

## 2009/10 Audits to date

### Report No 33-2009/10 – Homelessness

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

Homelessness has been given a minimal opinion due to the fact that it was not possible for the Auditor to satisfactorily audit the financial side of this work. It has not been possible to carry out reconciliations for each customer, the amount paid to a bed and breakfast provider on their behalf, to the amount of nights stayed in bed and breakfast according to Housings records, to the amount re-charged to the customer. If this process were improved then the audit opinion would be higher as no major issues were found with homeless decisions and advice.

*The recommendations relating to Homelessness from the Housing Investigation Audit Report were followed up to ensure that they had been implemented.*

The recommendations were as follows:

- R1 Review the procedures within six months to ensure that bed and breakfast debts are continually monitored and appropriate action has been taken. (Medium – Chief Housing Officer and Exchequer Services Manager).

Whilst Finance is responsible for the debt recovery procedures, Housing do have an important role to play too. Housing has responsibility for each of their budgets and should be safeguarding these and helping to aid recoverability where appropriate. Housing are also responsible for raising and coding debts correctly.

For example, the Housing staff have regular contact with their customers so they can sometimes be best placed to chase a customer for a missing piece of evidence for a Housing Benefit claim or encourage them to pay their service charges etc. The Housing team have stated that although it is not their responsibility, when they become aware of a problem such as an incomplete benefit claim then they are pleased to help where possible.

Also, it is important that as much information is obtained from the customer as possible to aid debt recovery. There have been discussions between members of Finance and Housing staff and there is work in progress.

- R1 The above best practice relating to debt recovery should be included within Housings procedures. (High – Housing Needs Manager)**

Expanding on this recommendation the Housing Options Team Manager took over responsibility for this area in October. Although some of the procedures have been reviewed there needs to be a full review of this area of work to address the recommendations contained within this report.

**R2 Ensure that all the procedures relating to the financial side of Homelessness are reviewed. (High – Housing Needs Manager)**

R2 Clarification to be sought from the Audit Commission on action required on acceptable treatment of these cases. (High – Chief Housing Officer and Exchequer Services Manager).

This recommendation related to how much we were claiming back for bed and breakfast for Housing Benefit cases. We were charging a smaller fee than we were actually paying to the Bed and Breakfast provider. This was so that Bed and Breakfast would be affordable to all including those not on Housing Benefit. The Audit Commission criticised us for this during the Housing Benefit Subsidy Audit as we should have been using the actual cost per night less service charges.

The Principal Benefits Officer stated that we are now charging the actual amount per night and the Audit Commission now agree with our procedure.

*Examine the procedures followed when processing homeless applications and other areas relating to Housing Options.*

There are not written procedures for all aspects of this sections work although some new procedures have been written including the procedure for Bed and Breakfast Bookings. It was stated to the Auditor that the Homelessness Applications procedure has now been completed.

It was also stated to the Auditor that the draft Homelessness Strategy Action Plan (July 2010 – June 2011) contains an objective to develop a procedure manual to cover housing advice, homelessness prevention and housing register services by December 2010, in partnership with other West Kent authorities. And they stated that it is their intention to follow this timescale.

All the time there are not procedures in place the service and staff are open to a higher risk of fraud and error. There should be minimal procedures in place even if a manual is the long term objective. A lack of procedures would frustrate any action arising from fraud or error. In addition staff are placed in a vulnerable position if they do not have clear guidelines on what to do.

Although location has to be taken into account procedures should also state that where appropriate the cheapest option for Bed and Breakfast should be used. This is because most of the clients that need to be placed in bed and breakfast are likely to be entitled to housing benefit. Even if the customer is

entitled to full housing benefit, the amount the Council receives back in subsidy is capped and therefore the Council does incur a cost.

**R3 Written procedures need to be written or updated for aspects of this sections work and reviewed regularly to take account of any changes. (High – Housing Needs Manager)**

*Test check a sample of recently completed homeless applications to ensure that they have been processed in an efficient, effective and a timely manner.*

The national performance indicator for homeless applications is that they should be processed within 33 days.

A sample of 20 homelessness cases from 2009/10 were selected and a check was made to ensure that the Auditor agreed with the homelessness decision that was made.

The Housing Options team deal with approximately 150 new housing options cases each month and each officer has at least 30 ongoing cases at any one time. Only around five of these households are placed in bed and breakfast accommodation each month.

The Auditor found that all homelessness applications that were tested had been processed within 33 working days; homelessness decisions were sound and complied with relevant legislation and evidence was provided on individual case files.

Therefore, from the sample tested, the Homelessness applications have been processed efficiently and effectively.

*Examine the procedures and compliance in relation to payments to bed and breakfast establishments, removal firms and the collection of rent and service charges from applicants placed in emergency temporary accommodation.*

It was ascertained that it is now very rare that the Council organises removal firms or storage facilities as these costs are all recharged to the customers and therefore was not tested during this audit.

A sample of five customers who had been in temporary accommodation were randomly selected. A check was performed to ensure that they had been billed the correct amount for bed and breakfast accommodation. The Auditor also checked that the amount paid to bed and breakfast establishments relating to these customers was the same amount as the Housing sections records.

Of the five tested it was only possible to verify the amounts billed to the customer and the amounts paid to the bed and breakfast establishments for two of them.

The other three did not tie up with the amount paid by TMBC to the bed and breakfast provider, to the amount billed and to the spreadsheet record kept by the Housing Section.

The spreadsheet record kept by the Housing Section was found to be incomplete. Although it records the amount of nights stayed, and the cost for bed and breakfast it does not record how much was actually paid to the bed and breakfast provider in relation to each customer. If this spreadsheet was kept accurately it would be a quick and easy check to ensure that TMBC have not been overcharged.

**R4 Ensure that the bed and breakfast spreadsheet is kept up to date at all times and add an extra column to the bed and breakfast spreadsheet showing the figures paid to the bed and breakfast providers and the dates which it covers. (High – Housing Needs Manager).**

Another sample of five customers was selected and the same tests as above were performed. Four of the five could not be reconciled between the three records. The other one was for the correct amount although the invoice had been incorrectly coded.

The Auditor did not spend anymore time on this area as it was not possible to see where the errors had been made and Housings spreadsheet was incomplete for many of the records.

**R5 Ensure that a reconciliation is performed between the amounts paid to bed and breakfast providers by TMBC, with the number of nights recorded for each customer as staying in bed and breakfast accommodation to the amount invoiced to the customers in relation to these costs. (High – The Director of Health and Housing).**

In order to quantify the level of exposure that the Council is exposed to the Principal Accountant wrote a report on Integra for the Auditor. Reliance cannot be placed on the figures on this report as it may not have picked up some old debts and there are some that have been incorrectly coded. However, they are a good estimate of the position regarding Bed and Breakfast debts. The amount invoiced as at 25 January 2010 was £93,717.32 and the amount outstanding is £23,836.86. The earliest account from this report was from 2003 although most of them are much more recent.

**R6 Ensure that amounts relating to Bed and Breakfast are coded correctly and include the correct format within the procedure notes. (High - Housing Needs Manager)**

*Ensure there is an adequate risk register for Homelessness and that it is reviewed at least six monthly.*

The risk register does not appear to cover the financial risks for the Council associated with Homelessness.

**R7 Update the Housing Risk Register to include financial risks for the Council relating to Homelessness. (Medium – Chief Housing Officer)**

## **Report No 40-2009/10 – Housing and Council Tax Benefits**

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

Although an audit opinion of substantial has been given it should be noted that had a checking officer not been appointed during February 2010 an audit opinion of Limited would have been given. During the period 31/07/09 to 22/03/10 no checking had been carried out with regards to the benefit calculations of the permanent assessors and for that period there is no assurance as to the percentage of accuracy.

*The system provides for accurate calculation of benefit entitlement*

A report was obtained from the Systems Administrator of new HB claims since 1/4/09. This includes active, registered and cancelled claims. This was then imported into IDEA and a random sample of 20 selected. For each of the sample a check was made by comparing the records on IDOX to the records entered onto the Northgate system to ensure that all figures and details had been entered correctly to ensure that calculation of benefit entitlement was accurate.

From the sample examined there were a number of queries that arose however with the exception of one of these queries all were resolved with the Benefits Office Manager.

The outstanding query related to account 5\*\*\*\*9. There was no evidence on the system as to how the income figure of £197.40 had been calculated. What should happen is that the pay slip amounts should be entered onto Northgate and then a figure is calculated. However with this account there does not appear to of been any pay slips entered. The Benefits Office Manager was unable to explain this and has passed the query to the Special Projects Officer to resolve.

**R1 Ensure that further investigative work is carried out with regards to 5\*\*\*\*9 to establish how the applicant's income figure has been calculated. (High – Principal Benefits Officer)**

*Outputs are checked for reasonableness*

The Auditor obtained a listing of HB reports that are requested, which is marked with a tick to show they have been run and checked. A spreadsheet was then compiled to collate the information to establish if all reports are run and checked for action.

There is a listing held in the benefits office of reports that are either automatically run by the system or are manually requested as ad hoc reports. This list is produced each week and should be marked to show when reports have been run and actioned. It was not possible to establish how often these reports had been checked without collating the weekly listings therefore an exercise was carried out by the Auditor to collate this information for a four month period to establish how often the reports were being run and checked.

According to the reports schedule there were a number of reports that do not appear to have been run on a regular basis. An example of this is the Significant Age Report which should be run on a monthly basis. From discussions with the Senior Benefits Officer it was established that the reports schedule had probably not been updated when the Significant Age Report was run. This report is an ad hoc report and has to be manually requested from the system, therefore a note of the report being run may not have been made on the reports schedule. The Senior Benefits Officer provided the Auditor with proof that this particular report had been run in the four month period that was examined.

As already mentioned the Senior Benefits Officer has now introduced a new form to record reports which now includes a section to show when they have been run, who has actioned the reports and there is now a authorisation part to be completed by a Manager. Once this is used the form will highlight to the Manager as and when reports are not being run and checked on a regular basis.

**R2 Ensure that the record of reports run and actioned is fully completed for all reports that have been run and actioned.  
(Medium – Senior Benefits Officer)**

*Calculations are periodically checked to ensure accuracy and adequate verification is obtained*

When the audit began and from discussions with the Benefits Office Manager it was established that the Benefits section was at that point without a checking officer so very little checking was being done of the assessors work, although it should be noted that with regards to temporary staff, 100% of their work is checked initially. An appointment of a checking officer has now been made and a member of staff now works three days a week checking the assessors work. There is a system in IDOX, which picks one in ten of every piece of work done by a person and drops it into a Quality Assessment folder. This is then checked, accepted if it is correct and rejected if not. The records

of this are kept on an excel spreadsheet. A copy of the spreadsheet was obtained and examined from which it was established that no checking had been completed since 31/07/09 but this is now being done from February 2010. Although it is not a requirement that checking of assessors work is to be carried out it does provide assurance as to the accuracy of work.

With regards to statistics there is no longer a Best Value Performance Indicator (BVPI) but a Local Performance Indicator (LPI). It is incorporated in with one of the Council's National Performance Indicator (NPI) – 'right benefit' but this is it not an indication of accuracy as it is based on the number of changes in circumstances.

## **Report No 42-2009/10 – Benefits Mail Opening**

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

There was only one recommendation arising from this audit as follows.

*a) Visit the area where the valuables are held and confirm that it is secure with access satisfactorily restricted*

*b) Select a sample of valuables from the register and check that they were properly dealt with and there is satisfactory evidence they were returned to their owners promptly*

*c) Confirm by enquiry and documentary proof (e.g. signatures and dates) that independent employees periodically check and reconcile the register*

a) The central mail area is locked, requiring staff access cards to open it, the mail is then distributed to the various Services unopened. The Finance Mail is then opened as per the mail opening procedure.

b) As part of the Benefits Audit a sample of valuables from the register were checked for promptness and that they had been returned to their owners – all of which had been promptly sent by recorded delivery.

c) There is still no evidence that independent employees periodically check and reconcile the 'valuables' register.

**R1 To comply with best practice an independent employee should periodically check and reconcile the valuables register, signing and dating when they do so. (Low priority – Principal Benefits Officer).**

## **Report No 43-2009/10 – Housing Register and Choice Based Lettings**

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

The minimal opinion has been given as in the sample tested there were a number of mistakes identified. Clear procedures need to be written and

implemented and financial checks as listed in this report need to be carried out.

## General

All local housing authorities and social housing landlords were required by the Government to introduce Choice Based Lettings (CBL) by 2010. CBL is being delivered in Kent by Kent Homechoice which is a partnership of district, borough and city councils and the majority of the county's stock holding Registered Social landlords (RSLs). The service was implemented across the county in stages with Tonbridge & Malling Borough Council (TMBC) going live in April 2009.

Kent Homechoice CBL scheme allows residents on the housing register to have an active role in where they would like to live. Housing vacancies in the borough are advertised every two weeks on the internet. Copies of the advertisements are available at various locations and then applicants can apply (bid) for any vacancies that are suitable for their needs. Applicants can bid for up to three properties that are being advertised and successful bidders will be shortlisted in priority order according to their band and points level. Applicants are awarded points and placed in a band when they have originally applied to be placed on the housing register. The applicant with the highest priority under the allocation scheme will be offered the property subject to certain criteria.

With regards to the housing register the Council has a legal duty to determine housing need in the borough, and to produce an allocations scheme. The Council currently operates a points and band scheme to determine each applicant's priority on the housing register.

## Findings

*Ensure that there are adequate policies and procedures in place.*

Although there are documents that explain how the Kent Homechoice lettings scheme operates such as the documents entitled 'Housing Allocation Scheme', 'Kent Homechoice User Guide and Kent Homechoice Practice Guide' there are no procedure notes regarding the administrative procedures that the housing staff complete other than a brief sheet regarding banding of applicants.

**R1 Ensure that procedures notes are compiled with regards to all procedures of the housing register and the CBL scheme.  
(Medium- Housing Needs Manager)**

*Ensure that there are adequate plans for spending the funding for tackling social housing fraud.*



The Government launched a national crackdown on tenancy fraud in November 2009. A number of Councils including TMBC signed up to this crackdown on housing fraud and as such received a share of funding available to investigate allegations of fraud. The amounts of funding allocated to each Local Authority are listed on the direct.gov website, the sum allocated to TMBC was £10,000, and this was confirmed on Integra that the sum of £10,000 was received by TMBC in December 2009 but as yet has not been spent.

The Audit Commission have also produced a publication entitled Protecting the public purse in September 2009, which details the areas of risk associated with social housing fraud. The publication states that housing tenancy fraud is the use of social housing by someone not entitled to occupy that home, which includes when people submit false housing applications, tenancy succession fraud, where the property is no longer occupied by the original tenant and the illegal sub-letting of a property for profit. The Council would only be responsible for ensuring that people do not submit false housing applications to the housing register as the landlord would be responsible for the other two areas of fraud mentioned. There is also a guidance document that has been produced by the Government entitled 'Tackling unlawful subletting and occupancy: Good practice guidance for social landlords'

From discussions with the Senior Benefits Investigator (SBI) who works both here and at Gravesham Borough Council it was established that he is currently progressing work with the housing team at Gravesham to look at taking on the work of the investigation of housing fraud where someone has made a false application for housing. There is a one day course being run to up skill benefit investigators so they are aware of the Housing Act etc. it will cost £100 per delegate and would mean implementing a Service Level Agreement to ensure we know who does what. The SBI contacted the Chief Officer about this to establish if they would give this consideration from which a reply was received that the allocation of the funding is in it's early stages and they have been scoping a visiting role that could be used to enable fraud detection - possibly with Tunbridge Wells, although no firm discussions have been held yet.

From meetings held to discuss this audit report it was mentioned by the Chief Housing Officer that Housing are looking into developing a visiting role to assist with fraud detection but decisions are yet to be finalised.

As the funding has not yet been spent or plans been made as to what to spend the funding on it is not possible to complete this test therefore this will be looked at again in approximately six months time and a diary note has been made by the Auditor.

*Ensure that homes are allocated according to the scheme, that there are effective internal controls over bids and that the scheme is run in a timely, efficient and effective manner.*

Although the CBL scheme first went live at the end of April 2009, TMBC properties were first advertised from May 2009. The Housing Section keeps copies of the fortnightly advertisements of available properties, these were obtained and a sample of five advertisements was selected from May 2009 to January 2010. From the first two advertisements selected there were three bids made on each, therefore all files were examined relating to the applicants that made those bids, for the remainder of the sample the top five bids were examined, this totalled twenty one files of members of the housing register to be examined. Each file was then examined to ensure that there were sufficient supporting documents obtained from the applicant, that the applicant had been placed in the correct banding with the correct amount of points, that this agreed with the information on the housing register system Locata, that the applicants had been assessed according to the scheme effectively and timely and that there were sufficient controls in place.

From the sample examined there were a number of queries that arose. These have been discussed with the Housing Team in detail and their comments obtained. Shown below is each query and the relating comments.

Housing Register number 2\*\*\*\*\*

The Housing Allocation Scheme states that there is an income threshold of £50,000 and a savings threshold of £30,000, for those applicants that are above these thresholds they will usually be placed in a band that is one band lower than the assessed band as tenancies should only be offered to those who cannot afford to buy or rent a suitable home. On the housing register application form for this applicant the form declares £3,000 savings, however on bank statements held on the file dated 30/10/08 which were obtained as proof of address there is a sum of £12,000 being transferred into an account from a bond account, an amount is then transferred out of £14,000 on 23/11/08. This issue was raised with the housing team as it was not known how much could potentially be in this bond account that had not been declared.

From discussions with the housing team it was pointed out to the Auditor that Housing Services do not routinely request proof of income or savings from applicants where these are below the threshold at the point of application, as they see this as the landlords responsibility when they carry out their checks at the point of allocation.

It is the Councils responsibility to ensure that only people that are entitled to be on the Housing Register are accepted. It is also the council's responsibility to ensure that applicants are given the correct banding and the correct points. As applicants financial situations are taken into account when determining which priority band applies, it is vital that Housing verify applicant's finances. This information could then be matched to the details from the Experian check as detailed in recommendation three and further information could be requested if this information does not match.

**R2 Ensure that proof of income and proof of savings is obtained and checked for each applicant. (High – Housing Needs Manager)**

It was mentioned that this applicant had applied for a sheltered studio flat which are apparently hard to let therefore they would not of been too concerned with the financial matter. The Housing Needs Manager mentioned that Housing Services are primarily responsible for determining whether the applicants are eligible to go on the housing register. But it is also vital that applicants are given the correct points and banding otherwise applicants could be allocated a property above those who have a greater need.

The Auditor made contact with the Operations Director of Housing Services at Russet Homes to whom the Council transferred its housing stock to in 1991 as the main housing association within the borough. Contact was made to establish what financial checks are carried out by them when assessing potential tenants. Russet response was "It is not our responsibility to carry out financial checks and obtain proof of income/savings of housing register applicants as we do not manage the housing register. Should an applicant be successful in bidding then we would verify the information obtained by TMBC in order to make sure that the applicant could be considered to be a charitable beneficiary pursuant to our constitutions. This means (in most cases) that tenancies will only be offered to those who cannot afford to buy or rent suitable properties on the open market but also includes those who are in housing need for other reasons, for example by reason of age or chronic illness. Our main criteria is that the applicant is of necessitous circumstances".

The Housing Needs Manager mentioned that Russet Homes do have an approach to vacant sheltered housing in the borough, and because of the low demand for accommodation of this nature (mostly older bed sits, some still with shared facilities) Russet are more flexible and applicants can often access these units with a lower level of priority than they would general family housing. This is a situation that is common to most social landlords and has been for some considerable time now. Russet Homes recognises that the long-term future of these units will probably involve some kind of remodelling and consequently substantial investment, but their aim in the short term is understandably to minimise their void losses and ensure revenue where possible.

In terms of the verification of financial information that is provided, the Housing team do not routinely request verification of savings in cases which are under the threshold, Russet Homes should undertake further verification prior to making an offer of accommodation. However from an audit opinion it can not be confirmed that this applicant was under the threshold as she only declared one account.

At a meeting held during the audit on 24<sup>th</sup> March 2010 between the Audit and Housing Sections there was discussion with regards to using Experian when assessing applications for the housing register. Experian is the leading global information services company, providing data and analytical tools to clients. The company helps businesses to manage credit risk and to prevent fraud.

Their software and information can help detect potentially fraudulent applications even before a customer is accepted. Experian is already used by other Local Authorities and Housing Associations.

Experian will show how many accounts are held by an applicant and then Housing staff can request statements from these accounts if they differ to the original accounts declared. It can also identify when there is more than one person living at an address which may help identify when false individual applications are made. Experian would therefore be an efficient and effective fraud prevention tool.

**R3 Perform an Experian check on applicants to the Housing register and perform the checks mentioned within this report. (High – Housing Needs Manager)**

Housing Register number 4\*\*\*\*\*

This application was assessed incorrectly by a temporary member of staff who failed to recognise that the address quoted was not in the borough of TMBC. As a result of the error the applicant was incorrectly awarded 5 points due to local connection. It should be questioned as to what the procedures are for temps and what guidance they are given as there are no formal procedure notes. It should also be noted that the evidence supplied as proof of address was actually a council tax bill with the billing authority showing as Sevenoaks District Council which would have highlighted the fact that the address was not in the borough of TMBC. Housing mentioned that had this been spotted the application would still have been registered, but with zero points as opposed to five. The reason for this is that the applicant was seeking sheltered accommodation, and because of the low demand for this type of accommodation the Council has agreed with Russet Homes that we will register zero pointed households, because they have a realistic opportunity of being rehoused. This particular applicant had been placed third on the shortlist for a particular property and was offered the accommodation following the rejection of the first and second placed applicants. This would also have been the situation had his application been registered correctly with zero points.

**R4 Ensure that temporary staff are issued with guidance and procedures and are monitored for a probationary period. (High – Housing Needs Manager)**

Housing Register number 4\*\*\*\*

There is a letter on file to the applicant stating they have 19 points in band C but Locata system says 9 points and banding checklist says 9 points, the checklist also says band D. When examining the history on the system with Housing staff it was found that this applicant had been incorrectly setup on the system with the incorrect amount of points and band. Although the error had

been identified during May 2009 it was amended incorrectly, this has been corrected on 08/03/10 as a result of the audit identifying this and a check was made to see what bids the applicant had made to establish if they had incorrectly missed out on a property that they had bid for due to the error with the points. It was established that the error did not have an impact on the two bids that had been made by this applicant. Housing services stated that the error in this application is acknowledged, but it should be noted that this error was made by a member of staff whose performance was less than satisfactory and who prior to resigning was subject to action under the Capability Procedure. The member of staff in question was being supervised on a day to day basis during the last few months she was in post. However this error was not picked up in that period.

Housing Register number 4\*\*\*\*

On the application form it states that the applicant's husband had left her and forced her to sell the home. It is stated that there are savings of £3,000 or £31,000 as this is not clear, but the form says the outstanding mortgage is £32,000 and the value of home was £225,000. If the house has been sold there may have been equity of £193,000.

The Auditor emailed Russet to establish what financial checks had been carried out, from which a reply was received that at the Russet interview the applicant said the divorce settlement was £90,000 that would need to be split 50/50 and pay fees. The applicant stated at the time that she was housed that the divorce had not been settled. If the applicant was found to be above the savings thresholds a tenancy can be refused as they are not considered to be a charitable beneficiary and most housing associations have charitable status and provide services within the local community to satisfy needs that cannot be met by other means. The applicant has now been housed. From discussions with The Housing Needs Manager regarding thresholds it was mentioned that the problem is that Russet and the other Registered Providers of social housing may not consider applicants with sufficient income and/or capital due to their charitable status, although they tend not to apply this to elderly applicants seeking sheltered accommodation which is harder to let. In practice, if there is a housing need, applicants above the threshold will usually be placed one band lower but will be advised by the options team that they may not be considered for an allocation should they be the highest bidder for a property. The original application form states savings of £3,000 or £31,000 prior to the sale of the marital home. The updated application following the sale of the property gave no details of savings. The case had been referred to the Housing Options Team however the full options interview was never completed because the family failed to respond to the contact that was made. Housing Services have stated that Russet Homes were happy to offer a tenancy prior to the final divorce settlement.

The Housing team mentioned that following the sale of the marital home, and the move into her mother's flat, the applicants second assessment form had no savings stated, and a declaration that she would not be able to afford another home once the finances have been sorted out following the sale.

There was no evidence at the time of this second application to warrant suspension or band change, and the file was passed to the options team for further advice.

The options officer was unable to carry out an options interview as the applicant did not respond to telephone calls and a letter. In the meantime, the applicant was actively bidding and was offered a property by Russet. Housing also mentioned that Russet undertake their own verification and must have been satisfied that the applicant finances were acceptable.

Housing mentioned that they have no part in Russets decision as to who they will allocate a property to but it is the Councils responsibility to ensure that the people placed on the housing register are eligible to be on it, and correctly assessed thus ensuring that the finances stated are correct. As already mentioned checking of income, savings and use of Experian could have possibly helped in this case.

Where applications are received from cases like this where the amount of capital is yet unknown, further evidence should be obtained when available. For example, if still not housed, at the time, a copy of the completion statement should be obtained following the sale of the property to establish the level of equity that was received by the applicant. Points and banding can then be changed if appropriate. The Housing Needs Manager stated that this happens in practice.

Housing Register number 4\*\*\*\*

The application form states that the reason for leaving their previous residence was due to divorce, however the form also states that she was the owner of the property. The Auditor emailed Russet to establish what financial checks had been carried out from which it was established that Russet were told that the applicant had no money from sale. The applicant stated at the time of application that she was without capital and this was accepted for the purpose of registering the application. Russet accepted the applicant's account of the disposal of capital when they undertook their own verification, although it is not clear whether they obtained documentary evidence. As mentioned before checks should have been carried out.

Housing Register number 2\*\*\*\*

The Locata system states that the applicant has 15 points but there is a note on the file to say that they have 25 points. It should be noted that points can change when there is a change in circumstances, and in this case both entries were correct at the date they were entered. The system also shows a priority date of 10/06/09 but there are no dated documents held on file to support this. The system also shows the applicant as still being pregnant but she had the baby in June 2009, as a result of this she is listed as having 4 children.

The date of entry onto the system and dates of changes made are important as if more than one bidder for a property has the same number of points and banding then the higher priority is given to the bidder who has been on the register with that amount of points and that banding for the longest period. Therefore incorrect dates can lead to the wrong applicant being allocated a property.

From further investigation it was established that it appears that when the applicant's mother moved out and the points amended on the system, the date on the system is automatically set at the date the amendment is made and the operator who is making the change must remember to amend the date to the original priority date, this was not done in this case therefore the priority date was incorrectly set at 10/06/09 when it should have been 19/01/09. Although the applicant has now been housed checks have been made by the Auditor to establish what properties were bid for during this time to see if it had any effect. It was noticed that on a couple of properties bid for the applicant was listed as ineligible with the reason being that they had been housed but at the time of the bids they had not been housed.

The Housing section mentioned that the tool tip showing "ineligible" refers to the fact that the applicant was already housed rather than her being ineligible for other properties. The tool tip is dynamic and therefore her status changed to ineligible after she was rehoused. The applicant would not be shown as ineligible at the time of bidding/allocation, but there is no way of producing a backdated shortlist to confirm her status at that time.

From looking at the bids made by this applicant it was found that the error with the incorrect dates had not had an impact on any of the bids that had been made but the potential was there.

At the time that the audit testing was carried out the onus was on staff to amend the automatic date when changes are made which was open to error. The system has now changed and the date is not automatically set as the date that the amendment is being entered, this was shown to the Auditor on 17<sup>th</sup> May 2010. However in order to establish if any other errors had been made a report was requested of bands changed from 1<sup>st</sup> April 2009 from which it was established that this is not possible as that would include everyone on the register as a data load was undertaken to Locata from Universal Housing (Russets old system) on 7 April 2009 and CBL went live on 27 April 2009. Between those dates housing manually re-assessed every application in line with the new allocations policy which created movement in band and points. Any new applications received after 27 April 2009 will also appear to have movement in band and points also because housing manually change them from the default band assigned when new applications are logged, to the applicable band when they are subsequently assessed which is recorded as a movement.

Also as with the pregnancy error the onus is on staff to remember to remove the pregnancy indicator when the applicant has given birth and provided proof of birth with a birth certificate.

**R5 Remind staff of the need to remove the pregnancy indicator on the system when proof of birth is obtained from applicants who were originally entered onto the system as being pregnant and include this within the procedure notes. (High – Housing Needs Manager)**

Housing Register number 2\*\*\*\*

The priority date of 03/01/08 could not be confirmed by the Auditor with any documents held on the file. The Auditor emailed Russet who were responsible for entering this information for existing transfer applicants at the changeover to locata, and they assume this is an error as according to their records the date on their housing system was 30/01/09. Therefore she has a whole year in error and has been on the register before she was actually entitled to be.

The applicant has not yet been housed but there could have potentially been a case where she was ranked higher above other bids because of the error with the date. Her date has now been amended.

From investigation by the Housing Team it was established that this was a data load error on the part of Russet Homes which has now been amended. The current Allocations Scheme was introduced in 2009 simultaneous to CBL and as a result it was necessary to reassess all registered applicants, including existing RSL tenants who were registered for transfer. Russet Homes undertook the reassessment of their transfer applicants (appx 500) however a sample of 52 were checked by the Housing Needs Manager who identified and amended errors with only two.

Housing stated that it is not justifiable to carry out a check of all transfer applicants. All applications are subject to an annual review on or around the anniversary of the date they first registered, in accordance with our allocations scheme. As all files were reviewed in March/April 2009 with the move to the banding system and CBL, a rolling review programme will commence in April 2010. In addition, records are checked when customers make contact or query their points etc.

Upon examination of the sample files there were also a number of other errors found.

There were occasions where documents had not been date stamped when they had been received, thus on occasions it was not possible to confirm that the priority date in the system was correct.

**R6 Ensure that all documents are date stamped when received. (High – Housing Needs Manager)**

A file checklist for new applications was introduced after April 2009 which should be completed for each file. However from the sample examined there were files that did not have this checklist. Also the checklist needs to be



amended and updated to include further details such as who completed the checklist, dates etc.

**R7 Ensure that the file checklist is examined and amended to include more information. (Medium – Housing Needs Manager)**

**R8 Ensure that a file checklist is completed for each new application. (High – Housing Needs Manager)**

Within the sample examined there was one file that did not have a signature on the application form. There was a note on the file to say that a copy of the signature page had been sent to the applicant but this was never received and does not appear to of been chased.

**R9 Ensure that all new applications forms are signed. (High – Housings Needs Manager)**

*Ensure that there is a declaration of interests register and staff are not involved in applications from friends or family.*

From discussions with staff it was established that declarations of interests are emailed to the Central Services Director. Upon examination of the Council's Constitution this should only be the procedure with regards to members or chief officer's declarations of interest. It is generally acceptable for a note of any declarations of interest to be made in writing by the relevant employee and kept on a personal file or centrally within each service.

**R10 Ensure that any declarations of interest are kept in Housing Services either centrally or on personal files. Where the declarations of interest involves members then the Central Services Director should be notified. (High – Housing Needs Manager)**

*Ensure that there is an adequate Risk Register that is reviewed at least every six months.*

The latest Housing Risk Register held on the share drive for 2009/10 was last reviewed in December 2009. Upon examination of the risk register there is only a slight mention of the CBL scheme under the description of assisting vulnerable households. As the CBL scheme is the new system for letting homes this should be included within the risk register. Also within the risk register under the description addressing crime reduction the only risk identified is the loss if funding for handyperson and safe haven schemes, however there should be mention of housing fraud and tenancy cheats. Also the risk of bad press due to incorrect administration of the housing register should be included.

**R11 Ensure that the risk register is updated to include reference to the Kent Homechoice CBL scheme, the risks of tenancy cheats and housing fraud and bad press from maladministration. (High – Housing Needs Manager)**

## **Report No 44-2009/10 – Creditors**

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

*Ensure that Goods Received Notes are matched to orders prior to payment.*

Firstly, a random sample of 17 manual orders were selected using IDEA. The orders were then interrogated on Integra. A spreadsheet was then compiled by the Auditors. It was ascertained that all except two had good received notes or a confirming mark on the copy order or invoice to show that the goods had been correctly received in line with the order. With regard to the remaining two that did not show this, these were by services that confirm in the normal manner however these particular orders would have been checked either verbally or by email before an invoice is passed for payment. As not all orders were able to be followed through to a Goods Received Note, a recommendation has been made accordingly.

**R1 The Exchequer Services Manager should issue a reminder (into which audit are copied) to all services that confirmation that goods have been received need to be evidenced by either:**

- **Retaining the goods received note and marking it accordingly (GRN)**
- **Signing that a GRN has been seen**
- **Marking off on the copy order that goods/services have been received**
- **Marking on the invoice that goods/services have been received. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**

The Auditor would like to note that at the draft stage of this report an email was seen, which was sent by the Exchequer Services Manager, regarding the above recommendation. This has therefore been implemented.

*Check that invoices are matched to the correct supplier account.*

The Auditor obtained a listing of all invoices on Integra for the current financial year to date. These were then imported into IDEA and a sample of 17 were selected at random. Two checks were then carried out.

Firstly, a check was made to ensure that the invoice had been matched to the correct supplier account on Integra. With the exception of one, the details found on the invoice matched the information on Integra. The exceptional case was looked into further and it was ascertained that this particular

supplier is registered at two addresses. With this taken into consideration no further issues arose.

Whilst checking the invoices, the Auditor also checked to ensure that there was only one active supplier for each of the invoices selected. Two invoices were found that could have been matched to two or three different supplier accounts on Integra. These were M&M Tree Work Contractors whom have three active accounts, and also for Invicta Telecare who have two. All else was found to be in order.

**R2 The duplicate supplier accounts for M&M Tree works and Invicta Telecare need to be investigated. (Priority – Medium. Responsible Officer- Exchequer Services Manager).**

## **Report No 45-2009/10 – Council Tax**

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

*Ensure that there is sufficient evidence obtained to support any exemptions before they are applied on the system.*

A listing of all exemptions applied in the current financial year was obtained from the Systems Administrator and imported into IDEA. A sample of 17 cases were then selected. The 17 cases were then investigated by the Auditor to ensure sufficient evidence could be found on IDOX or Northgate in order for the exemption to be processed correctly. In all cases evidence could be found regarding why the exemption should be applied.

The Senior Internal Auditor approached the Principal Revenue Officer regarding the process of checking to ensure that both discounts and exemptions have been applied correctly. With regard to items being processed through IDOX, managerial reviews are carried out on every 10<sup>th</sup> item completed. This would mean that as well as the work being checked, the evidence to support it would also be under scrutiny.

The Senior Internal Auditor also discussed the fact that most exemptions are open ended and therefore we rely mainly on the Council Tax payer informing us of any change in circumstances. Resources do not currently allow for exemptions to be checked on a regular basis however if these circumstances change reviews should then be more frequent.

**R1 If resources become available, more frequent reviews should be carried out on exemption end dates. (Priority – Low. Responsible Officer – Principal Revenue Officer.)**

## **Report No 49-2009/10 – Payroll**

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

*Ensure that there is appropriate authorised documentation in relation to any changes to staff's accounts and that this is correctly transferred into the payroll system.*

The Auditor firstly obtained a report from the Payroll Officer which shows all salary amendments in the current financial year. After removing any annual salary changes this left sixteen occasions where salaries had been amended. The payroll files were then obtained to ensure that the amendments had a change of circumstances form. In two of the cases no form could be found. From discussions it was ascertained that this was because both members of staff had gone from a temporary to a permanent contract and this would mean that a new employee appointment form had been used instead.

Further checks were then carried out to ensure that all forms had been signed by an authorised senior member of staff and then acknowledged by both Personnel and Payroll. One was found not to have been initialled by Payroll.

**R1 Payroll should ensure that all forms are initialled or signed to shows that they have been processed. (Priority- Medium. Responsible Officer – Insurance and Risk Manager).**

*Ensure that there is appropriate authorised documentation in relation to starters and that this is correctly transferred into the payroll system.*

The Senior Internal Auditor firstly produced a list of all new employees that have started within the current financial year. A sample of seventeen were then selected using IDEA and a range of tests were carried out.

The only area where a few anomalies were found was in relation to documentation held on the Personnel files. In accordance with the Immigration, Asylum and Nationality Act 2006, proof of UK residency should be obtained prior to employment. Seven cases were found where this could not be found on file. From discussions with the Personnel and Customer Services Manager, it was ascertained that the Leisure Services Business Unit (for which four staff members out of the seven had not got proof on file) had not updated their induction pack to reflect this legislation. He has therefore contacted them in order to update it. The three remaining members of staff were employees that had previously worked for TMBC.

**R2 Ensure that proof that all new employees are entitled to work in the UK by obtaining proof as per the Immigration, Asylum and Nationality Act 2006, is taken and retained on the Personnel files. (Priority – High. Responsible Officer – Personnel and Customer Services Manager).**

**R3 An exercise should be carried out by Personnel to ensure that all those staff employed since 2006, when the legislation came into force, have the appropriate proof held within their Personnel file.**

**(Priority – Medium. Responsible Officer – Personnel and Customer Service Manager.)**

*Ensure that there is appropriate authorised documentation in relation to leavers and that this is correctly transferred into the payroll system.*

A report of all leavers for the current financial year was obtained by the auditor and a random sample of seventeen were selected using IDEA. The seventeen then had their relevant payroll and personnel files obtained and checked to ensure that the relevant documentation was in place and the information included within them was reflected on the payroll system.

In the majority of cases all was found to be in order however one form was found not to have been authorised correctly. It had been signed by the Youth and Play Development Officer but not then authorised by the Chief Leisure Officer. All others were found to be in order.

**R4 The Chief Leisure Officer to be reminded that all change of circumstances forms that have a financial implication should be authorised by the appropriate line manager and then subsequently initialled by himself as a further control. The Auditor would ask to be copied into this email so that evidence can be retained on file. (Priority- Low. Responsible Officer – Personnel and Customer Services Manager).**

*Ensure that amendments to global data are checked by an independent senior member of staff.*

The Auditor spoke with the Payroll department regarding the parameters into the system. With regard to the figures input at the start of the financial year, these are carried out by the software provider Frontier. This does not require any manual interception from TMBC staff. To check these, a sample of staff are taken by Payroll staff and then they carry out a manual calculation as to what they would expect the April payroll to be. The Auditor inspected these and all calculations were found in order. It was noted that all screen prints had been initialled by the Payroll Officers but not agreed by the Insurance and Risk Manager. For completeness this has been recommended.

**R5 The Insurance and Risk Manager should sign to state that he is happy with the figures agreed by the Payroll staff for the checks carried out on the April payroll. (Priority- Medium. Responsible Officer – Insurance and Risk Manager).**

*Ensure that a reconciliation of the monthly payroll salary and deductions to the control book is carried out on a monthly basis.*

The PRD report for January was run from the CHRIS payroll system which shows pay, allowances and deductions for the month. These figures were cross checked to the control book. In addition to this, TIMCHECK report for January was required to check where the amounts are shown in hours and then converted to the cash amount on this report. These were also checked to the PRD and control book and all the figures agreed. The reports are ticked in red by the Payroll staff however they are never signed to confirm the reconciliation.

**R6 The PRD report should be signed to show who has carried out the reconciliations to the control book. (Priority – Medium. Responsible Officer – Insurance and Risk Manager).**

## **Report No 50-2009/10 - Main Accounting**

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

*Select a sample of staff involved in the system and check they are aware and have access to the financial rules.*

Eight staff from ten Integra users, randomly selected, replied to the email questionnaire of which two people were not sure where the Financial Procedures were held.

**R1 It is suggested that all staff are reminded by email about the location of the financial procedure rules. (Low Priority – Responsible Officer - Chief Accountant).**

*Review the year-end statement detailing the organisation's bank balances and check that it was signed by the person who undertook it, reviewed by a senior manager who signed and dated it to confirm it was agreed.*

It was confirmed that the monthly bank reconciliations are signed and reviewed and the year end consolidated reconciliation together with the working papers are reconciled and reviewed however no-one specifically signs the year end statement to confirm it agrees. It is planned to commence monthly consolidated statements in the near future which will be signed and dated as per the monthly bank reconciliations.

**R2 The year end consolidated reconciliation statement should be signed and dated by the person completing it and a Senior Manager to confirm that it has been checked and agreed. (Low Priority – Responsible Officer – Chief Accountant.)**

*By enquiry and physical examination confirm that:*

- *Personal/classified files and records are held in secure filing cabinets and locked when not in use*
- *Adequate controls are in place to prevent unauthorised persons from accessing the records*
- *The room/area where these records are held is secure, environmentally satisfactory and the files are satisfactorily marked and filed to enable them to be easily located.*

From a physical check of the Accountancy office it was established that all cabinets do have locks on them. After discussing this with the Principal Accountant it was established that even though all are lockable, these are very rarely locked. The only cabinet that is locked is containing the laptop. From further discussion with the Principal Accountant and the Senior Internal Auditor it was also established that two types of documents are held within accountancy that should be locked away as they contain personal information. These are any documents in relation to salary estimates and also documents relating to payment to staff for elections. As the other documents with in the office do not required locking away, it is recommended that these documents are locked away with the laptop.

**R3 Any documents containing personal information including salary estimates and payments to election staff should be held in the lockable cabinet alongside the laptop. (Priority – Medium. Responsible Officer – Chief Accountant).**

## **Report No 51- 2009/10 - Development Contributions**

This report is at draft stage and will be reported on to the next Audit Committee meeting.

## **Report No 52 – 2009/10 – Local Strategic Partnership**

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

*Check that declaration of interest is given at the commencement of all meetings or upon receipt of the agenda.*

The Auditor obtained copies of all the minutes of the LSP to date from the TMBC website. Although nowhere within the minutes does it state that Declarations of Interest have been given, the CSM has stated that this is included within all meetings. The Auditor appreciates that this may well be the case however if challenged by members of the public there is no documented evidence to prove that a particular member of the partnership has not been directly involved in the decision making process.

- R1 A section regarding declarations of interest should be included in all of the Local Strategic Partnership minutes in the future. (Priority – Medium. Responsible Officer – Corporate Services Manager).**

## **Report No 53 – 2009/10 – Housing Investigation Follow Up Audit**

This report is at draft stage and will be reported on to the next Audit Committee meeting.

## **2010/11 Audits to date**

### **Report No 1 – 2010/11 – Leybourne Lakes Country Park**

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

*Examine the procedures relating to Leybourne Lakes Petty Cash.*

The Auditor made a visit to the park on 23/04/10 upon which a check of the current petty cash total was made. This totalled £49.32 and given that the imprest should be £50, this was 68p short. The Head Ranger was advised of this at the time and stated that this difference would be addressed.

- R1 Ensure that the petty cash is reconciled and agreed to identify the discrepancy of 68p. (Priority – Low. Responsible Officer – Head Ranger).**

During conversation with the Head Ranger and from looking at the petty cash book locked within the tin, it was ascertained that the petty cash had not been used since November 2009. The Head Ranger stated that he was going to look into the possibility of no longer having the tin as usually they utilise their B&Q card, upon which they receive a monthly statement, paid the same as any other invoice, once authorised by the Head Ranger. He feels it is much easier than having to handle the petty cash on a regular basis. It can also be a while between when he makes a payment and when he gets the petty cash voucher signed therefore he can be out of pocket for a while. This fact is appreciated and the possibility of no longer retaining the petty cash tin should be discussed further.

- R2 Discuss the possibility of no longer having a petty cash tin at Leybourne Lakes Country Park with the Chief Leisure Officer and the Leisure Services Manager (Outdoor). (Priority – Low. Responsible Officer – Head Ranger).**



## Report No 2 – 2010/11 – Cleaning and Security

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

*To ascertain the procedures relating to vending machines and ensure that they are adequate.*

A copy of the two agreements for both the Coca Cola machine and the Super Cups vending machine located in Gibson Building Canteen were obtained from the Buildings and Facilities Manager. These were both adequately signed, dated and have the relevant insurance details.

With regard to the Coca Cola contract, we receive 30% royalties on sales made (after VAT). The Auditor therefore obtained the file containing the statements from the admin department and checked to ensure that the calculations were correct. For the three most recent statements, none were correct in line with the auditor's calculations. It should be noted that these were only small differences however these should be thoroughly checked.

**R1 The Admin staff should check the calculations on the Coca Cola statements to ensure that TMBC are receiving the correct royalties from the sales. (Priority – Medium. Responsible Officer – Buildings and Facilities Manager).**

A report of all income received from Coca Cola was then produced using Integra. Only two of the four from the report could be found within the admin file.

**R2 The Admin staff should retain copies of all statements received from Coca Cola for future reference. (Priority – Medium. Responsible Officer – Buildings and Facilities Manager)**

*Ensure that all cleaners have been suitably trained in all aspects of their work including COSHH regulations.*

The Auditor obtained a list of all cleaners and caretakers from the Office Superintendent and randomly selected a sample of five. The five members of staff then had their personnel files checked to ensure that they had received the relevant training and that this was fully documented.

Two employees were found to have unsigned copies of the key policies document within their personnel files. This document outlines the details of the main policies that all staff are asked to abide by. As such, the auditor would expect this all to be fully signed to state that the employee agrees to abide by and has fully read these policies.

**R3 The two employees should be asked to read the key policies document and sign to state that they agree. (Priority- Medium. Responsible Officer – Buildings and Facilities Manager)**

The other issue that arose whilst checking these files was that the auditor found an employee that did not appear to have any health and safety training documentation within their personnel file. It should be ascertained by the Buildings and Facilities Manager as to whether this particular employee has received this training and if not, a session should be arranged with the Health and Safety Officer.

**R4 Ascertain whether the employee in question has received health and safety training. If not, a training session should be arranged with the Health and Safety Officer. (Priority – Medium. Responsible Officer – Buildings and Facilities Manager).**

### **Report No 3 – 2010/11 - Mobile Telephones**

This report is at draft stage and will be reported on to the next Audit Committee meeting.

### **Report No 4 – 2010/11 – DIPS**

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

*Check that the images collected are of sufficient quality for working with.*

Firstly, a report of all revenue documents and all benefit documents indexed through IDOX was obtained from the Systems Administrator. A sample of twenty revenues and twenty benefits documents were selected at random using the computerised audit package IDEA. All documents were then checked to ensure that the image was of a good quality, the scan date and the document date matched and that the correct document type had been used to index the document.

A few errors arose as part of this testing. Firstly, from looking at NNDR documents, the Auditor found a document that was dated 5 working days later than the date stamp. With regard to benefit documentation 3 documents were found with the same issue.

**R1 The date input into IDOX should be the same as the document received date stamp or the date written on the document. (Priority - Low. Responsible Officer – Principal Benefits Officer & Principal Revenues Officer.)**

*Ensure that sufficient controls are in place to ensure that documents are indexed to the correct files.*

A separate sample was taken of twenty benefits documents and twenty revenues documents to ascertain whether they had been indexed correctly.

Of the forty documents selected 39 had been indexed to the correct account however there was an issue in that the auditor was not able to clarify whether one document had been indexed correctly. It was established that the document had been inserted by the Verification Officer. The document was literally a typed Word document which included no detail of the claimant, address, claim number or such like and the Auditor could not therefore be assured that this had not been indexed to the correct account.

**R2 The Principal Benefits Officer should remind staff that all documents should include the relevant details in order to be sure that it can be indexed to the correct benefit claim. (Priority – Medium. Responsible Officer – Principal Benefits Officer).**

*Ensure that scanned documents are retained and stored in a secure manner for an appropriate period.*

The Benefits and Revenues filing cabinets were both checked to ensure that the documents contained within them are in line with the document retention policy as held on the staff intranet. Both cabinets were found to hold documents back to 20<sup>th</sup> January 2010. This is fine in line with the policy.

The cupboard containing the Revenue documentation was all found to be locked correctly with the key held securely. The benefits team have recently received a key to the cabinet for their documentation however the key is being held within the lock at all times. The Auditor made the Clerical Assistant and the Senior Benefits Officer aware of this at the time and the Auditor can now state that the key is being held securely when the cupboard is locked.

When checking the Benefits documentation the Auditor also looked at the filing documentation, which are documents that do not need to be added to the Benefits workflow. It was ascertained from discussions with the Clerical Officer that currently the filing dates back to November 2009. In accordance with the document retention policy these should have been disposed of by now. From further discussion with the Principal Benefits Officer it was found that this is mainly due to the lack of staffing in the administration section of Benefits.

**R3 When resources allow, the benefits filing documents should be scanned, indexed and disposed of. (Priority – Medium. Responsible Officer – Principal Benefits Officer).**

## **Report No 5 – 2010/11 – Travel Claims**

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

*Check that there are no anomalies such as mileage readings that have gone backwards or the overnight mileage would appear to be insufficient for the journey to and from the office.*

A sample of claims were utilised to establish whether mileage readings are being made correctly and that overnight mileage is being taken into consideration. A total of five anomalies were found by the Auditor. Two of these cases were found to have consecutive journeys that start with the same milometer reading. Two had milometer readings that had gone backwards overnight and the remaining claim had no milometer reading included.

The Auditor then checked to ensure that for the above claims, no patterns were emerging that could give major cause for concern. This was not found to be the case and the Auditor accepts that they are more than likely to be honest mistakes and not fraudulent in nature. These mistakes should however have been spotted when the claims were authorised prior to processing.

**R1 Chief Officers should be reminded (of which a record should be kept) that authorising officers should check claims thoroughly prior to processing. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**

*Ensure that there is sufficient evidence of the trips made, that home to office mileage has been deducted where appropriate and that the claims have been checked and certified within the service.*

All claims paid December 2009 to March 2010 were utilised to establish whether they had been authorised in service and that home to office mileage had been deducted where appropriate. In all cases this was found to be in order and gave the Auditor no cause for concern.

Following on from this the Auditor also checked to ensure that the routes taken and purposes of journeys had been stated on all claim forms. One case was found where no purpose had been written down however from looking at the employees other claim forms, he only carries out site inspections therefore it can be assumed that the purpose of the journey was the same as all other months. All else was found to be in order

Whilst looking at these, the Auditor had been asked by the Payroll department to look at whether or not staff which are taking passengers are establishing the cheapest travel option. For example, it is cheaper for TMBC to have a lease car driver taking a casual or essential privately owned vehicle driver than the other way round. From looking at this the Auditor found two occasions where it would have been cheaper for a passenger to have taken the journey. Whilst this is certainly not a high amount the Auditor would recommend that staff are advised that the cheapest travel option is sort prior to making the journey.

**R2 The Exchequer Services Manager should remind staff (of which a record should be kept) that before taking passengers, the cheapest method to make the journey should be established. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

*Request details from all services as to the frequency of their examination of insurance documents held by every officer undertaking official journeys.*

The Auditor firstly questioned staff about the way in which they retain and check business insurance documents. It now appears that all services carry out the process in the same way in that they ask for documents when they first start (some departments take copies to be held on file) and then jot the relevant details onto a spreadsheet. This is then followed by a diarised reminder for the admin staff of each service to follow up when renewal is due.

As such, the Auditor obtained the spreadsheets from each service in order to establish the level of error within them. Out of 210 policies checked, the Auditor found a total of 17 expired policies. As such this is obviously not sufficient as a total of 8% of policies are out of date. It should however be noted that this is an improvement from the last audit at which the rate was a little over 15%. It is therefore evident that the procedures are making a difference. The level of error is however still too high and a recommendation has been made accordingly.

**R3 Chief Officers to be reminded (of which record should be kept) of the importance of ensuring business insurance is in place for all staff making official journeys on behalf of TMBC. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**