments made on Integra in regard to the current contract all was found to be in order. The payments have also gone up in line with the RPI as should be expected.

After checking the returns against the bank statements, till reports and Integra for the month of August all was generally found to be correct. One small issue arose whereby the registration fee had been coded to the nominal code for green fees. This was amended at the time of the audit. No further queries arose.

Many reports are used by the LSAM. She uses these to reconcile figures against each other, for example using the end of day reports to create weekly reports and then using the weekly reports to create a period report. The end of day reports are all analysed by the LSAM when she receives them. This means that she can spot any anomalies early

and put actions in place to stop any reoccurrences. In the auditors opinion all reports are being used in the correct manner.

After creating a list of Eighty Four members, all addresses were checked to ensure that the correct discount was being received for whether the applicant was living within or outside the borough. No queries arose with regard to this. Further checks of twenty of the eighty four members were then looked at against the application forms to ensure that the details matched. Once again all was found to be in order.

After obtaining a sample of discount application forms from the LSAM the majority was all found to be in order. Only one issue arose whereby an applicant had paid for a non-borough resident fee when they were actually a resident of the borough. The auditor brought this to the attention of the LSAM who raised a refund immediately. No further issues arose.

After talking to the LSAM it was ascertained that Poulton Wood is having a rather bad year. The income for April was substantially higher than normal but the rest of the year has been down on average. It is felt that the weather is to blame this year. The LSAM and her counterpart at Maidstone Borough Council talk on a regular basis and have noticed very similar peaks and troughs throughout the year. These figures are reported to Management Team and the relevant advisory boards for further analysis.

The Auditor created a spreadsheet detailing all payment amounts against those on the till report. It was found there was not a single day in the month of August where the amount banked and the amount declared (with regard to tender type) were the same. The amounts always balanced at the end of the day but it is felt that more care should be taken when processing payment through the till.

The Auditor also created a spreadsheet detailing the no sales, voids, refunds and returns for the month of August. There was one day where the refunds seemed rather excessive. After further investigation it was found that this was a staff training day. No further issues arose.

#### **R4 Ensure that the correct form of payment is pressed on the till when taking payment from a customer. (MEDIUM)**

After obtaining a copy of the web bookings report for June, the corresponding streamline statements and a listing of all web booking payments from Integra a check was made to ensure that all three documents could be traced to one another.

All bookings for the month of June could be traced apart from a payment of £63 that was showing on the web bookings report obtained from the LSAM. As the Auditors investigations came up with nothing the relevant information was passed to the Exchequer Services Manager (ESM) and LSAM in order for them to ascertain if this payment could be traced. After much investigation, the payment of £63 could still not be found. The LSAM therefore contacted ESP, the Internet bookings and payment system provider, in order to ascertain the issue and resolve the whereabouts of the payment from 01.06.07. It was ascertained that the £63 "missing" payment was included on the file

sent to Streamline on 01/06/07. Investigations by both the LSAM and ESM are still ongoing.

**R5 The LSAM should reconcile the web bookings report against the streamline statements in order to ensure all payments are being received. (HIGH)**

**R6 Continue and finalise current investigations regarding the missing £63 internet payment. (HIGH)**

After looking at the income from the catering and squash concession it was ascertained that payments are being received as expected. The payments from the catering facility were in line with the increased RPI. A check was also made to ensure that the figures held by the accountancy department were the same as those given by the PAR4 accountant. This was all found to be in order.

All information was found to be adequate and the risk register was last reviewed March 2007 so has been checked within the past 12 months.

### **Report No 23- 2007/08 – Cemeteries**

It was undertaken to examine the systems for administering the service and to ensure compliance with Financial Rules and the Council's Risk Management Strategy.

In the opinion of the Auditor, the Control Assurance Level regarding the main Cemetery functions is **Substantial**.

As very few issues arose with regard to the main Cemetery functions an opinion of substantial was given. The role carried out by the immediate staff involved with the day to day running of the Cemetery is providing a good service and only two recommendations have been made that could improve the running of the Cemetery. There were some issues raised relating to the Cemetery Lodge that are still progressing and will be reported to Members of this Committee at a later date.

There are just two members of staff in the Cemetery Office. The Cemetery Registrar who deals with overseeing the grounds maintenance at the Cemetery and attends all interments and the Assistant Cemetery Registrar who deals with general enquiries and administration for the Cemetery. Even though the Assistant Registrar is relatively new to the post, she is fully trained in all aspects of the job. This is essential when there is such a small team of people.

Currently the Leisure Services Manager (Outdoor) has basic knowledge of the BACAS system but with that exception it is just the Cemetery Registrar and Assistant Registrar have knowledge of the BACAS system.

**R1 An extra officer should be fully trained on all aspects of the BACAS system to ensure that the office could be covered in case of emergency. (MEDIUM)**

After contacting the Administration Assistant, copies of the procedure notes for the cemetery process were obtained. These were found to be very detailed and all in order. They also give good examples of the forms and how they should be completed by staff. Copies of all forms and records were obtained from the Cemetery Registrar. These were all found to be in order. They are all self explanatory and easy for members of the general public to understand.

A list of all charges was obtained from the Assistant Registrar for 2007/8. These show in detail, all prices for burials, memorials etc and also other charges involved within the cemetery process. The auditor feels that the list of charges is both comprehensive and easy to understand for members of the general public. All found to be in order.

A list was obtained for all payments from the Integra accountancy system. The files for both sales invoices and purchase orders were then obtained from the Registrar. The purchase orders were all then checked and matched against the Integra report. All purchase orders could be found and no issues arose.

The sales invoices were then checked against the Integra report. This once again showed all payments to be present and correct.

After obtaining a copy of the operational risk register from the share drive all risks appear to have been covered. It has also been reviewed within the past twelve months.

After conversation with the Insurance & Risk Manager it was ascertained that all old headstones are covered by the Council's public liability insurance. This policy also covers all staff and members of the public visiting the site. The building is covered by our property cover and the standard liability operates at the site as usual.

All suppliers and erectors of new headstones are now required to provide their own insurance and also provide renewal notices as appropriate. They are also made to register with TMBC. Within the application form there is a statement that says that they must only sign the agreement if they have a £5million public liability insurance. After checking the register all was found to be in order.

Upon visit to the Cemetery on 19<sup>th</sup> December 2007, the Auditor noticed orange markers on many of the graves. After further inspection, these were found to be markers for those graves that had failed a recent health and safety inspection. All owners of the graves had been given advanced warning of the inspections and, if they had failed, had been given information on the process to carry out.

Currently, the Cemetery Registrar has use of the office attached to Cemetery Lodge. This is used on a regular basis for meetings with contractors and also to store vases and plaques for the memorial garden. Leisure staff are currently getting quotes to see if it would be a viable option for the garage or the lean-to on the side of the Chapel to be changed into the new office.

The Auditor obtained the file containing all the works orders for the KCC grave digging and matched the payments written on them against the amounts found on the Integra accountancy system. After close interrogation all was found to be in order and payments were being made promptly and correctly.

Seven recommendations were made within the previous audit. These were all checked in this years audit to ensure that progress has been made.

All other recommendations made within the previous audit have been progressed and/or completed but after a trip round the surrounding area it is still felt that the need for directional signs to the Cemetery are still necessary.

**R4 The Highways Agency should be re-approached with regard to the need for directional signs to the Cemetery. (LOW)**

**Report No 26- 2007/08 – Licences**

The objective of the audit was to examine the systems for administering the service to ensure compliance with Financial Rules and the Council's Risk management Strategy.

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

The reasoning for this opinion is due to the issues surrounding the CRB checks as this could have implications for the Council (see R6 and R7).

The Licensing Act 2003 states under Part 2 Licensing Authorities that, each licensing authority must produce a Statement of Licensing Policy with a view to promote the prevention of crime and disorder, public safety, prevention of public nuisance and the protection of children from harm. A Statement has been produced which lists the objectives as above.

This Policy must be reviewed each subsequent three years. The Statement of Licensing Policy was first reviewed in 2004. It has recently been reviewed and was approved by full Council during December 2007.

Each authority must publish a Statement of the Policy before the beginning of the period to which it relates to. Once the Statement of the Licensing Policy has been approved it is published.

Each licensing authority must establish a licensing committee consisting of at least 10 but not more than 15 members to which all licensing matters must be referred. The Council currently has a Licensing & Appeals Committee which has 15 members to which licensing matters are referred.

Each licensing authority must keep a register containing a record of each premises licence, club premises certificate and personal licence issued. From discussions with the Licensing manager it was established that the register is kept on Uniform.

From discussions with staff within the Licensing Section it was established that although the staff are aware of the procedures and are made aware of any changes there are no written procedure notes regarding the processes involved in the issue of all the various licences. As a result discussions were held with the Licensing Manager to establish what

the procedures are for all the different categories of licences and then testing has been carried to ensure that these procedures have been carried out. However it is recommended that detailed procedure notes should be produced and kept up to date.

**R1 Ensure that procedure notes are compiled detailing the procedures that should be followed for all licence categories. (Medium)**

With regards to the documents being held in the section there does not appear to be a set document retention policy. The Council does not have a specific data retention policy. The Internal Audit Section has a list from CIPFA of document retention periods and during individual audits the storage of documents is examined. However, 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.

**R2 Produce a document retention policy. (Medium)**

For each type of licence a sample has been selected and examined to ensure that the procedures have been followed and that the correct fee has been received. There are numerous tests that have been completed but in order for the report to not be extensive these have not all been detailed in the audit report only the areas where discrepancies have been found and any associated recommendations have been reported as shown below. Full details of the tests carried out can be viewed on the audit file.

With regards to licences relating to Alcohol and Entertainment one file could not be found.

**R3 Ensure that the file relating to TM/PER/06/00\*\*\* is found. (Medium)**

With regards to premises licences a report was extracted from the Uniform system of all licences, then the premises licences were extracted and imported into IDEA which is an audit system and enable random sampling to be extracted. A random sample of 10 were then selected and the files obtained and examined to ensure that all the necessary documents had been held on file and in particular that the current fee had been obtained as the fees are based on the rateable value of the property. In order to check the fees received the Valuation Office Website was used to establish the rateable value of each of the premises and then a check was made against the list of fees set by the Department for Culture, Media and Sport to ensure that the correct fee had been received.

Once the licences are granted they remain in force for the life of the building/business unless it is surrendered or revoked. The annually fee is in effect a maintenance fee. From the sample selected all of the fees could be located for 2007, however this was a time consuming exercise as with regards to premises licences only the original fees received are recorded on the system. Yearly payments are not recorded on the system,

instead a report is extracted from the system of all premises licences and then debtor invoices are manually raised for each. Although there are manual records of this the system is now 2 years out of date with regards to receipts. From discussions with the IT section it was established that with renewals for the next financial year there could be a possibility that a quicker procedure could be used to produce these debtor invoices and to record them on the Uniform system. From discussions with the Chief Solicitor & Monitoring Officer it was established that improvements to the administration of the licensing system could be achieved if the End-2-End computer module were to be working correctly, this program was originally scheduled to be operational in January 2006, but it still not working.

**R4 Consider liaising with IT Services when the renewals are due, relating to premises licences to establish if the current procedures could be improved and to prioritise bringing End-2-End into full operation. (Medium)**

With regards to drivers licences one file relating to 06/00\*\*\*/PHDL was found in the tray of licence application forms which are awaiting a response from the CRB that a check has been completed. However, the original request was made to the CRB during September 2006 and does not appear to have been chased. From further investigation it was established from the Legal Section who maintain a spreadsheet of CRB checks that the CRB check had in fact been completed during 2006 but the paperwork and system had not been updated. Upon examining the rest of the applications awaiting a response from the CRB there were a number of applications whereby the request had been made to the CRB during 2006. Again from further investigations with the Legal Section it was established that some of these had in fact been completed and some had not. This could have serious implications to the Council if an incident had occurred and the licensee had not been subject to a CRB check. It was noted that responses from the CRB take between two weeks and four months to be completed, which is outside the Council's control.

**R5 Examine the licence applications awaiting a response from the CRB to ensure that a reply is received promptly. (High)**

**R6 Ensure that there are procedures in place to regularly examine the licence applications awaiting a response from the CRB. (High)**

Also with regards to CRB checks the current procedure is that once confirmation is received from the CRB a note is made of the date that it was received and then the documentation should be destroyed. However whilst looking through various licensing files it was noted that there were some photocopies of documents received from the CRB held on file relating to old CRB checks. In one case there was an original document on file, this item was passed to the Licensing Manager to destroy as it is a breach of the Data Protection Act to keep these documents.

**R7 Ensure that no documents or photocopies of documents received from the CRB are retained on the licensing files. (High)**

Regarding 06/00\*\*\*/HCDL there appeared to be no record on file that a CRB check had been completed. From further investigation it was confirmed by the Legal Section that a CRB had been completed and the system has been updated accordingly.

**R8 Ensure that the applications forms or the licence file is noted that a CRB check has been completed and returned. (Medium)**

With regards to vehicle licences all was found to be in order with the exception of 07/00\*\*\*/PHVL whereby the insurance documents had expired 2 days after the licence had been issued, although as insurance was in force at the date the licence was issued the Council would have had no discretion to refuse the licence.

The latest Risk Register held on the share drive appears adequate and is up to date.

**Report No 27- 2007/08 – Post Messenger Service**

The audit brief was to audit the controls relating to the Postal/Messenger Service and write audit system notes.

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

After obtaining a copy of the Risk Register for Caretaking and Courier Services all was found to be in order. All risks appear to be covered and it has also been reviewed within the past twelve months.

After conversation with the Office Superintendent it was ascertained that there are procedure notes in the form of a Courier Schedule. This schedule shows all the times of collections and deliveries. After further discussions with the Office Superintendent it was found that this schedule is out of date as the order of collections and deliveries have been changed. Some addresses have also been removed or added. A previous schedule was then obtained by the Auditor. This schedule was far more detailed than the current one, as it also shows many different procedures that should be carried out. The new schedule should now be updated to address both of these factors.

**R1 The Courier Schedule should be amended to now include the different delivery/collection times and addresses and should also include the basic procedures that are carried out on a daily basis. (MEDIUM)**

The Personnel Assistant was approached as she keeps a spreadsheet for all business drivers within Central Services. At the first time of asking, neither the Courier nor the Office Superintendent had shown their insurance documents to the Personnel Assistant. This was therefore requested and subsequently complied with. The documents for the Caretaker had already been seen by the Personnel Assistant therefore once the documents for the Courier and Office Superintendent had been seen all was found to be in order.



From discussions with the Courier it was found that there are currently two officers that are fully trained to cover in his absence: The Office Superintendent and the Caretaker. It is the Auditor's belief that the cover is sufficient.

After further contacting the Courier, Office Superintendent and Caretaker, all feel that they have had sufficient training to carry out the role. From accompanying the Courier on his schedule it was obvious that he is comfortable in his role and that the training he has received has helped provide a satisfactory service.

On Monday 14<sup>th</sup> January, the Auditor accompanied the Courier in his duties to ensure that the correct routes and procedures were being followed with those detailed in the Courier Schedule. This was all found to have been in order. The Courier did state that if roads are closed or traffic is busy, contingency routes have been investigated in order for all post to arrive as soon as possible to its designated destination.

The Buildings and Facilities Manager was contacted with regard to the costs involved in the Messenger function. He stated that the only cost that is charged to the nominal code for the Messenger service is wages. These wages are simply re-charged at the end of the financial year. This was proven by checking previous financial years on Integra. All was therefore found to be in order.

The Auditor attended the schedule with the Courier to ensure that all post collected and delivered was secure. In the majority all post was found to be handled correctly and it was secure at all times. One issue was noticed whereby when the Courier returns to the Gibson Building, the recorded and signed for post must be handed to the Office Superintendent for signing. Whilst this is happening, the Courier leaves the post bags in the Civic Reception unattended. It would be a wise idea to take the bags straight to the post room to avoid post being left unattended in the corridor. At all other time the post was found to be attended and secure at all times.

**R2 Ensure that the post bags are attended or held securely within the post room at all times. (MEDIUM)**

The DX post is a service separate from the Royal Mail that is used by both Land Charges and Legal Services on a regular basis. DX is a secure way of sending mail that should be received the following day. All DX post is sent through Vertex Law, a local law firm.

The Auditor attended the Courier Schedule on 14<sup>th</sup> January to ensure that the DX post is secure and that the process is satisfactory. Upon visiting Vertex Law, the Courier explained that TMBC hold 5 keys to the box that all our mail is held in. These are held by the Courier, the Office Superintendent, the Caretaker and the Senior Clerical Assistant. The fifth key is held within the Office Superintendants office in case of emergency. The post is then collected from Vertex Law and taken directly to the TMBC offices. The DX post is attended at all times and taken directly to the specific department. It is therefore felt by the Auditor, that the process regarding DX post is indeed satisfactory and secure.

The Auditor contacted the Senior Clerical Assistant with regard to the current situation regarding member runs. She stated that she would firstly gather together all the post for each member into a transit envelope, so that it can be re-used, by 11am every Tuesday and 11.30am every Friday. These envelopes would then be passed to the two

Caretakers to deliver. The Caretakers now do this process during their normal working hours, as to avoid overtime payments. After further conversation with the Senior Clerical Assistant it was ascertained that there are no procedure notes for this function. This has therefore been recommended by the Auditor.

The Auditor then spoke to one of the Caretakers to ascertain the process that he carries out with regard to the Members Run. He stated that once he and his colleague obtain the envelopes from the Senior Clerical Assistant they split the run in half- one Caretaker obtains 26 envelopes for all addresses east of Kings Hill and the other obtains the other 26 for the addresses west of the Kings Hill offices. A conversation then followed regarding the routes. With regard to this all was found to be in order.

**R3 Procedure notes for the Member Run function should be produced.  
(MEDIUM)**

**Report No 28- 2007/08 – Insurances**

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

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

After obtaining a list of all claims from the insurance ledger and obtaining the claims file storing all related documentation, the Auditor checked to ensure that all claims, once notified to the Insurance & Risk Manager, were processed and sent to Zurich Municipal promptly. The Auditor selected a sample of twenty cases, eighteen were within seven days. Only two claims took over seven days but both had valid reasons. All claims selected were found to have been processed promptly.

The same sample of claims from the first test were again used to check whether any documentation relating to each claim had been forwarded on by the Insurance & Risk Manager as soon as possible. All dates of correspondence were found to have been prompt.

A check was made using the same sample in order to ascertain the length of time it takes for cases to be settled and invoices raised. In the majority, most cases were settled in under 60 days. Three cases were over this amount due to the amount of information required or the size of the case. In a few cases, it was difficult to find the settlement and invoice dates within the Insurance file, therefore the Insurance & Risk Manager was contacted. The Auditor feels that it may be worth adding a column on the front sheet of each claim for the invoice and settlement date in order to have a single document where all information can be found with some ease.

**R1 Consideration should be given to adding two extra spaces on the “control sheet” for each claim for both the settlement date and the invoice date.  
(LOW)**

Once again, the same sample was used to ascertain whether the excesses are processed correctly. Firstly a check was made to ensure that a letter had been received from Zurich Municipal to state how much excess was to be paid. In all cases this was found to be correct.

Secondly a check was made to ensure that if a claim had be put forward by a leased car driver, that the driver had been sent a letter from the Insurance & Risk Manager to state that the excess would be taken from their wage. Once again, in all cases this was found to be in order.

Lastly, the Auditor checked the excess with regard to any property claims. There are currently two in progress but only one has been finalised. After checking on Integra the excess of £250 had indeed been charged out to the correct department. The Auditor feels that the process regarding excess is all in order.

After obtaining a selection of liability claims from the Insurance ledger, the auditor checked that there was suitable evidence held by the Insurance & Risk Manager to show that action had been taken to help prevent the likelihood of a re-occurring claim. On four of the five claims, evidence held either in the claims file or by the Insurance & Risk Manager was felt to be sufficient. The fifth case, regarding a cyclist falling off his bike after riding into a pothole, was then mentioned to the Insurance & Risk Manager as he held no evidence for the actions to be taken. It was stated that the Senior Parks Officer had been in contact with him and that the pothole was no longer and that the pathway in question was now part of an inspection regime. The Auditor then contacted the Senior Parks Officer and it was found that this is indeed the case. From the evidence obtained it is the Auditor's belief that claims are acted upon to reduce the likelihood of them re-occurring in the future.

**R2 Ensure that all evidence regarding claims and any subsequent remedial action is held within the Insurance & Risk Manager's file for future reference. (MEDIUM)**

A copy of the operational risk register for Exchequer Services (Insurance) was obtained from the share drive. All risks appeared to have been covered and the last review was made in May 2007 so has therefore been looked at within the past twelve months.

After contacting the Insurance & Risk Manager it was ascertained that there are procedure notes that show the basic procedures that can be carried out if the Manager is absent for any reason. It also states that if any queries are not urgent then the Insurance & Risk Manager will deal with them upon his return to work.

These procedure notes are available for staff to access on the Exchequer Services drive but will soon be available on the staff intranet as per the new controls column on the operational risk register for Insurance.

A total of four recommendations were made in the previous audit. On 10<sup>th</sup> October 2007 these recommendations were looked at in a follow up audit. All recommendations had been found to have been implemented and in order.

### **Report No 29- 2007/08 – Debtors – In draft stage**

The audit brief was to audit the internal controls using the CIPFA matrix to ensure that income due to the Authority is correctly charged, promptly raised and brought to account. Reminders should be promptly raised and debts appropriately followed up. In addition to 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.

There were three recommendations made during the last audit in 2006/07 all which were agreed and action dates planned.

Recommendation R1 (Medium Priority) was that Leisure Services should consider issuing one invoice for the complete period of a let and accepting payment by instalments. This practice was suggested to reduce the number of invoices prepared by Leisure and enable VAT regulations to be met. According to Leisure Services this was considered and is happening where 'appropriate'. A separate test was therefore carried out to check this and an example was found where only eight lettings were included on the invoice and the VAT was exempt. A separate VAT audit is to be carried this year which will examine this further.

#### **R1 The LSBU need to be reminded of the rules regarding lettings and when it is an exempt supply. (Medium)**

The Council has financial procedure rules as well as various procedures for staff however there does not appear to be any specific guidance, recommended by CIPFA, concerning the procedures for amending invoices, separation of duties and monitoring and reporting of debts. However as it is not possible to amend an invoice as such a procedure is not considered necessary. Monitoring and reporting is to FSMT on a quarterly basis.

The Financial Systems Officer wrote two security reports to demonstrate who the users were, with their access levels. This information was used to establish whether each was a current employee, the access was appropriate to their duties and whether there was an adequate separation of duties. It was found that a number of staff were still active on Integra even though they had actually left the authority. It was also noted that three Exchequer Officers have access to all of the SLS programs, which they can raise invoices, process payments etc and write off debts. The Exchequer Services Manager was contacted to discuss the risks of the above and it was considered low risk that the three of them have this access and was done to provide cover for sickness to run period end and control reports.

He was satisfied that the level of risk was acceptable concerning the separation of duties due to the following compensating controls –

1. the majority of invoices are raised by the services
2. the budget holders should check that their service has been correctly credited
3. payments are reconciled between Icon receipting and Integra
4. monthly overall reconciliations are carried out and authorised by the Exchequer Services Manager
5. refunds can only be made when authorised by an officer outside of Exchequer.

**R2 Ensure that a routine is in place to ensure that all staff that leave the authority are deactivated. (Medium)**

The authority do not maintain a bad or doubtful debtors list however the Leisure Business Unit have their own booking and receipting systems for dealing with bad debtors and can refuse entry to their facilities. Non-LSBU invoices are mostly for statutory services or penalties and therefore, such checks may not be applicable.

As a result of enquiries with a couple of regular users of the system it was established that there are differing procedures for raising invoices. The Angel Centre have one person doing the whole process without a second person being involved to ensure they are correct although Environmental Health Housing and Leisure generally do as they have a Senior Purchasing Officer who raises the majority of their invoices once they have been requested by another officer.

**R3 Wherever possible there should be two people involved in the raising of invoices, e.g. the originator and the integra user. (Medium)**

A random sample of twenty invoices was selected from the Integra tables using access and the IDEA software for the period 1<sup>st</sup> April 2007 to December 2007 when the audit commenced.

7.2 The twenty invoices were examined in detail and the following was found.

- (a) Most Invoices were legitimately not raised in advance of the payment however one had not been raised promptly due to delays in obtaining the correct figure to charge the debtor and this was an adhoc invoice. It was also difficult with two invoices regarding stray dogs to establish whether it was prompt as there was no date stamp on the documentation.
- (b) All were above the minimum value of £10
- (c) They all had adequate information to trace them to the Section and how to pay.
- (d) The narrative was generally adequate.
- (e) All the charges appeared to have been calculated correctly.

**R4 It is recommended that the documentation for the strays dogs is date stamped to enable monitoring of when invoices are issued and the date is included in the narrative. (Low)**

Invoice numbers are automatically generated by the system and were checked during the audit for the period 07/08 and none were missing.

Invoices are dealt with in-Service and despatched by them, the only invoices that would not be despatched would be those with a credit note issued on the same day and these would be matched up with the invoice when printed out.

The Periodical Income is currently a manual card system which is not ideal as it is untidy and the cards were in a muddle, it was found that a spreadsheet had been set up with most of the information in 2004. A sample of 20 records were randomly selected using this spreadsheet and IDEA. These were checked to the SLS system and the cards. A few minor issues arose.

**R5 Update the Periodic Income Spreadsheet by checking to the cards and use this to administer the payments. (Low)**

**R6 Where it appears that rents are due for review ensure that these are followed up with Property Services, it should be considered whether access to view the Terrier may be worthwhile. (Medium)**

Monthly budget monitoring reports are produced by Accountancy which are checked by each Service which should pick up any anomalies. The latest spreadsheet was checked and generally positive feedback is received by Accountancy and any queries highlighted.

A copy of the invoice that is sent out was examined and all methods of payment are detailed on the back of the invoice.

Income receipting is processed through the ICON receipting system which automatically interfaces with the various ledgers including the Sales Ledger. Daily income reports are produced and these are checked by the Senior Exchequer Assistant for any anomalies. See paragraph 16 regarding suspense.

As mentioned above daily income reports from ICON are checked to examine whether there are any anomalies as well as a daily check that receipted income is posted to the NML. In addition, monthly reconciliations are carried out between the SLS and the NML ledger. An examination of the reconciliations revealed that the month of July had been missed due to work and staff pressures. A random sample of two months reconciliations revealed a couple of queries that were satisfactorily explained during the audit.

The system will not accept invalid codes.

**R7 In future monthly reconciliations must not be missed. (Low)**

According to discussions with the Senior Exchequer Assistant the suspense account is reviewed and cleared at least weekly and usually daily. An examination of the crystal

reports on 24 January 2008 showed that there were no items on the unallocated receipts and adjustments reports.

Reminders are automatically produced by the system and administered by the Exchequer Services Section. From the sample of recent debtor invoices selected randomly two had been promptly paid. Sixteen had been sent at least one reminder, one was under query with the Service but is now back in the reminder process and one had been raised to the incorrect debtor and has since been issued a credit note.

It is planned that the Legal part of the process is to be managed within the Exchequer Section rather than the Legal Section as per the Best Value Review however as yet procedures have not been agreed regarding how this is to be administered.

**R8 Procedures need to be agreed and drawn up regarding the debt recovery now that Exchequer Services are now also responsible for the Legal part of the process. (High)**

Discussions with the Senior Exchequer Assistant revealed that the 'invoice under query' reports are run occasionally however they are not run on a regular basis or retained for inspection. As part of the audit an up to date report was obtained and examined which revealed some cases that have been outstanding since 2004 that could be written off. Also there was a long term query that needs to be followed up with the Service.

**R9 Regular reports detailing those invoices under query should be run and retained so that it can be demonstrated that they are being monitored and that the reason for being under query is still valid. (Medium)**

The Debt Recovery Policy is currently being reviewed due to changes in responsibilities of the Section.

**R10 The Debt Recovery Policy requires review as soon as possible (High)**

A sample of twenty cases was randomly selected using IDEA for examination. They all appeared to be appropriate and any anomalies should be picked up by budget holders as part of their monthly budget monitoring and certification process.

It was confirmed from the latest write-off schedules for January 2007 that a sample of eight of the fifty-two amounts had been appropriately written off and agreed to the amounts on the NML Ledger.

The Finance and Property Advisory Board are advised of the number and value of write offs, the report for January 2008 was examined. Quarterly graphs detailing outstanding debt by service are presented to the Financial Services Management Team. The latest report presented to FSMT in October for September 30<sup>th</sup> was obtained for examination and appeared to be adequate however the CIPFA matrix suggests showing the percentage of the debt.

**R11 It is suggested that the percentages of outstanding debts are expressed on the report to FSMT. (Low)**

Upon checking the Information Commissioners website the Council are currently registered under Purpose two covering the system of debtors under accounts and records.

The Council does not have a specific data retention policy. However the Chief Solicitor and Monitoring Officer will be producing a retention policy as part of the arrangements under the Freedom of Information Act scheduled for 2008/9. Until this retention policy is in produced Sections are now requested as part of the audit to ensure they have their own policy.

A copy of the Business Continuity Plan relating to Exchequer Services was obtained and examined from which all appeared to be adequate and is due for review in May 2008.

**R12 Produce a document retention policy. (Medium)**

Staff have been made aware of the Information Security Policy which contains information relating to the above. It is also available on the staff intranet.

The latest risk register was available for Exchequer Services and was dated May 2007. It appeared to cover the main risk areas.

**Report No 30 - 2007/08 – Creditors**

The audit brief was to document and review the purchase ledger key controls using the Audit Commission Matrix.

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

During the previous audit there were two recommendations made.

R1 – Ensure that the dispatch records on the statement of presigned cheques issues and usage agrees with the presigned cheque dispatch record.

During the follow up audit further testing of this was carried out, however it was established that there was one particular week whereby none of the cheque dispatch records had been signed to say that they had been authorised. During this audit further testing has been carried out in which another anomaly has been found and a further recommendation made (**see R3**).

R2 – Update the cheque administration procedure notes.

During the follow up audit it was established that these had been updated of which a copy was obtained and held on the 06/07 audit file.



The CIA extracted information from the Purchase Ledger (PRL) within Integra regarding all payments made during the current financial year 2007/08 to date. This information was then imported into the auditing system IDEA and a random sample of 20 invoices was extracted. A check was then made to ensure that the invoices had been certified by an authorised signatory by checking the authorised signatories file held in Exchequer Services and that the amounts that staff were authorised to sign for had not been exceeded. For invoices over £2,500 a member of Exchequer Services should check that the signatory on the invoice is able to authorise amounts over £2,500 and then they should initial the invoice in the section entitled 'second stage certification'. For cheque requests over £2,500 there is not a section for this but it was established that the cheque request will be initialled by a member of Exchequer Services to show that the relevant checks have been made.

From the sample examined the following queries arose. For one invoice a sample signature could not be found in the authorised signatory file. From further investigation only one member of staff within Exchequer Services recognised the signature. It was then established that although this member of staff had been listed as an authorised signatory there was no specimen signature held on file.

For one cheque request totalling £7,963 there was no initial from staff in Exchequer Services to show that second stage certification had been completed. A further sample of 20 invoices was then selected from the extract of data relating to invoices paid over £2,500 and a check made to ensure that the second stage certification had been completed by Exchequer Services. From the sample all was found to be in order.

**R1 Ensure that a specimen signature is received and held on file for A \*\*\*\*\*.  
(Medium)**

**R2 Ensure that for all invoices over £2,500 second stage certification by Exchequer Services is carried out and the relevant paperwork initialled accordingly. (High)**

From discussions with staff it was established that each week a spreadsheet is maintained by Exchequer Services of a list of the batches to be processed for payment. At regular intervals a payment projection is requested from Integra and compared to the spreadsheet to enable any discrepancies to be identified before all of the batches have been processed for that particular week. As these payment projections are not kept it is not possible to check these. However refer to 2.5 the checking and testing of output.

The offline cheque file was obtained and order on treasurer file from Exchequer Services and examined the payments to date for the current financial year 2007/08 to ensure that the number of off line payments were not excessive and that the payments had been authorised accordingly. A copy of the offline procedure notes were also obtained. Since 01/04/07 to date there has been 28 offline cheque payments. The payment requests relating to these payments were examined from which all appeared reasonable and had been authorised accordingly.

All services have been advised that urgent payments are to be kept to an minimum.

Using IDEA a random sample of 5 payment runs for this financial year to date were selected and then the details of the weekly cheque runs were obtained and a sample checked to ensure that all the records were correct and that the number of cheques posted and retained agreed with the associated records.

All invoices are paid and dispatched through Exchequer Services. When cheques have been printed by IT Services they are collected by the Exchequer Clerk (Overpayments) and handed to an Exchequer Clerk (Payments). Once relevant documents have been attached to the cheques they are then given to other admin officers in finance to place the cheques in envelopes and to post. The admin officers are told the total of cheques that they have been given and they will check that they have enveloped the correct amount.

There is a currently a form entitled 'Statement of Presigned Cheques Issue & Usage' which details the total number of cheques that have been printed, total of invalid cheques, cancellations & redraws and also details the total number of cheques dispatched broken down as cheques posted and cheques retained which have been given to services to issue as on occasions a service may ask for a cheque to be returned to them before it is posted so that certain documents can be attached to it, in these cases the Service must sign for the cheque. In addition to this statement, a Presigned Cheque Dispatch Record is completed each week with details of the cheques issued to services to dispatch. A sample of these statements and dispatch records relating to five cheque runs were obtained and a check made to ensure that all the paperwork agreed with the associated records and in particular that the total of cheques posted and retained agreed.

Although payments are released independently from authorising officers, cheques are returned to the creditors section. There is a control to ensure that the total number of cheques posted and retained is correct and has been authorised however from the sample checked the week ending 22/05/07 did not agree as the statement showed that 20 cheques had been posted and 8 had been retained, however from the dispatch records only 7 cheques had been retained with one cheque being sent as first class. The cheque sent first class should have been noted on the records as supplementary post.

**R3 Ensure that the dispatch records on the statement of presigned cheques issues & usage agrees with the presigned cheque dispatch record.  
(Medium)**

The Auditor obtained a copy of the cheque administration procedure notes to ensure that they were adequate and up to date. A copy of a spreadsheet which records the issue of cheques was obtained and imported into IDEA to extract a random sample and then checked to ensure that they agreed with the statements of cheque issue and usage. Stock records were then examined to ensure that stock takes are regularly taken. The

Auditor checked to ensure that cheques are stored securely and established the procedures regarding stock of orders.

From the sample of cheque issues checked from the spreadsheet to the statements that had been issued all agreed and had been authorised. Cheques are securely stored in a lockable cabinet with restricted access. Stock takes had been carried out throughout the year and records noted accordingly. As regards orders each Service has a supply of these and is responsible for them. Orders are not pre numbered, as each time an order is raised the Integra system will allocate an order number. Each department has its own distinctive prefix allocated by Integra. It should be noted that the cheque reconciliation and bank reconciliations would identify any discrepancies.

Details of the BVPI's and LPI's relating to 2007/08 to date were obtained and examined.

BVPI BV8 measures whether the Council's suppliers are paid in 30 days. During 2007/08 to date the council is just short of the target of 100% (99.64).

In addition the local performance indicator LP5 measures invoices the Council has paid correctly. This is usually 100% however there is the odd occasion where services might pay the wrong supplier or the wrong amount but there are not volumes for any concern.

Upon examination of the reconciliations it was evident that regular reconciliations are being carried out and are being authorised by the Exchequer Services Manager.

When invoices are received in Exchequer Services various checks are carried out however the responsibility of checking the coding of invoices is not the responsibility of Exchequer Services as this is down to the individual service. If an error on an invoice is identified it will be returned to the originating Service to correct. Invalid nominal codes cannot be entered into the PRL at the registration point and for ordered goods the nominal code does not appear on the invoice.

A sample of invoices were randomly selected and a check made to ensure that the coding was correct either by looking on the invoice or looking up the order to establish the nominal code that was used from which no queries arose.

A report was extracted from Integra of all current users of Integra and the group that they have been assigned to and examined. Two further reports were extracted from Integra which shows the access/security rights that the groups have and examined.

All Services have access to the Integra Ledger and nominated users are given certain access rights, this is done by putting them into 'groups'. Any amendments to the system are restricted and can be traced to the operator.

From discussions with the Financial Systems Officer it was established that amendments to the masterfile generally will relate to amendments to the creditor's names, addresses

and bank details. The groups a member of staff must be in to be able to amend these details is PRL\*\*\* and PRL\*\*\*.

The staff in these two groups were identified in the report of all current users and examined to ensure that access appeared reasonable from which only one query arose whereby one member of staff whom had now left the Council was still set up as a current user. The Financial Systems Officer was contacted to ensure that this was corrected.

From discussions with the PIA it was decided that this test would not be carried out as part of the creditors audit as there is a separate VAT audit due to be carried out before the end of the current financial year which will include this test.

No queries arose regarding the current backup procedures. A copy of the latest Disaster Recovery Plan was obtained and examined which appears adequate.

The latest risk register is dated May 2007, upon examination it appears adequate.

The CIA has been involved with the National Fraud Initiative (NFI) recently and providing details of the Council's payments and suppliers. This information has been examined by the NFI and potential duplicate payments and suppliers have been identified. Work is due to be carried out by the Internal Audit Assistant over the next few weeks and results will be noted on the audit file.

The next upgrade to the PRL will include a facility where duplicate suppliers can be merged rather than disable them, the upgrade is planned for later on this year.

A copy of the regularity report was obtained and examined to establish if any recommendations had been made regarding the Creditors system. No issues were identified as all controls were found to be working as expected.

The current balance on the creditors suspense account is £23,294. From discussions with the Principal Accountant it was established that the account is cleared at the end of each financial year, however services have started to monitor the account during the year. He will remind services of their responsibility to ensure that their suspense account is regularly cleared.

### **Report No 31 - 2007/08 – Housing/Council Tax Benefits**

Audit currently being undertaken

### **Report No 32 - 2007/08 – Benefit Applications – Issued as a draft report**

The audit brief was to audit the controls relating to benefits application form accuracy, ensuring adequate procedures exist and that claims are processed accurately to meet DWP guidelines, 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 **substantial**.

The most up to date Housing Benefit and Council Tax Benefit Security Guidance available from the DWP was accessed on the DWP website. The authority still uses and bases their standards and procedures upon this guidance.

Even though the verification framework has been abolished the principles and procedures as per the HB/CTB Security Manual are still complied with. This was tested by checking a sample of claims as per paragraph 2.3. The implementation of the IDOX system was supposed to aid the verification process however this is still being pursued with IDOX software.

**R1 Ensure that IDOX continue to be chased to update the system in respect of verification. (Medium)**

A report was obtained from iWorld and the data imported into IDEA (Interactive Data Extraction Analysis system), from this a random sample of twenty was extracted, details for nine of these were solely on IDOX and the remaining eleven files were located for those with documentation that has not been scanned. The files and/or IDOX were examined together with iWorld system data to verify the evidence and to ensure all details were correctly recorded in order to ascertain that the benefit entitlement was accurate.

As a result of checking the above sample of cases a number of queries arose, most of which were resolved and explained by the Principal Benefits Officer. The only outstanding queries are noted as follows:-

(i) Claim number – 00334\*\*\* – this claimants earnings could not be agreed with the payslips seen and with the details held on iWorld.

**R2 Check the whether the earnings are correct and adjust if necessary. (Medium)**

(ii) Claim number 536\*\*\* – this claimant should have single person discount. It was established that claimants that are found to be eligible for Single Person Discount are now being referred to Council Tax however this appears to have been missed. This has been flagged up by the Audit Commission and work is being done to rectify all those cases where single person discount should apply.

**R3 All claimants that are eligible for Single Person Discount should be referred to Council Tax for amendment. (Medium)**

(iii) Claim number 536\*\*\* – this claimant does not have any Council Tax liability and is being investigated by the Council Tax Inspector prompted by the audit. There appears to have been confusion with the address as it is part of a row of flats that are part commercial/part residential and liable for NNDR. Internal Audit are to be informed of the outcome of the investigation.

(iv) Claim number 521\*\*\* – this claimant did not send in proof of an account that was previously declared. In addition the private pension figure appeared incorrect

by a few pence however the previously declared figure had been correctly updated. The actual pension figure will be requested in April.

**R4 Ensure that the outstanding account is followed up and adjust the benefit if necessary. (Medium)**

Although the fundamental procedures for checking and reviewing the accuracy of the claims is the same, the way the authority actually decides on which cases to carry out an intervention on has changed. This is because the targets are now currently based on the percentage of benefit reductions processed. Procedurally the DWP guidelines as per the website are used and internal training and procedure notes have been recently updated detailing how interventions should be recorded.

Since November 2007 the HBMS data-matches have ceased for data protection reasons until further notice. For the period up to November 2007 we achieved 89.1%. Since then internal risk criteria have been used to obtain reports of claimants for intervention purposes to attempt to achieve a higher percentage of benefit reductions.

A report was obtained from iWorld using Business Objects to extract all claimants with an intervention start date for the year 2007/08 to date from which a random sample of twenty claims was extracted using IDEA. The iWorld and IDOX systems were interrogated to check the information on the intervention management module appeared correct.

The sample of twenty all appeared to be accurate with only two queries that were explained at the audit:-

One was a system glitch causing an intervention to be missed off the workflow, this has been identified and a further letter sent out to the claimant. Secondly there was an intervention complete that appeared to have some outstanding information required regarding Tax Credits. It was confirmed that the tax credit information as per the intervention form was used and a letter sent to request proof of this and confirmed as pending until March 2008.

On 18<sup>th</sup> February 2008 the Senior Internal Auditor observed the Finance Post Opening session to ascertain the procedures and assess whether they were adequate. The Benefits post is opened and checked for valuables. Any valuables received are recorded in a black diary and passed to a member of the Benefits staff to deal with and not left unattended. When the valuables are returned by recorded delivery this is marked in the diary which also records who was present at the post opening.

The Financial Services Post Opening procedures were examined and were last reviewed in January 2004.

As part of the testing an examination of the black diary and discussions with the staff that deal with the valuables revealed that valuables are received and sent back on the same day and are not left unattended. This could be confirmed by checking the dates in the recorded delivery book. Any items that the benefits staff consider not valuable such as

National Insurance Number cards are not marked off in the black diary but are returned in a 'Do not redirect – return to sender envelope'.

**R5 The Financial Services post opening procedures should be revised and reviewed annually. (Low)**

The satellite office procedures were also obtained which covered post handling for Kings Hill, Martin Square, Tonbridge Castle, Snodland and East Malling. These were updated prompted by the audit due to a slight change in the procedures and now appear to be adequate.

The latest risk register for Benefits was dated September 2007 and appeared to be adequate.

There were six recommendations for the Benefit application accuracy audit, two High, two Medium and two Low all were agreed and implementation dates added where necessary.

The two High priority recommendations regarding an improvement in control of obtaining ID and security of benefit files have been dealt with and are ongoing.

The Medium priority recommendations regarding procedures and interventions are ongoing.

The Low priority recommendations have been implemented.

There were six recommendations for the Finance Post Opening Audit no. 10 – 2006/07. The High recommendation R5 regarding locking up valuables whilst the office is unmanned was actioned with immediate effect and is an ongoing practice. R4 recommending that valuables be dealt with and returned the same day was also actioned with immediate effect and checked with the Benefit Officers who always return valuables by recorded delivery. This was confirmed by checking the black diary. R1, R2 and R3 were concerning procedure notes which were drawn up for the satellite offices and have recently been reviewed. R6 suggested that a risk register be drawn up for post opening, however this does not appear to have been done.

**R6 A risk register should be drawn up which includes post opening. (Medium)**

**Report No 33 - 2007/08 – Property & Land – Audit still in progress**

**Report No 34 - 2007/08 – Council Tax**

The audit brief was to document and review the internal controls regarding Council Tax (CT) to evaluate the effectiveness of the internal controls set up within the system.

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

A copy of the previous completed Action Plan relating to 2006/07 was obtained and checked to ensure that all of the recommendations had been implemented. All was found to be in order.

From discussions with the Principal Revenue Officer (PRO) it was established that as the Revenue section is quite small it is not possible to have a total separation of duties. All staff do have their own responsibilities. Any changes to the system can be checked through the QA workflow in Idox and a sample check of 10% of each member of staffs work is checked by senior officers.

There are a range of methods of payments available to people all of which are advertised on the Internet and on the back of the CT Bills.

The Senior Revenue Assistant (SRA) completes a spreadsheet of the CT valuation office schedules that have been reconciled, a copy of which was obtained and examined. The spreadsheet details the differences and shows when they are corrected. In most instances, this is as a result of waiting until the Valuation Office (VO) get round to correcting the mistakes. It is evident from the spreadsheet and upon examination of the working papers that reconciliations are regularly completed.

A report was obtained from the Systems Administrator (SA) of all properties that had a amendment to them relating to a VO schedule being received during the current financial year then using the auditing system IDEA, a random sample of 20 entries were selected and a check made to ensure that the amendments had been made promptly and correctly. All was found to be in order.

With regards to discounts there are a number of discounts available however for the purposes of the audit 3 of the largest types of discount were selected being single persons discount, PCLC10 which is a 10% discount for property being empty and unfurnished and student disregard. A report was extracted by the SA of all accounts receiving these discounts which was then imported into IDEA and a random sample of 10 accounts selected from each and a check made to ensure that the claims for discounts had been correctly processed.

With regards to single person discounts a discount of 25 % should be applied. From the sample examined the correct discount had been applied and recent review letters had been sent on all accounts.

With regards to student discounts if the student is the only resident then a 100% discount is applied, if there is a student living with both parents there is no discount applied however if there is a student living with one parent then the single person discount is applied. A letter is requested from the account holder from the university/college to confirm that they are a student and a note is made on the system as to when the course is due to finish.



From the sample examined two errors were identified firstly with regards to account 5087\*\*\* whereby there was a note on the notebook and a copy of a letter received from the college that a student discount should have been applied to the account from 26/09/07 to 31/03/08, however the discount had never been applied. Secondly with regards to account 5018\*\*\* there is a note on the notebook that a confirmation letter was received from the relevant college dating the student's attendance from 01/08/05 to 01/07/06 however the discount was entered onto the system as ending 01/07/07. This could mean that either the notebook or actual date applied could be incorrect but the original document would need to be examined.

With regards to unoccupied and unfurnished properties there are different discounts relating to properties that have been empty for more than 6 months and also for 2<sup>nd</sup> home properties. From the sample examined all was found to be in order.

**R1 Ensure that the correct student discount is applied to account 5087\*\*\*. (High)**

**R2 Establish if the correct student discount has been applied regarding account 5018\*\*\*. (High)**

Copies of the posting cheques which record details of the post collected by the Royal Mail were obtained relating to the main CT billing post for 07/08 which were sent out during March 2007 and examined.

On 16/03/07 the posting cheque shows that 16,886 items of post were collected regarding CT bills, these bills relate to accounts with an instalment date at the beginning of a calendar month. On 23/03/07 the posting cheque shows that 29,251 items of post were collected regarding CT bills, these bills relate to accounts with an instalment date at the end of a calendar month. This was all found to be in order with no queries arising.

Upon examination of the working papers throughout the current financial year it was clearly evident that regular reconciliations of income have been carried out.

It is the SRA responsibility to ensure that the suspense account is regularly monitored. From discussions and examination it is evident that the suspense account is monitored on a regular basis. As at 12/02/08 there are currently only 3 outstanding items on the CT suspense account all of which have a notebook entry against them as to what they relate to. There is a trail for each entry transferred from the suspense account as to where it has been transferred to.

A report was extracted from iworld of all CT accounts with a balance over £150. This was then imported into IDEA and a random sample of 20 accounts was selected. A check was then made on the system to ensure that the appropriate action had been taken regarding the outstanding amounts and where special arrangements had been made for payment that the agreed payments had been received. From the sample examined all was found to be in order.

From discussions with the PRO it was established that the overall collection rate each month is monitored and compared to the previous year, these figures are fed through to management and members at the Finance & Property Advisory board. Upon examination of the statements for the current financial year the targets were in line with the previous years.

From discussions with the PRO it was established that we currently just accept their application forms (and e-mails) to confirm they are sole occupiers. All single person discounts are on a review timetable whereby each claimant is sent a review form to complete to confirm that they are still a single occupier (other than children) on a yearly basis. If the review form is not returned within the stipulated time then a second review form is sent, if this form is not completed and returned then the discount will automatically be removed with the full charge being applied to the relevant Council Tax account.

Following previous audit recommendations the reconciliations of CT and MAS are now completed on a monthly basis rather than just at the year end.

Copies of the reconciliations up to the end of January 2008 were obtained from which no queries have arisen.

From Discussions with staff within IT services and examination of the Revenue & Benefits Disaster Recovery Plan and the Revenue & benefits Continuity Plan no queries arose.

Ensured that there is a satisfactory contingency plan in place in the event of an IT failure. The latest documents appear adequate and are up to date.

The latest risk register is dated September 2007, upon examination it appears adequate.

The PRO completes a monthly collection statement on the 1<sup>st</sup> of each month. Collection rates are compared with previous years and any major discrepancies will be investigated. The PRO also completes a spreadsheet showing the percentage of monthly collection rates which is compared to the previous years, again any major variation between the two will be investigated. BVPI 9 measures the percentage of CT collected by the authority in the year. Upon examination of the results for 07/08 to the 3<sup>rd</sup> quarter the target is on profile to be achieved.

There were no items highlighted by the Audit Commission within their Regularity report 2006/07 that required action.

The Systems Administrator maintains a file relating to all the processes involved with annual billing. With regards to the parameters there is evidence on file of these as to who entered them and who checked them. The parameters relating to the valuation bands were obtained and a sample checked to ensure that they were correct by comparing the

amounts agreed at committee to the amounts entered onto the system. From the sample examined all was found in order.

### **Report No 35 - 2007/08 – Payroll**

The audit brief was to audit the controls relating to Payroll using IDEA which is a computerised interrogation system, 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**.

A report was created in the CHRIS payroll system showing all employees NINO's and a check was made using IDEA to ensure that there were no duplicates. It was ascertained that there are currently no duplicate NINO's in use, therefore all was found to be in order.

The same report was used to ensure that all employees have a National Insurance number on the payroll system. This also found no issues and all employees were found to have a National Insurance number.

The report created in the CHRIS system was once again used to check that employees have a valid National Insurance number. It was imported into IDEA and a random sample of 20 employees were chosen. The Auditors then checked that the information given by either Inland Revenue or the employee when they began matched the information that was held on CHRIS. In all cases the information given and the information held on the payroll system matched therefore all was found to be in order.

After importing a report created in CHRIS a check was made using IDEA to ensure that there were no duplicate names and dates of birth. It was ascertained that there is currently just one duplicate name in use. After looking further at the report, it was ascertained that the two names both have different dates of birth, payroll numbers and National Insurance numbers. They also have a different middle initial. Therefore there are no duplicate names and date of birth held on the CHRIS payroll system.

A report was then created showing all employees that are younger than 16 or older than 65. No employees were found to be under 16 but a total of 36 employees were found to be over 65. A sample of 20 of these were then selected to ensure that a certificate of age exemption CA4140 had been issued by HMR & C stating that the employee is working beyond retirement age and will no longer pay National Insurance. In all cases documentation could be found from the Payroll Officer to support this.

After importing a report created in the CHRIS payroll system, a check was made using IDEA to ensure that there are no duplicate employee numbers currently in use. It was ascertained that there are no employee numbers that match at present, therefore all was found to be in order.

It was ascertained after creating a report on IDEA, that there are currently six cases where employee's details match another bank account and sort code. The first match was where a daughter was using her mother's bank account as she did not have one of her own. Three cases were where a husband and wife are both working for TMBC and using the same account numbers. The two remaining cases were found to be duplicated as a collection account was being used.

A collection account is used by some building societies. Upon their employment, each individual who has given a building collection society account number for their pay to be transferred to must also give a reference number. This reference number is entered into the CHRIS system. Wages then paid into the collection account are filtered out using the appropriate reference number. It was therefore established that the duplicate sort code and bank account details found on the system have valid reasoning behind them.

A report showing all employees tax codes was created using the CHRIS system. This was then imported into IDEA and it was found that all employees have a tax code on the payroll system.

All the relevant information for the February payroll was obtained and then calculated to ensure that the figures that have been paid can be accounted for and match those sent out by the Payroll department. These figures were then totalled and checked for accuracy. All figures were found to be accurate and the total figure for the month of February was correct.

A check was also made to ensure that the amount of money sent out by both BACS and Cheque, reconciled against the spreadsheet created in CHRIS. All was also found to be in order regarding this.

A follow up audit was carried out on 4 January 2008. This confirmed that the majority of recommendations given in the previous audit have been implemented. It was however stated that an issue still arose with regard to the notification of when a Chief Officer has confirmed they have examined their check list and they have resolved any queries. It is to be recommended that the Senior Personnel Officer should send out a monthly reminder to follow up any non responses from Chief Officers.

**R1 Personnel should send out monthly reminders to all Chief Officers to ensure that all check lists sent out by Payroll have been examined and any queries have been resolved. (MEDIUM)**