

Annex 1 - 2008/09 Audits to date

Report No 1- 2008/09 – Telephones

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

This audit was carried out to review and document the current office telephone systems and to follow up any recommendations from the previous audit.

Following discussions with staff and examination of the records held it became apparent that extensive paper records are being held by the administration section. Each monthly bill consists of approximately 150 pages, the first page is simply a total of calls/services and facilities/line rentals, there are then a few pages of statistics with the remainder of the 150 pages being itemised call lists. Apart from the first few pages of each monthly invoice being used the remaining pages are just filed. According to a paper that went to Management Team the invoices were due to be received electronically so that they could be pre-coded to reduce administration time. Currently the invoices are coded to the general telephone codes rather than to Services/Sections and recharged through the Management & Administration recharge procedures used by the Accountancy Section.

The bills are also received electronically in Portable Document Format (pdf) with individual call charge details being supplied in Comma Separated Format (csv). These are then forwarded to Accountancy Section who code the bill.

R1 Ensure that future invoices received from Redstone are in an electronic format only. (Low)

One of the benefits of the switch to Redstone was the increased ability to monitor telephone usage and highlight any potential abuse. This was a long-term aim as the individual extension numbers would have to be programmed. In the interim period there is the ability for exception reports to be produced such as calls over £5 but as yet this has not been used.

Although all calls are routed through the Ericson exchange the software for monitoring usage will not work on numbers allocated to the McFarlane system. The McFarlane system has its own monitoring software.

If there were any identified instances of abuse then additional information could be extracted from the McFarlane system or Ericson software for further investigation.

R2 Central Services should examine the summary information on a monthly basis to identify any potential abuse and initial the paper record to show that this check has taken place. (Medium)

The arrangement with Redstone had been entered as the result of an exercise by a sub-group of the Procurement OSG based upon telephone bills received paid within Central Services. As the LSBU's send their bills direct to Financial Services they were not included within the costing exercise. When this was noticed it was intended that once Redstone had been in place on the main Council numbers then the service could be extended to include the LSBU's.

There were two economic advantages to this proposed action. Firstly, the savings on lines and calls could be extended to the Leisure Services Business Unit. The second advantage was that the LSBU telephony charges could be included on the single bill to Administrative Services and recharged automatically. However there was a lack of communication and the LSBU's were not consulted about this. It would prove useful if in the future there was a member of the LSBU as a representative on the Kent Buying Consortium.

R3 Consider having a representative from the LSBU's on the Kent Buying Consortium. (Low)

During the course of the audit it was found that the LSBU's have entered into a separate agreement with a company known as ECL for telephony charges. There are no administrative savings from ECL as they bill each centre separately. From discussions with the Finance and Business Manager it was established that the contract is on a rolling agreement which is reviewable annually, details of the contract were requested by the Auditor and obtained from ECL by the Finance and Business Manager.

The value of the contract is not clear as it is dependant upon the level of calls made. The savings to the LSBU's are anticipated as being higher using ECL than Redstone due to a volume discount being given for switching all three centres.

The LSBU's could not make savings by transferring to Redstone as they are currently paying less for call charges. However, there are administrative savings that could be made if one supplier had been used and the Leisure Centres had been part of the one electronic bill. Additional administration time is also incurred by Central Services if changes to requirements are requested.

Other factors that needed to be considered were a one off connection charge that ECL charge that totalled £160 for the Angel Centre when there is no charge made by Redstone and Redstone charge monthly in arrears whilst ECL charge quarterly in advance.

The amount of information provided by Redstone is far more detailed and supplied electronically which makes ECL less attractive than Redstone for the Council as a whole.

R4 Consideration should be given to only having one supplier when the next review of telephony takes place in order to achieve administrative savings and potentially achieve lower call/rental charges. (Medium)

The latest Risk Register is dated July 2007. Upon examination the register appears adequate however there is reference to the previous telephone provider as being BT via IDN, this should be updated as it should now read Redstone.

R5 Ensure that the Risk Register is updated to include reference to Redstone. (Low)

Report No 2- 2008/09 – Petty Cash

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

This audit was carried out to audit the controls relating to petty cash, update the system notes and to follow up any recommendations from the previous audit.

All claims for September were checked to ensure that the VAT element of each cost had been coded correctly. From the sample of 31, three were found to be incorrect against the coding on the budget book. All of these were in relation to the use of public transport. The Auditor also checked the HMRC website to ensure that there should be no VAT element included. This was found to be the case. All other claims were found to be in order.

R1 Chief Officers and Budget Holders should be reminded to ensure that the correct VAT element is written on to the claim form. (Medium)

The Auditor obtained the risk register that included the petty cash risks. All risks appear to have been covered and the register has been reviewed within the past twelve months. The only issue that was noticed by the Auditor is that Internal Audit has been mentioned as an existing control. As Internal Audit is not involved in the day to day running of the petty cash function, they should not be included within this section.

R2 Any mention of Internal Audit should be removed from the 'existing controls' column and placed into the 'comments' column if felt necessary. (Low)

Report No 3- 2008/09 – Document Imaging System

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

This audit was carried out to audit the controls relating to the Document Imaging System (IDOX), update the system notes and to follow up any recommendations from the previous audit.

A sample was checked to ensure they had been correctly indexed by checking iWorld and IDOX. It was also analysed when they were indexed. The Revenues documents were scanned and indexed on the same day but Benefits documents were occasionally left until the next day and up to three days (not including the weekend) before being indexed.

It is crucial that scanning closely followed by the indexing is done to maintain accuracy of the documents and keep the workflow going. It should also aid the staff being familiar with the original when it comes to indexing the document.

Of the forty documents checked only one Benefits document had been indexed to the incorrect account but had also been indexed to the correct account. The document was just for filing and not part of the workflow so it did not affect anything.

R1 Procedures should state that documents should ideally be scanned and indexed on the same day. (Medium)

Approximately three months of Benefits documents are currently in an unlocked cabinet and not ideally filed for ease of access. It should also be noted that a number of batches for September/October were found in a store cupboard alongside some Revenues box files containing scanned documents which should have been destroyed. It has subsequently been found also that there is also a filing cabinet in the store room that contains batches for Benefits from September to December 2007.

Revenues documents whilst tidily filed in box files in easily accessible batches in date order are currently being held in varying locations some secure and some not. In addition the policy of retaining for only three months is not being adhered to as documents have been found going back to July 2007. Also a spreadsheet that used to be maintained detailing items sent to BOX-IT shows that there may be items being stored and therefore being paid for that should be destroyed in line with the disposal policy.

All except one of the twenty Benefits documents could be checked back to the original. This exercise took some time due to the volume of documents in each batch. Ten out of twenty documents were found for Revenues. It was not considered to be an effective use of time to locate the remaining ten as they were underneath other boxes in the storage room.

The disposal of confidential waste was established as part of this audit as it had been proposed to use BOX-IT for the Benefit batches to be collected and destroyed at £3.50 per sack (minimum of 5 sacks) with a £20 collection fee. The Council have already a procedure for disposing of confidential waste through a company called Iron Mountain who provide 660 litre bins, located in a locked area outside the Council Offices. The bins are collected approximately monthly prompted by a call from the caretaker when the bins are almost full and the Council are charged approximately £40 per bin which could fit 20-24 sacks in it. Using approximate figures the Council could save £300 per year by using Iron Mountain for the Revenues and Benefits documents rather than BOX-IT.

- R2 As per the Revenues and Benefits Service Document and Scanned image policy anything over three months old should be destroyed as confidential waste in the most cost-effective manner. (Medium)**
- R3 In line with the above policy and Data Protection Act documents should be held securely. (High)**
- R4 Benefits Sections scanned items should be held in date order and neatly filed to aid accessibility, possibly smaller batches should be considered. (Low)**

Report No 4- 2008/09 – Tonbridge Castle Exhibitions and Lettings

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

This audit was carried out to audit the controls relating to Tonbridge Castle Exhibitions and Lettings, update the system notes and to follow up any recommendations from the previous audit.

The Auditor obtained a list of all payments with regard to Council Chamber bookings and also obtained the file containing all chamber booking documents from Tonbridge Castle. The process with regard to Chamber bookings was found to be in order. The Auditor did notice however that 5 bookings on the listing for the Chamber did not have booking forms. When carrying out further checks it was found that these bookings were for Weddings and had been posted to the incorrect code. The Accountancy department have agreed to transfer these funds to the correct code.

R1 Ensure that the correct nominal code is used when posting bookings to Integra. (Medium)

Whilst checking the chamber bookings, the Auditor also checked to ensure that the use of the coffee machines was being correctly invoiced. After obtaining the spreadsheet from TIC and talking to staff, they have been recharging internal departments for use of the machine. After talking with the Buildings and Facilities Manager he has stated that this should not be the case. The Administration Officer has now agreed to stop this function.

Another issue that was found was with regard to other members of staff using the coffee machines. Staff should not be using the machine unless they are in an official meeting. The Buildings and Facilities Manager has therefore agreed to email all staff and remind them of this fact.

R2 Remind all staff that the coffee machines are to be used only during official meetings. (Medium)

The Auditor obtained the risk register for customer services and checked to ensure that all relevant risks appear to have been covered. All risks appear to have been covered and the register has been reviewed.

An issue that did arise within the risk register was that whereby Internal Audit has been mentioned within the existing controls column. As Internal Audit is not involved in the function on a daily basis they should not be included here. However, Internal Audit can be mentioned in an additional comments column to show that the key controls relating to this function are audited either annually, bi-annually or every three years if it is felt they are to be included.

R3 Remove section in risk register stating “Appropriate booking system in place covered by Audit study” from existing controls column. (LOW)

Report No 5- 2008/09 – Arrangements with Parish Councils

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

This audit was carried out to review and document the current procedures regarding arrangements with Parish Councils, carry out testing as appropriate, prepare system notes and to follow up any recommendations from the previous audit.

All of the recommendations from the previous audit had been implemented. The current procedures appear adequate for ensuring that the correct parish precepts are paid. The current arrangements for payment of the revenue support and grants appear adequate. Upon testing the payments made during 2007/08 all were found to be correct.

Report No 6- 2008/09 – Corporate Policies

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

This audit was carried out to confirm that the Corporate Policies of the Council are up to date, regularly reviewed and that staff are aware of them and can easily locate the policies.

On the home page on the Councils staff Intranet this is a key link to a Policy Store. Within this store are various headings which then lead to further policies. Upon a brief examination of the title pages to each section it was noticed that under the link to the Council's Constitution it is stated that the Constitution is divided into 8 parts but only 7 are listed. As policies are now all within the Policy Store they were easy to locate and there are extensive policies and forms available to all members of staff with Intranet access.

R1 Ensure that the Legal Services page entitled The Council's Constitution is updated as there should be 8 parts but only 7 are listed. (Low)

On the front page of the Councils website there is a link entitled Forms and Publications. There are various forms and publications from all over the website that have been grouped together under a number of sub headings. Upon examination of the Council policies & Statements the following were found to be out of date :

Energy & Fuel Poverty Strategy, the copy on the Internet refers to 2003-2006, is there an updated version.

Homelessness, this needs updating as it still refers to TMHA which is now Russett Homes and also TMBC now deal with homelessness.

Housing Strategy Statement, the copy on the Internet refers to 2002-2005, is there an updated version.

Housing Strategy Summary Statement, the copy on the Internet refers to 2005-2005 is there an updated version.

Under Application forms the document relating to the Summer Playscheme relates to 2006.

Under forms and publications there is an Easter Activate Brochure 2007, there should have been a document for the 2008 Easter Activate Scheme.

R2 Ensure that all policies/documents held on the Councils Internet site are up to date and the latest versions. (Low)

Held on the Councils website is a page entitled Publication scheme. This lists what information will be automatically or routinely published by the Council.

Held on the Councils website is a page entitled Local Code of Corporate Governance. There is a link to the Local Code of Corporate Governance which lists the appropriate policies. There is reference to the Best Value Performance Plan within this document and also the Constitution which should now be recorded as Cost Centre Performance Plans, Service/Section performance plans.

R3 Ensure that documents referring to the Best Value Performance Plan are updated to refer to the Cost Centre Performance Plans. (Low)

Report No 7- 2008/09 – Data Protection

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

The reason for only a limited opinion is that although the Council do have various policies etc. that make reference to the Data Protection Act and a number of areas are governed by separate legislation/codes of practice such as CCTV, it is the auditor's opinion that without regular training and a Council Wide Data Protection Policy there is a real possibility that staff could inadvertently be breaching Data Protection.

This audit was carried out to audit the controls relating to Data Protection.

There is currently not a Data Protection Policy in place. There was a policy drafted some time ago but it was never implemented. The Council's Data Protection Officer is currently the IT Manager (Alan Burch) however, it was agreed at Management Team that Legal Section take over responsibility for Data Protection due to the increasing complexity and interaction of legislation with the Freedom of Information Act, Human Rights, RIPA and other relevant legislation. A new Chief Solicitor has been appointed and takes up the post in August 2008. It is planned that this function will become the responsibility of the new Chief Solicitor.

The risks of not having a policy and therefore risking non-compliance with the Data Protection Act include fines being imposed, prosecutions, data processing being suspended, adverse publicity, lack of trust in the Council and inconsistencies in the treatment and attitudes.

R1 A Data Protection Policy must be drawn up in line with CIPFA guidance. (High)

The Code of Conduct for staff applies and includes a paragraph concerning Disclosure of Information and complying with the Data Protection Act 1984. In addition there is an Information Security Policy which highlights the main principles of the Act. Both of these documents are available on the staff intranet and are referred to in the Staff Induction Plan along with other Corporate Policies.

All staff had training in June 2004 regarding Freedom of Information and Data Protection and there was some training for members in 2005. Since then no other training has been carried out.

R2 Training needs to be provided on a regular and timely basis, in particular to pick up any new employees. (Medium)

It was requested by the Data Protection Officer via the ICT and E-Government Steering Group in January 2008 that a User Resource audit be carried out by the end of June to ensure that all relevant forms have included the appropriate statement regarding use of the personal data. This forms part of the Key Lines of Enquiry and at the time of this audit this had not yet been fully completed. An email to remind staff was sent round in June.

R3 Confirm with Internal audit that the User Resource audit is complete. (Medium)

Enquiries with various managers across the Council revealed that they are aware that, forms etc. should be reviewed, which will be picked up as part of the User Resource Audit and of the role of the Data Protection Officer. To test this further a questionnaire was sent to twenty random staff across the Council which showed a lack of awareness in some key areas including who the Data Protection Officer is, where guidance is held on Data Protection issues generally and the Information Security Policy.

See R1 and R2.

As there is no specific policy it was not possible to review any written procedures however it was possible to check a sample of disclosures to third parties by the Benefit Investigation Section. Any requests received should give a reason for the request and quote the appropriate legislation e.g. Section 29. (one request was found that did not quote a reason or the legislation but was confirmed to be from an official source). All requests and responses are held in a file locked in a cabinet in the Fraud Office which are occasionally reviewed by the manager.

R4 The Council's policy should include procedures for dealing with disclosures of data to third parties. (High)

Due to the fact there is no actual data policy this could not be confirmed however all staff had training and new employees have a staff induction and staff have yearly appraisals which draw attention to the Corporate Policies including the Code of Conduct and the Information Security Policy which contains references to the Data Protection Act. From the random sample of staff sent a questionnaire about the key areas of Data Protection of the eight that replied half were not aware of who the Data Protection Officer was and where to find information on this.

See R4

A number of forms were examined to ensure there was an appropriate warning. This identified a number that did not have a warning at all. However as per paragraph 2.3 there is a User Resource Audit being carried out as part of the Key Lines of Enquiry which should ensure that all forms have the appropriate statement included.

See R3

The Council does not have a specific data retention policy. However a retention policy as part of the arrangements under the Freedom of Information Act scheduled for 2008/9 was going to be written by the Chief Solicitor. It has been delayed until the new Chief Solicitor takes up the post. Until this retention policy is produced Sections are being requested as part of any future audits to ensure they have their own policy.

R5 A Corporate data retention policy should be drawn up as soon as possible. (Medium)

As previously established, as there is no Data Protection or Data Retention Policy that mentions periodic reviews, this was not verified.

R6 Responsibilities for undertaking periodic reviews of personal data to decide whether the data should be retained or deleted should be included in the relevant Data Protection or Data Retention Policy. (Medium)

There appears to be no formal written policy regarding the destruction of personal data however the Council have an unwritten but formal procedure for dealing with confidential waste. IT Services have no written policy but do adequately destroy items e.g. by physically destroying magnetic media such as discs/CDs which are smashed and tapes cut up.

R7 A corporate written policy should be drawn up regarding the destruction of personal data. It could be included in the existing Information Security Policy or in the recommended Data Protection or Data Retention Policy. (High)

The Information Security Policy has been amended as per the Amendment History at Appendix 7, (the latest amendment was in July 2008) and can be found on the intranet. From discussions with the Technical Support Manager this Policy was originally drawn up by an external company and complied with the standard BS7799 which is now the ISO27001. We are apparently working towards long term compliance with this standard which also links in with other standards that we must comply with in the short term such as Payment Card Industry Data Security Standards (PCIDSS) and Code of Connection Standards (CoCo) for connection to the Government Secure Xtranet.

The CoCo control matrix is currently in the process of being completed and was examined as part of the audit. There are 91 controls, 34 of these MUST be complied with and the rest SHOULD be complied with. Currently we comply with 16 that MUST be complied, the other 18 have either not yet been covered or have been highlighted as requiring action.

R8 Set target dates for compliance with the various standards that we must abide by. (Low)

Report No 8- 2008/09 – CCTV

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

This audit was carried out to audit the controls relating to CCTV, update the system notes and to follow up any recommendations from the previous audit.

The Auditor obtained a copy of the agreement and the Code of Practice to ensure that it specifies the respective roles of both parties. It clearly defines that any aspect of management of the system is carried out by Tunbridge Wells Borough Council. All maintenance issues, including tendering of the maintenance contract, is carried out by Tonbridge and Malling Borough Council.

When reading the CCTV Code of Practice, it was noticed that it reads that either Maidstone Borough Council or Sevenoaks District Council should carry out a peer review of the CCTV system on an annual basis. Both Councils were therefore contacted and it appears that the last peer review was carried out in 2004. During the duration of the Audit, all three Councils have been arranging a date for the next review, but they should ensure that this arrangement continues in the future as per the Code of Practice and the Agreement.

R1 Ensure that annual peer reviews are carried out by either Maidstone Borough Council or Sevenoaks District Council as per the Code of Practice. (Medium)

The previous recommendations were obtained and checked to ensure that they had been complied with. The first recommendation stated that CCTV Services should commence with annual reports as per that published in the Codes of Practice. The Auditor checked this with the Senior Engineer and it was found that this report is yet to have been carried out. It was stated that this is solely to do with resourcing issues and will be implemented once these issues have been resolved. This issue has now been passed to the Chief Internal Auditor for further action. The second recommendation had been implemented.

Report No 9- 2008/09 – Travel Claims

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

The Auditor has given a limited opinion due to the lack of management for business insurance for privately owned vehicles. Spreadsheets and records are not being maintained to a satisfactory standard in many departments and this could, in the event of a major traffic accident, make Tonbridge & Malling B.C liable to prosecution.

This audit was carried out to audit the controls relating to Travel Claims, update the system notes and to follow up any recommendations from the previous audit.

The mileage claim forms paid out in April and May were obtained and checked to ensure that the mileage readings appeared to be acceptable and legitimate. One item that was found was where a mileage reading had increased by 14,053 miles in the space of 4 days. The Chief Officer for this officer was contacted and confirmed that the employee had changed her car at that time but had not stated this on the claim form.

Another issue arose whereby an officer had over quoted the miles that the journey was meant to be. This was checked by using the AA route planner website and it appears that 11 miles have been added to the expected mileage. This was checked with the officer and she stated that she had recorded on her form what she believed the mileage to be. A similar event happened with another officer where the journey had been overstated by 20 miles. The officer agreed that he had miscalculated his journey. A similar issue also arose with regard to a claim where a 7 had been written in place of a 1 therefore 27 miles were claimed instead of 21.

R1 The differences must be reclaimed from the officer's in question regarding over claiming of mileage. (Medium)

R2 Authorising Officers should be reminded to check claim forms thoroughly before authorising payment. (High)

The Auditor contacted the administration officers for all departments to ascertain the procedure that is carried out regarding business insurance. This, as per past years, has various degrees of reliability. A total of 29 insurance policies were found that needed checking. In the event of a member of staff being involved in a road traffic accident whilst driving on Council business, without the protection of business use cover, their own insurers may decide not to pay out for damage to their own vehicle. In addition, dependant on the circumstances of the accident, the Council could be subject to formal investigation and possible financial penalty.

R3 Chief Officers must ensure that business insurance is regularly monitored and all policies are in date. (High)

The Auditor contacted the Principal Administrator for Executive Services and it was ascertained that they check insurance documents on every employee's annual appraisal. It should be noted that this could mean that an employee could be without business insurance for a period of time without our knowledge.

R4 The Principal Administrator for Executive Services should ensure that all insurance documents are seen once renewed. (High)

When obtaining the spreadsheet for IT Services it was ascertained that in the past the previous "owner" of the spreadsheet has not included members of staff who claim car cash. The Auditor therefore contacted the Insurance and Risk Manager to ascertain what the situation should be. The Auditor was informed that as the vehicle is private, adequate business insurance must still be shown for us to allow employees to carry out journeys for business purposes.

R5 The Information Technology Manager must ensure that all members of staff, including those on the Car Cash scheme, show their relevant insurance documents. (High)

Report No 11- 2008/09 – Larkfield Leisure Centre (LLC)

In the opinion of the auditor the control assurance level is **limited**. The reasoning for the Limited audit opinion is as a result of ID badges not being requested from the Auditors upon their arrival to LLC, otherwise the audit opinion would have been Substantial.

The audit of the LLC was requested by the Audit manager. Although a brief was produced it was not issued to the Service as the audit involved a surprise cash up. Each cashiering or leisure facility is subject to an unannounced audit in order to ensure that all monies can be accounted for.

On Wednesday 4th June 2008 the Senior Internal Auditor (SIA) carried out a surprise cash up on a visit to LLC accompanied by the Audit Manager and the Audit Assistant. Upon arrival at LLC the SIA asked the receptionist if they could see the duty manager and just stated that they were from Financial Services. No ID badges were on display by the Auditors purposely. When the duty manager arrived in reception it was stated that they were auditors and required access to all safes and the reception tills. No ID was requested from the auditors by the duty manager and full access was given to the auditors to the monies held in the safes.

It was also noted that there is no mention of the need to request ID from visitors within the Risk Register.

R1 Remind staff of the need to obtain ID from visitors to the centre. (High)

R2 Ensure that the need to request ID from visitors to LLC is included within the Risk Register. (Low)

Debtor Invoices

A report was received from Exchequer Services of all LLC outstanding debtor invoices as at 24/06/08. There were 22 accounts outstanding. There is one particular old account relating to 2006 which the Exchequer Services Officer has chased with LLC, this needs to be actioned. With regards to the other 21 outstanding accounts these relate to 08/09 only.

Direct Debit Payments

Various checks had been completed with regards to direct debit payments however the only error that was identified was with regards to an incorrect BACS payment requested for June 2008. With regards to member LC036332 according to the application form the applicant is a student and the monthly payment should be £32 however £39 appears on the June 08 BACS list this is an error and the July payment will be corrected and adjusted by the £7 over paid

R3 Ensure that the appropriate action is taken with regards to debtor invoice 21383 to obtain payment. (Medium)

R4 Ensure that all new members are set up for the correct direct debit payments associated with their type of membership requested. (High)

All of the bankings for May 2008 could be traced from the daily income returns to the bank statements however although the total figures banked for each day were correct there were a number of differences as to the tender types. On a number of occasions the amount of cash, cheque and card payments did not agree with the amounts banked when compared to the daily income returns, this could be as a result of the incorrect tender type being chosen by the LLC receptionist when the payment was made but it could also be an indication of teaming and lading which is a term normally used for "borrowing" from cash to repay by cheque. From discussions with the Finance & Business Manager it appears there may be certain occasions where the receptionists are forced to select the cash tender type however these scenarios are fairly infrequent therefore staff should be reminded of the need to ensure that the correct tender type is selected when processing a transaction.

R5 Remind staff of the need to enter the correct tender types that must be used when carrying out a transaction. (Medium)

Lost property is currently held in the day safe in individual numbered envelopes. The numbers correspond to a log kept in the reception area. Any items collected are signed for. The log was examined and 3 credit/debit cards were identified as still being held. The appropriate cards were found in the safe and handed to a member of staff to destroy immediately as all credit/debit cards should be destroyed within 48 hours according to the lost and found property guidelines. It should be noted that this has been an issue during a previous audit and a recommendation was made. The oldest item of found property being held was dated August 2007. According to the lost and found property guidelines any found property that is not collected within six months should be disposed of after six months, therefore a review of the current found property should be carried out.

- R6 Remind staff of the need to destroy any credit/debit cards that may be found in line with the lost and found property guidelines. (High)**
- R7 Carry out a review of the current found property to establish if any should be disposed of as the timescale of six months has elapsed. (Medium)**

The latest risk register relating to LSBU (Indoor Leisure) is dated March 2007. All risk register are currently in the process of being updated following training sessions to all services. Within the current risk register there is reference to the Internal Audit (IA) section under existing controls however, IA should not be referred to as an existing control although it can be mentioned in the comments column.

- R8 Ensure that the reference made to the Internal Audit Section under the existing controls column on the current LSBU risk register is removed. (Low)**

Report No 12- 2008/09 – Tonbridge Pool and Games Hut

In the opinion of the auditor the control assurance level is **substantial**. This opinion would have been limited due to ID badges not being requested, however as there were Tonbridge Pool staff present whilst the cash was being counted, the risk was not as significant as LLC.

The audit of the Tonbridge Pool and Games Hut was requested by the Audit Manager however a brief was not issued to the Service as the audit involved a surprise cash up to be carried out. In addition this audit included the follow up of previous recommendations.

On Thursday 26th June 2008 the Senior Internal Auditor (SIA) carried out a surprise cash up on a visit to the Tonbridge Pool (TSP) accompanied by the Internal Audit Assistant. Upon arrival at TSP the SIA said to the receptionist that they were there to do a cash up and were from TMBC. All ID badges were hidden out of sight on purpose. The Duty Manager arrived in reception and although he confirmed that the SIA was an auditor, full access was given to the day safe and lost property box without having to show any identification.

- R1 Remind staff of the need to obtain ID from visitors to the centre who are given access to the back offices. (High)**

Cash is held in two safes, one of which is a drop safe to hold the income ready to be banked, £1500 float and the petty cash £300 which can only be accessed by the General Manager and the Clerical Officer. There is a reconciliation of all the floats twice a week which were seen for week commencing 16th June 2008 which agreed to the total. The sheet for week commencing 23rd June 2008 had not yet been completed.

**R2 Ensure that the float reconciliation sheets are kept up to date.
(Low)**

A lockable found property box is held in the main office with the day safe. Generally each item is enveloped and numbered and entered on a Lost/Found Property log. A number of items were selected and a check made to ensure that items had been adequately recorded.

It was found that three items had not been logged. A cash card had been kept for longer than the specified 48 hours therefore this was destroyed during the audit.

Any unclaimed valuable property is sent to charity and it was noted that this had been done earlier in the year. A copy of the Lost and Found Property Guidelines were obtained and examined from which no queries arose.

R3 All items should be logged and numbered as soon as possible and not left unmarked in the safe (Medium)

A surprise visit was made on 3rd July 2008, by the SIA and IAA to the Games Hut to check the procedures for cashing up and receipting including the control of the tickets for the Bouncy Castle, Crazy Golf and the tennis courts. The hut was observed for a few minutes whilst a couple of customers bought ice-creams who did not appear to get a receipt. A couple were also observed playing tennis. An approach was made to the member of staff manning the Games Hut who was helpful and answered all our questions however no ID was requested.

The main points to note were that the till can produce receipts but the button was switched off, it was checked and confirmed that the ice-cream transactions had been processed through the till. The golf ticket numbers were noted and it was found that numbers 1924 to 1964 were missing. The bouncy castle is only open at weekends so the system for issuing and recording the raffle tickets was noted. This appears to be controlled with different coloured raffle tickets being issued depending on whether 1 child (60p) or 2 children (£1). The couple on the tennis court had not been charged at that point but it was planned to challenge them later. It was noted that the tennis courts are always open therefore when the games hut is closed it can be used for free.

See R1

R4 The missing golf cards need to be located and kept securely in future as they are a form of cash. (High)

**R5 It should be considered whether the tennis courts should be locked and controlled to maximise any income from them.
(Medium)**

R6 Customers should be issued with the receipt that is produced. (High)

R7 The bouncy castle raffle ticket system may be discontinued now that the till receipts are in operation. (Low)

The risk register was dated March 2007 and is therefore due for an update. All risk registers are currently in the process of being updated following training sessions to all services. In addition there is reference to Internal Audit in the existing controls column. The issue of ID has been raised during this audit and other LSBU audits which has not been identified as a risk in the register.

R8 Remove any reference to Internal Audit in the existing controls column. (Low)

R9 Ensure that the need to request ID from visitors to the LSBU is included within the Risk Register. (Medium)

Report No 13- 2008/09 – Car Parks

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

This audit was to audit the controls relating to Car Parks, update the system notes and to follow up any recommendations from the previous audit.

A sample of twenty car park returns were obtained from Exchequer Services and checked to ensure that no large variations in expected income against actual income could be found. A total of seven large differences were found. In all cases this was due to the fact that no audit ticket was obtained by Contract Security Services at the time that the machine was cashed up, although the discrepancies were rectified when the next audit ticket was produced. No other large differences were found.

A further sample of twenty returns was obtained mainly in order to ascertain the amount of times audit tickets are not produced by Contract Security Services. Of these twenty, a total of twelve large discrepancies were found, eleven of which were found to be due to the fact that no audit ticket had been produced. After speaking with the Parking and Office Manager it was ascertained that the fact that audit tickets are not obtained by Contract Security Services is often down to the result of machine malfunction or lack of paper. He is however aware of the fact that the opportunity for teaming and lading could arise if two consecutive audit tickets were not produced.

R1 The Parking and Office Manager should remind Contract Security Services to ensure that an audit ticket is obtained and subsequently attached to the return, when collecting from all parking machines, unless this situation is unavoidable. (Medium)

An over of £12.70 was also identified when looking through the returns. The Auditor therefore contacted the Parking and Office Manager and it was ascertained that no record could be found as to why this discrepancy had been made. Most discrepancies are noted and significant action is taken. After further investigation it was ascertained that this difference was as a direct result of a coin jam.

R2 Any discrepancies or issues should be recorded and appropriate action taken as soon as possible. (Medium)

Report No 14- 2008/09 – Development Contributions

In the opinion of the auditor the control assurance level is **minimal**. Due to the lack of evidence on the planning files it was established that currently the development contribution systems cannot be fully audited. And as a result only a minimal audit opinion has been given.

The scope of the audit was to establish and evaluate the procedures in place relating to the management, monitoring and reporting of development contributions.

Development contributions are often sought in order to mitigate the impacts of a planning proposal. Planning conditions, unilateral undertakings (UUs) and Section 106 Agreements (the latter two instruments also known as Planning Obligations) are used for this purpose. They bring conditions in kind and/or cash and the latter two mechanisms are binding legal documents with developers and landowners made under Section 106 of the Town and Country Planning Act 1990 (formerly Section 52 of the Town & Country Planning Act 1971) and are used to regulate developments where the use of a planning condition would not be appropriate. Conditions are enforceable through the core planning system while UUs and agreements are only enforceable by the High Court. These mechanisms ensure that developers contribute towards the infrastructure and services that local authorities believe to be necessary to facilitate proposed developments. Contributions may either be in cash or in kind.

A number of meetings have been held between the Senior Internal Auditor and the Chief Planner (CPDC) to establish the current systems in place.

Since the audit meetings the CPDC has confirmed that the Government has published its latest guidance on the merging Community Infrastructure Levy. It would come into force no earlier than 2009 and will be optional. However what is now clear is that not all contributions will be subject to the Levy, most notably affordable housing and thus the matters of individual negotiations will continue to take place and be recorded.

In order to test a sample of the development contributions a list of all planning applications which included these was requested by the Auditor. This proved difficult to produce by the Planning Section as there is no collective list. The only list compiled is a spreadsheet maintained in the Accountancy Section of purely Section 106 agreements where a cash value is to be paid and this is only on the understanding that the Planning Section has notified them of the amounts to be paid. From discussions with staff in the Accountancy Section it was mentioned that on occasions they have not been notified of all the monies that have been expected.

Various other lists were supplied to the Auditor by Development Control with various planning applications that involved a development contribution but it was difficult to establish where this information was coming from and it was not possible to conclude that this list was complete.

These lists were imported into the auditing system IDEA and a random sample of five planning applications selected. The files relating to these were then requested.

Unfortunately from the sample four of the planning application associated documents had been sent away to the storage company and were not at that time available to view on the scanning system SAPA. The paper files relating to the other planning application was obtained and examined.

There were a number of files relating to this one planning application and it was very time consuming for the Auditor to examine. This particular application involved a S106 agreement, affordable housing and an education contribution. However there was no audit trail as to the negotiation processes from start to finish. It was hoped that there would be a full summary of the negotiations, the dates they were held, who was present etc but other than a number of emails held on file there was no single substantive document.

The limited supporting documentation and audit trail was raised by the Senior Internal Auditor with the Chief Internal Auditor and a meeting was held with the CPDC.

Due to the lack of evidence on the planning files it was established that currently the development contribution systems cannot be fully audited. And as a result only a Minimal audit opinion has been given.

Although there is some guidance for staff when negotiating this is out of date and has been due for an update for some time.

R1 Ensure that the guidance notes for staff are updated. (High)

Because of the variety of planning considerations that apply in individual cases there can be no fixed rules for reaching a specific agreement on a contribution so a final settlement is reached via negotiation most frequently using the Council's third party development valuation consultant. This process results in there being no single audit trail as any information relating to the negotiations could be held in a number of places if it is recorded in the first place.

In order to resolve this situation it is recommended that an audit trail is kept of all planning applications where an obligation is involved. This could be relatively simple in a diary sheet recording what events took place, factors considered and the outcome. If there is additional information held elsewhere, such as in planning files, there should be a cross reference made to these so that they can be easily located.

The objective of this audit trail is to:

- Demonstrate transparency in any negotiations
- Assign responsibility for the final decision making process to an individual officer in order to protect staff from any potential allegation of covert negotiation.
- Ensure that the final settlement has been reached with the agreement of a Senior Officer in DC.
- Require that Senior Officer to review the audit trail and sign off the document.

R2 Ensure that an audit trail is kept of all planning applications where an obligation is involved. (High)

R3 Ensure that a risk review of Development Contributions is carried out following the introduction of these new audit trail arrangements. (High)

Report No 15- 2008/09 – Bank Reconciliations

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

This audit was carried out to audit the controls relating to the bank reconciliations, update the system notes and to follow up any recommendations from the previous audit.

The procedure notes that were available that had some relevance to the bank reconciliations were notes written by the retired Chief Cashier which explain how to complete the monthly collection and deposit spreadsheets which form part of the bank reconciliations. These do not appear to have been updated since he left and do not make it easy to understand fully how they work.

The cashiering staff in the Exchequer Section continue to use the spreadsheets that were left but struggle to be consistent in the way they account for the numerous adjustments that are needed each month.

The Exchequer Services Manager identified the reconciliation process as one of concern prior to the Chief Cashier leaving in 2006 and had been seeking to review, simplify and clarify the process since then. The review process was delayed by the aftermath of closing the cash offices and is now scheduled for September 2008.

R1 The whole procedure requires review and adequate notes written to ensure that the process is clear and transparent. (High)

The monthly bank reconciliations that are carried out are currently done as two separate reconciliations. Firstly a number two bank reconciliation which is the account where all the payments come from and secondly a number one/Collection and Deposit account reconciliation which reconciles all the accounts where the income is paid into. From an analysis of the previous reconciliations the number one and two account reconciliations are being carried out monthly, although in the case of the former minor discrepancies had been identified in April, May and June and were the subject of ongoing investigation.

As part of the audit the last complete No1 (April 2008) and No2 (July 2008) bank reconciliation and a random month sample for the year 2007/08, (No1 June 2007 and No2 December 2007) was examined and the all the figures agreed to the supporting documentation. In addition the year end cash reconciliation working papers were examined which were found to be clear, comprehensive and cross- referenced to the appropriate working papers. These were prepared by the Principal Accountant.

In comparison to the year end reconciliation, the monthly reconciliations in particular the No 1 account reconciliation to the Collection and Deposit Book seem less clear. However the supporting records including some add lists did back up the figures on the reconciliation. These are carried out by Exchequer Staff using information provided by the Cashiers.

It is acknowledged that there will always be a large number of manual interventions required on a day to day and monthly basis which cannot be automated however it is understood that there is bank reconciliation software available which may streamline parts of the process.

R2 It should be considered whether the reconciliations are combined in line with the cash reconciliations. (Low)

R3 Any new software that could possibly streamline parts of the bank reconciliation should be considered to cut down on the number of manual interventions. (Medium)

Although all part of Exchequer Services Section the only separation is that there are cashiering staff i.e. an Exchequer Officer and two Exchequer Assistants who post transactions and Senior Exchequer Assistants who carry out the bank reconciliations. The monthly bank reconciliations are subsequently checked by the Exchequer Services Manager and the Chief Accountant/Director of Finance. However, three members of the Exchequer Section have full access to the Cash Management System (CMS) and access to the ICON receipting system which means they can process/post transactions and carry out the bank reconciliations.

This is not an ideal situation and from a previous audit investigation with other authorities many Accountancy Sections carry out the bank reconciliations to ensure a total separation of duties however this may not be practical in this Authority due to the relatively small sections and the lack of resources available. From discussions with the Exchequer Services Manager, in reality the actual risk of staff misappropriating large amounts is negligible due to many other controls in the system. It was suggested that access to ICON could possibly be further restricted as currently all Exchequer Staff can access this for e-payments but not all staff need to post transactions. Also access to CMS should be reviewed for the Senior Exchequer Assistant (Income and Treasury) accepting that due to the small section and part time staff cover is need for absences.

R4 Examine the ICON access to see if access can be restricted for Exchequer Staff involved in the bank reconciliation and Senior Exchequer Assistant's (Income and Treasury) access to the Cash Management System. (Medium)

The debit and credit card payments are processed through CCPay which automatically downloads the information to the ICON receipting system. A report is run daily from CCPay which is checked to the Global Payment Analysis sheet (from ICON) which is subsequently posted to the Collection and Deposit Book by the Cashiers. Internet payments are automatically downloaded and the amounts are checked from the Yespay website to the Global Payment Analysis Sheet also. An example of a global fund analysis sheet for 23rd to 24th June 2008 was checked and agreed to the CCPay report for 24th June and to the Yespay website.

Daily cash reconciliations (Daily cash summaries) are carried out and these amounts are posted to Page 2 of the C & D book which is a list of collections including Kiosk income and all streamline income, paid into the No.3 (Cashiers) account. In addition Daily direct bank reconciliations are carried out by the cashiers which posts entries daily for page 3 of the C & D book which reconciles the direct bank entries for all accounts. However for the last three months there have been some minor errors that have since been identified due to over/underbankings with the cash kiosks which although they were being picked up by the cashiers on the daily cash summaries were not recorded in the C & D book.

R5 Any errors/adjustments identified in daily cash summaries need to be reflected in the C & D book. (High)

Report No 16- 2008/09 – Printing and Photocopying

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

This audit was carried out to audit the controls relating to printing and photocopying and write relevant audit system notes.

The Auditor ascertained that the photocopiers throughout the Gibson Building and at the Tonbridge Castle site have all been purchased through the Kent Buying Consortium. This is an exemption under the Contract Procedure rules and means that the normal procurement exercise is not required because the Council can use the suppliers that have been appointed by their tender process.

With regard to those copiers at Larkfield Leisure Centre and the Angel Centre it was ascertained after conversation with the Finance and Business Manager (F&BM) that these are on rental agreements. The copier at the pool was bought using capital renewals. Documents were obtained from the F&BM to ascertain if the processes were in line with Contracts Procedure Rules.

During the course of the audit, it was found that each of the Leisure Centres procure their own photocopiers. This process is carried out by the General Manager of each site. The Auditor therefore contacted the General Manager at Larkfield Leisure Centre. It was ascertained that no formal procurement exercise was carried out and that there is only limited documentation to show one original quote.

It would be economic and efficient to include the Leisure Services Business Unit in the procurement exercise for the Council as a whole in relation to photocopiers. There are several advantages to this option. There would be an administrative saving in time procuring the photocopiers. Being part of an overall agreement would ensure that the EU aggregation rules are not accidentally breached. There could be a potential saving on the cost per unit. This could also save on administration costs as only one supplier would be dealt with, which could also have a positive impact on maintenance costs.

A positive point that should be raised is that the Leisure Contracts Manager is now a member of the Procurement OSG and therefore has a greater awareness of joint procurement opportunities within Leisure Services as a result.

R1 The Buildings and Facilities Manager should contact the Finance and Business Manager (LSBU) to ensure that the LSBU is included within the purchase of photocopiers throughout the Council. (Medium)

Guidelines are available through the staff intranet for all employees to obtain. It clearly states that any copying or printing over fifteen pages should be sent to the print room to ensure that this is cost effective. A copy of an email sent in 2004 was also obtained telling all staff of this fact. The Auditor contacted a random sample of staff to ascertain if they were aware of the rules surrounding cost effective printing and where they could find these. Many of those sampled were aware that there were rules surrounding printing, but were unaware of their limits or location on the intranet.

R2 Staff should be reminded about the most cost effective way of printing and copying and that guidelines are available via the Intranet. (Medium)

From conversations with the Printing and Reprographics Manager (P&RM) it was ascertained that private jobs can be carried out for external businesses and employees. The Auditor therefore obtained the print request forms and checked to ensure that a complete audit trail could be followed.

The first issue that arose was with regard to pricing of jobs. No records are kept of how the job cost has been calculated. From obtaining the print request forms it was exceptionally difficult to trace how the job was priced. This is also true of internal print jobs that are due to be recharged to services.

R3 The print request forms and invoices should include a section that shows exactly how the job has been calculated. (High)

The Auditor also checked to ensure that an invoice was being raised for all print room jobs for external parties. If an invoice is to be raised, the P&RM completes a "printing to be charged out" slip. This slip is then passed to the Purchasing Assistant who uses the relevant details to invoice the job. From a sample of twenty print request forms a total of seven charge out slips or invoices could not be found. After conversation with the P&RM it was ascertained that if they are aware that the customer is to pay for the job immediately at the kiosk, the costs of raising an invoice can be avoided. Of the seven that did not have a charge out slip, 6 were employees of Tonbridge and Malling and therefore would have been advised to pay at the kiosk.

For the seventh form, no charge out slip could be found and also no payment could be traced on Integra. After conversation with the Printing and Reprographics Manager it was ascertained that they are positive this job of £33 was paid at the kiosk as the Printing Supervisor observed the customer paying this figure in. The Senior Exchequer Officer has therefore been contacted and has managed to find that the payment at the kiosk was made but was declined. The Auditor has therefore contacted the employee and asked for the payment to be made at their earliest convenience. To ensure that this situation does not happen again the Print Room should obtain a record from Integra on a monthly basis that shows the payments that have been received to ensure that all jobs can be accounted for whether an invoice has been raised or not.

R4 The Printing and Reprographics Manager should obtain a listing of all private print room sales on a monthly basis and check to ensure that the income levels are as expected. (Medium)

The Risk Register for printing services was obtained and checked to ensure that the relevant risks have been covered and that this has been reviewed within the past twelve months. The risk register has indeed been reviewed within the past twelve months however, some risks have not been covered and should be identified. Loss of income from external parties not paying invoices, health and safety aspects, hazardous materials, stock control and the embarrassment and financial risks caused by misprinting could all be included within the printing services risk register.

R5 The Buildings and Facilities Manager should review the risk register for printing services and ensure that all possible risks have been recorded. (Medium)

Report No 17- 2008/09 – Healthcare

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

This audit was carried out to audit the controls relating to Healthcare, update the system notes and to follow up any recommendations from the previous audit.

The Personnel department keep a list of all employees who are part of the scheme. This list gives names, addresses and also details the type of membership held, whether it be employee only, employee and partner, employee and children or family membership. This list was obtained along with a report extracted from the CHRIS payroll system which details the deductions that each employee is having in respect to the health care plan. All members were checked to ensure that the correct deduction is being applied. In the majority this was found to be in order however there were three anomalies. These anomalies should be rectified as soon as possible.

R1 The Personnel department should update the database to reflect the discrepancies that were identified. (Low)

Two recommendations were made in the previous audit. The first was in regard to updating the data held by Personnel to reflect the discrepancies that were identified. The discrepancies were checked by the Auditor and were found to have been rectified.

The second of the recommendations was to undertake a risk assessment of the Healthcare scheme and prepare a risk register. From looking through the share drive the Auditor obtained a risk register in respect to the Healthcare scheme. The recommendation has therefore been completed. However, the risks surrounding incorrect deductions, incorrect notification of participants and the issues surrounding data protection are not noted in the risk register.

- R2 The risk register should be updated to include the risks surrounding incorrect deductions, incorrect notification of participants and the issues surrounding data protection. (Medium)**

Report No 18- 2008/09 – Angel Centre Cash up

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

The audit of the Angel Leisure Centre (ALC) was requested by the Audit manager. Although a brief was produced it was not issued to the Service as the audit involved a surprise cash up.

During the audit it was noticed that the main safes are held in a room which is accessed by a key pad. The General Manager was asked when the code had last been changed and it was established that the code is not changed on a regular basis. As there may have been staff changes since the last time the key pad code was changed it should be changed immediately and subsequently amended on a regular basis.

- R1 Change the key pad code to the safe room and ensure that it is changed on a regular basis. (High)**

All other controls that were tested were found to be in order.

Report No 19- 2008/09 – Home working

At the time of writing this report this audit was not finalised.

Report No 20- 2008/09 – Insurance

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

This audit was carried out to audit the controls relating to Insurance Claims, update the system notes and to follow up any recommendations from the previous audit.

The Auditor obtained a copy of the risk register for Insurance. The register had been reviewed within the past twelve months and all the relevant risks appear to have been covered. One issue that did arise however is that it states that the procedure notes should be available on the intranet. After searching the intranet no such notes can be found.

- R1 The Insurance and Risk Manager should ensure that the procedure notes are uploaded onto the staff intranet as soon as possible. (Low)**

All other controls that were tested were found to be in order.

Report No 21- 2008/09 – Email

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

This audit was carried out to audit the controls relating to Email, update the system notes and to follow up any recommendations from the previous audit.

The Auditor obtained a list of all current email accounts from Group Wise and a listing of all members of staff currently on the Payroll. After being matched together and using the data matching tool on the IDEA audit program and contacting both Payroll and Personnel, it was ascertained that a total of 15 accounts are no longer required as staff have left employment of Tonbridge and Malling Borough Council. After conversation with the STSO and Technical Support Manager a few issues were highlighted. Firstly, the fact that shared document files must have ownership taken over by the leaver's line manager before they leave employment of TMBC. This is still an issue as many line managers are not ensuring that this is done.

R1 Chief Officers to remind line managers that any shared folders on a leaver's account should have the ownership taken over prior to the employee leaving. (Low)

Standard security recommendations also state that accounts should be closed within 90 days. As stated above, 15 accounts are no longer required. A recommendation has subsequently been made. It is appreciated by the Auditor that not all accounts will be able to be deleted with immediate effect.

R2 IT Services should ensure that leavers' email accounts are immediately closed for access and deleted within 90 days. (Medium)

Report No 22- 2008/09 – Community Safety Partnership.

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

This audit was carried out to audit the controls relating to the Community Safety Partnership funding and update the system notes.

As part of the audit all invoices relating to expenditure incurred for the year 2007/08 were examined from a file retained by the Community Safety Officer. The only query that arose was an outstanding order for some purse chains. Upon investigation it was found that the goods had been received, an invoice processed however it had not been matched up to the original order. An email has been sent to the Executive Services Administrator to cancel this order and to check any other outstanding orders.

R1 Care must be taken to ensure that any invoices received are matched up to the original order. (Medium)

All other controls that were tested were found to be in order.