

Summary of Audit Reports not previously reported to Audit Committee

2009/10 Audit not previously reported on

53-2009/10 Housing Investigation Follow-Up Report

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

Although this area has improved since the last audit the Limited opinion has been given as a number of recommendations, although agreed, were not implemented. Also during this follow up audit it was ascertained that there was not adequate procedures for the repossession prevention fund.

During the testing it was found that there was not always sufficient information entered on Integra to enable effective debt recovery. Therefore the recommendation is being made again.

R1 Ensure that sufficient information is obtained from future clients and recorded on Integra to enable effective debt recovery. (High – Chief Housing Officer)

The previous report identified a number of areas to be included in a checklist for requests for payments from the repossession fund grant. This sampling found areas of incomplete checklist completion.

R2 Ensure that the updated checklist is used and that one is completed for every new file. (High – Chief Housing Officer)

The original report recommended that repayment of loans should be requested straight away. It was found that this was impractical so a seven day request was agreed.

R3 Obtain authorisation to amend the procedure to state first payment should be requested within seven days. (Medium – Chief Housing Officer)

Within the latest sampling evidence was found where a loan had been given despite the fact that the applicant had a previous debt.

R4 The Housing Options Officers must check that there are no debts owed to the Council by the clients before issuing an advance or a bond. Sufficient evidence relating to this should also be kept on file to aid a complete audit trail (High – Chief Housing Officer)

There was a recommendation that instalment information is retained on a notes screen until the instalment facility has been set up. From the sample tested not all had instalment information entered onto Integra therefore a further recommendation has been made.

R5 Ensure instalment information is input onto the sales ledger on the notes screen until the instalment facility is available on the sales ledger (High –The Chief Housing Officer)

Due to a lack of access to a spreadsheet held in Housing the Principal Accountant was unable to account for all new bonds and therefore these were still not being accounted for.

R6 Ensure that the Principal Accountant is informed of all bonds or is given access to the spreadsheet record. (High – Chief Housing Officer)

There were a number of files where there were required items missing. Further testing was carried out on different database files for the same clients and this did reduce the amount of missing information but there was still some gaps. This task would have been simpler if there was a cross reference held on the different files.

R7 Ensure that all the items are kept on file to ensure a complete audit trail. (High – Chief Housing Officer)

R8 Cross reference all housing files so it is clear when there is more than one file for a customer. (Medium – Chief Housing Officer)

There were concerns raised regarding the overnight storage of personal data and a clear desks policy had been introduced. There was a problem with a lack of secure storage space available and scanning is being investigated as a priority to overcome this.

R9 A full review of the files and information across the service should be performed as soon as possible to enable all paperwork with personal information to be locked away. (Medium – Director of Health and Housing)

It was found that the section had received a repossession prevention grant. The CLG had set out that uses of this scheme in guidance notes but Housing Officers stated that the guidance had been relaxed at later seminars. The CLG had not supplied any additional guidance to support this. Procedures were required to ensure that officers with access to this fund were fully instructed how this could be used.

R10 Define the principles for what this fund is to be used for and write procedure notes for staff to follow. (High – Chief Housing Officer)

Further guidance was sought from the CLG to confirm how this fund was administered as there were some concerns that grants were made rather than loans and the criteria of some payments did not fit the circumstances set out by the CLG. There was also an incomplete audit trail of how these grants were made. It is important to keep a full audit trail and this also protects staff against accusations of fraud and error.

The Auditor understands that some of these cases are emergencies and therefore some of the work is performed over the telephone but it is important that there is still a full audit trail. A simple form to be included in the procedures and added to each file would help provide a fuller picture.

See R7



R11 Design a form to be placed on each file for this fund that requires an explanation of why the grant/loan was given, who was the Options Officer and Authorisation for the fund to be used. (High – Chief Housing Officer)

Audits for 2010/11

01- 2010/11 Leybourne Lakes

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

The audit covered the management of car park income, petty cash, patrolling, environment, water activities, insurance issues and catering. All were found to have up to date procedures and a risk register had been completed and reviewed. There were two recommendations made that referred to petty cash. One was a minor discrepancy when the petty cash tin was balanced and the second was to question the need for petty cash as the Head Ranger makes use of an account card with a local store.

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

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).

02- 2010/11 – Cleaning & Security

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

This report looked at the purchasing arrangements for materials, schedules of cleaning, stock levels, vending, training and the provision of security guard services. Procedures were examined and were found to be adequate. The procurement arrangements were in accordance with the financial rules. Four recommendations were made. Two related to the vending machine for Coca Cola where there is a royalties agreement although the actual income is negligent.

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).

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).

There were two staff members who had unsigned copies of the key policies document in their files. Another employee did not appear to have had Health & Safety Training.

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)

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).

03-2010/ 11 Mobile Phones

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

This report examined the controls relating to mobile telephones. The auditor established that there were procedures for the purchase of mobile phones but there was no written record of these procedures.

R1 Ensure that procedure notes are compiled with regards to the admin procedures of dealing with the purchase of mobile telephones and payment of invoices. (Medium – Buildings & Facilities Manager)

It was established that there was not a formal system for a service to request the provision of a mobile phone and that requests could be made in a number of ways with the risk that the record could be mislaid.

R2 Ensure that a form is produced that should be completed when a mobile phone/smartphone is requested which can then be authorised. (Medium – Buildings & Facilities Manager)

Two invoices examined had been paid promptly, had been authorised and were arithmetically correct. However upon examination of the coding used there were a few anomalies found, these were pointed out to the Senior Accountant. There have been recommendations made previously that the coding of these invoices should be checked on a regular basis. Unfortunately due to closedown priorities at the moment the Senior Accountant is unable to confirm when last this exercise was carried out.

R3 Ensure that the expenditure codes used for payment of the mobile telephone invoices are checked and corrected where necessary. (Medium – Senior Accountant)

The invoices for itemised calls are sent to the service and afterwards are returned to Administrative Service. This was felt unnecessary as any queries would be initially directed to the service.

R4 Ensure that the records relating to the itemised calls of mobile telephones are kept centrally within each Services. (Low – Buildings & Facilities Manager to email all Chief Officers)

Using the spreadsheet maintained by Administrative Services of the monthly costs of mobile telephones and examination of the higher users of mobile telephones there seems to be some inconsistency as to contributions being made and this could be as the result of the itemised bills not being circulated to staff as within two Services the monthly summary sheets and itemised bills had not been circulated for a number of months and therefore staff had not been given the opportunity to contribute towards personal usage.

R5 Remind staff of the need to highlight their personal calls and contribute towards the cost of private usage. (High – Buildings & Facilities Manager to email all Chief Officers)

Also there are a few mobile phone users where the monthly charges can be between £50-£100 per month and the question was raised as to whether individual packages could be tailored to each phone from Vodafone as at the moment all mobile telephones are on a £5.50 monthly rental only. It is not possible for the Auditor to establish if the usage is completely work related but for the majority of high mobile users the job does involve working away from the office or travelling around the borough.

R6 Contact the mobile phone provider to establish if packages can be tailored to individual mobile telephones rather than being in a block package. (High – Buildings & Facilities manager)

R7 Dependent of the outcome of R6 an exercise may need to be carried out to establish the high users of mobile telephones in order to give them the lowest possible tariff in costs terms. (High – Buildings & Facilities manager)

The number of hand held devices which are sometimes referred to as PDA's or smartphones is steadily increasing within the Council however there are no clear guidelines as to the technical selection, procurement, rental costs and general management of these devices. Within the Information Security Policy there is a section entitled PDA & Smartphone Security Policy which is useful, but it is felt by the Auditor that a general policy regarding the use of all mobile devices.

There are currently two tariffs used which relate to the amount of data that can be downloaded. There are eighteen members of staff that have these PDA's but only three members of staff are on the higher tariff but there are a number of staff on the lower tariff that goes above the amount of data that can be down loaded within the tariff. Therefore a check needs to be made as to whether staff are on the right tariff to keep the costs as low as possible.

R8 Ensure that staff using PDA's are on the correct tariff. (High – Buildings & Facilities Manager)

There are some allowances in existence for home telephones, mobiles and smart phones. These allowances require a review to see if they are still

applicable or if telephones provision can be replaced by payment of the allowance as an alternative.

R9 Carry out a review of the scheme of telephone allowances currently paid. (Medium – Central Services Director/Director of Finance)

R10 Produce a telephone policy to include mobile telephones, PDA's/Smartphone's and allowances and standard forms to be completed when allowances are requested. (High – Buildings & Facilities Manager)

04-2010/11 Document Image Processing (DIPS)

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

The auditor looked at the procedures relating to the use of DIPS system Idox within the Revenues and Benefits Sections.

The auditor found instances of where the DIPS date differed from the document stamped date.

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.)

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).

When checking the Benefits documentation the Auditor 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).

The Auditor found that an up to date risk register was in place and that good procedure notes are in place.

05 – 2010/11 Travel Claims

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

This audit consisted of examining travel claims for a five month period commencing December 2009. A few minor discrepancies were found where mileage readings were duplicated but these were examined in detail and were accepted as errors.

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).

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 their vehicle for 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)

The Auditor also looked at the level of claims, the payment rates and insurance cover but no further queries arose.

06 – 2010/11 Training

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

This audit examined the procedures relating to the provision of training and financial reimbursement.

A check of the training agreement file was carried out to ascertain who had a training agreement, whether they had been signed and whether the appropriate paragraph had been used regarding repayment within six months (career grade) or twelve months. Two current employees had not signed their agreement however this was in the process of being followed up.

R1 Ensure that training agreements are signed by the employee before paying out any expenses. (Medium Priority – Personnel and Development Manager)

A sample of twenty claims for reimbursement of mileage and/or training expenses were checked to ensure they were reasonable, had supporting receipts and authorisation. This all seemed to be in order with the exception of one employee submitting claims for a number of months at a time.

The sample were then cross checked to establish whether there was any duplication in claiming casual/essential/lease mileage, rail warrants or whether the incorrect mileage claim had been used. This highlighted a few issues. Four staff had claimed their 'training' mileage on their lease/casual user mileage form. Following enquiries with the Personnel and Development Manager one of these was acceptable and had been agreed due to being Emergency Planning, but the other three had not. Another member of staff appeared to have claimed training mileage and work mileage on the day of the training and another member of staff had claimed work mileage on a training day. These two cases are being investigated separately.

The exercise looking at rail warrants highlighted that these are not always being used by staff, however, they are available so that staff do not have to pay up front for their travel. Cheaper rail tickets can be obtained if paid in advance and this should be encouraged by staff to save money for the authority although this should be weighed up against the possibility that should staff not be able to carry out their journey due to illness or other unforeseen circumstances then money could be lost.

The administration of rail warrants seems reasonable in terms of stock issues and now that the rail warrant books have a carbon copy kept within the book there is an audit trail and therefore the 'rail warrant issue form' is not absolutely necessary except to aid Exchequer Section. Finance and Planning still complete their issue form and forward it to Exchequer Section. Those services that don't forward it are sent an email from Exchequer requesting the expenditure codes in order that the invoices can be correctly coded and this does not seem to cause any problems.

The Exchequer Assistant processes the invoice which is a direct debit to the Rail Company; however no checks are actually carried out to ensure the individual journey amounts have been correctly charged by them. An audit of the latest bill dated 28/5/10 of the journeys invoiced checked to the on-line National Rail Enquiries showed that all the journeys that could be checked appeared to have been correctly invoiced.

R2 Remind staff that claims for training should be submitted as soon as possible and not to store up months worth of claims. (Low Priority – Personnel and Development Manager)

R3 Remind staff that mileage for 'training' should not be claimed on the lease/casual/essential user mileage forms, unless permission has been granted for exceptional reasons. (Medium Priority – Personnel and Development Manager)

R4 Staff should be encouraged to obtain rail tickets in advance of their journey where possible to save money for the Council. (Low Priority – Personnel and Development Manager)

R5 Periodic checks of the rail fares charged by the Rail Company should be cross checked to the on-line National Rail Enquiries to ensure they are reasonable. (Low Priority – Exchequer Services Manager)

Testing of other controls and procedures relating to professional membership fees, reclaiming costs from leavers, budgetary control, up to date references for staff training and an up to date risk register resulted in no further queries.

07 – 20010/11 CCTV

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

This audit looked at the partnership agreement with Tunbridge Wells for provision of CCTV.

There were five anomalies found whereby payments had been made and appeared on Integra but did not appear on the cost analysis spreadsheet used to recharge TWBC. From further investigation it was identified that although five invoices had not been recorded, only one of these related to a recharge that should have been made to TWBC. Therefore TWBC had been under invoiced for £1,366.88 for 2009/10. The CCTV Technician said that this could be added to the next recharge to TWBC. It was noted by the Auditor that these five payments that had not been recorded on the cost analysis spreadsheet were all payments made in the absence of the CCTV Technician when he was on annual leave or off sick. As the cost analysis spreadsheet is the prime document for the calculation of the amount that is to be recharged to TWBC the procedure of relying on that the CCTV Technician is given a copy of all invoices is not effective. It is therefore suggested that a new procedure is introduced whereby on a monthly basis the CCTV Technician runs an Integra report to check that the invoices recorded on the cost analysis spreadsheet agree with the invoices that have been paid through Integra.

Due to the error identified a further test was carried out for 2008/09 to ensure that all payments on Integra had been recorded on the cost analysis spreadsheet and recharged accordingly.

It was established that there were two payments totalling £5,135 that should have been recorded on the cost analysis spreadsheet and recharged to TWBC @ 50% at a total of £2567.50.

Overall for 2008/09 and 2009/10 TWBC have been under charged by £3,934.38.

R1 Ensure that TWBC is recharged for the sum of £3,934.38 relating to 2008/09 and 2009/10. (High – CCTV Technician)

R2 Ensure that on a monthly basis a check is made to ensure that all invoices paid through Integra have been identified by the CCTV Technician and recorded on the cost analysis spreadsheet. (High – CCTV Technician)

R3 Check previous years records prior to 2008/09 to establish if there are any other recharges that have not been made to Tunbridge Wells Borough Council and invoice where necessary. (High – CCTV Technician)

No further queries arose.

08 – 2010/11 Larkfield Leisure Centre

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

A surprise cash visit was made to Larkfield Leisure Centre (LLC) on 21 May 2010. As part of this visit, the audit team checked to ensure that the balances held for both the petty cash and the floats agreed to records held by the Accountancy department. All was found to be in order with the exception of a £2.16 difference on the petty cash. From investigations it was ascertained that this may well be down to the fact that an employee had placed a voucher for payment into the petty cash tin but had forgotten to take the money. The voucher is for £2.26 therefore this would leave a 10p shortage.

R1 Ascertain whether the difference of £2.16 is due to the fact that an employee had receipted a payment but not removed the cash from the petty cash tin. (Priority – Low. Responsible Officer – LLC General Manager).

Insurance limits, security, lost property, floats, income and stocks were examined and no queries arose. An up to date risk register was in place.

The gift vouchers held at the centre were examined and a £10 voucher was found to be missing. The vouchers were being issued out of sequence and there were some un-numbered vouchers found.

R2 Perform a reconciliation of the vouchers correcting the above errors and see if the £10 voucher can be found. (Priority – Medium. Responsible Officer – LLC General Manager)

R3 Management need to ensure that the voucher log is being kept in order at all times and that vouchers are being issued in numerical order by admin and reception staff. (Priority – Medium. Responsible Officer – LLC General Manager).

R4 Management should decide whether to destroy the un-numbered £5 vouchers or whether new numbers should be written on them immediately. If the latter is decided, this point needs to be reflected within the voucher log file. (Priority – Medium. Responsible Officer – LLC General Manager).

09 – 2010/11 Building Maintenance

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

This report looked at the risk register, insurance cover, record of the building stock, maintenance programme, promptness of repairs and compliance with contract procedure rules. No queries arose from this testing and no recommendations were made.

10 – 2010/11 Car Parks

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

This audit reviewed the procedures for the collection and safe deposit of monies in respect of car parking. Testing found no areas of concern. However, the risk register had not been updated since December 2009.

R1 The Risk Register for Parking and Administration should be reviewed and uploaded into the appropriate file as soon as possible. (Priority – Medium. Responsible Officer – Parking and Office Manager).

11 – 2010/11 HB overpayments

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

This investigation was requested by the Director of Finance as an additional unprogrammed audit due to the increasing level of outstanding debt being reported to Financial Services Management Team.

The Director of Finance advised that, as at June 2010 there were over 500 claw back cases outstanding of £640k and over 500 invoices of £840K. It was agreed that an independent view was needed of the growing debt and the audit, therefore, looked at potential ways of reducing the level of debt and increasing the recovery rate.

The Director of Finance drew attention to numerous factors that could have attributed towards the level of increasing Housing Benefit overpayment debt and these include:

- Housing Benefits claims have increased by 11% in 2009/10 over 2008/09, 20% over 2007/08 and they are of increasing complexity.
- Housing benefit payments increased by 22% in 2009/10 over 2008/09 and 37% over 2007/08.
- Payments on account have carried a higher risk of overpayment since April 2008 due to the length of time in DWP decision making.
- Probable delays in receiving information from other bodies.
- Long term absence of one member of the two person overpayment recovery team which resulted in priority being given to the recovery of new debt.

- Benefits Staffing issues including a high staff turnover resulting in new untrained staff being appointed, maternity leave and long term sickness of a key member of benefits staff.

This audit has been given a Limited opinion due to two main factors. Firstly it is felt that the Housing Benefit Matching Service (HBMS) data has not been processed in a timely manner, thus creating an increase in the level of Housing Benefit Overpayments and secondly the fact that recovery of the overpayments is not always effective.

The system used to process Benefit Claims is Northgate and it is recognised that the reporting facilities in relation to overpayments are inadequate. There are plans by Northgate to improve this function but until that happens the information from current reports is limited.

R1 Ascertain whether a meaningful report of overpayments can be run, once Northgate introduce some new reports, to aid cross - checking to the write-off forms to establish whether there are any omissions and the total amount of write-offs can then be reported to FSMT. (Priority – Low. Responsible Officer – Principal Benefits Officer)

Due to sickness and increasing workload in Benefits the referrals from the Housing Benefit Matching Service (HBMS) were given a low priority. As a result the period taken to resolve them increased and any overpaid benefit continued for longer resulting in a larger overpayment. These referrals can be identified into differing priorities where an overpayment is more likely to occur requiring early attention.

R2 It is recommended that the HBMS matches are sifted within the first week of receipt according to their categories and any high priority cases be dealt with immediately, all others should be dealt with in a two month timescale to potentially reduce the level of overpayments. (Priority - High. Responsible Officer – Principal Benefits Officer)

One area that requires frequent review is the rate of clawback. It has been identified that approximately 10% clawback rates are incorrect. In monetary terms this equates to an increase in recovery of approximately £35k per year. Staff must ensure that these claw back rates are checked when assessing new HB claims or amending claims and also perhaps the checking officer should be carrying out the claw back checks rather than Exchequer Services.

R3 Review the necessary steps that need to be taken to significantly reduce the number of claw back errors and therefore discontinue the quarterly claw back checks undertaken by Exchequer Services. (Priority – Medium. Responsible Officer – Principal Benefits Officer and Exchequer Services Manager)

When an overpayment has been created as a result of a change in circumstances, the Council should consider whether, during the period

covered by the overpayment, the claimant had any benefit entitlement based on his/her revised circumstances. Any revised entitlement is referred to as 'underlying entitlement'. To establish eligibility to underlying entitlement can be time-consuming and relies largely on cooperation from the claimant in terms of supply of further information. Currently there is no spare capacity within the existing staffing of the Section. Nevertheless, it should be ascertained whether the benefit to be derived from awarding underlying entitlement (in terms of reducing the monetary value of overpayments) would outweigh the staffing costs of establishing and calculating underlying entitlement.

R4 Consider if there are any staff resources that can be allocated to the calculating of underlying entitlement cases. (Priority – Medium. Responsible Officer – Principal Benefits Officer)

During the audit it has been identified that from the sample of HB overpayment debts examined that some debts are not being reviewed on a regular cycle to establish if the rate of collection can be increased. Along with other factors such as the electronic notebook not being kept up to date it can give the impression that payment arrangements are too lenient.

In a high number of cases where a HB overpayment has been created there will also have been an overpayment created with regards to CT benefit. With regards to a CT overpayment the benefit is simply added to the CT account and then repayment arrangements are made, whilst examining a number of CT overpayment cases there are occasions whereby the CT debt is cleared before the HB overpayment debt and larger payments are being made each month to the CT debt. For example a claimant made arrangements to pay back £10 per week for their Housing Benefit overpayment however they are paying over £200 per month for their Council Tax liability, once they have finished paying their Council Tax it is not then requested that their HB repayment be increased. This could suggest that the co-ordination between the sections could be improved. It has been pointed out to the Chief Internal Auditor by the Director of Finance that previously it had been ruled that HB overpayments should rank ahead of prior years CT overpayments as the Council retains 100% of the HB debt and only 10% of the CT overpayment debt, TMBC could devise a different priority and rank HBOP ahead of CT current year debt.

However from discussions with the Fraud Manager it was established that as CT debt is a criminal debt, claimants will be advised by organisations such as the Citizens Advice Bureau to clear criminal debts first. However TMBC could advise the CAB of a different priority on a case by case basis.

In order to potentially increase the rate of collection with regards to the HB overpayment debt it is suggested by Audit that perhaps one recovery team could be set up to deal with both the HB and CT overpayment debts. Not only would this be more customer friendly as currently a claimant which has both a HB and CT overpayment debt have to contact separate sections to arrange repayment schedules it would be more effective for one recovery section to establish the level of repayments that could be made and be consistent. This is an issue that may be addressed in the future.

R5 Establish criteria to inform the Financial Assessments which must be carried out and reviewed at least yearly where an arrangement to pay off a debt extends beyond one year. (Priority – Medium. Responsible Officer – Exchequer Services Manager)

R6 Ensure that for all cases where all normal avenues of recovery have been attempted without success that a decision is taken on whether to write them off and this process should be carried out regularly. (Priority – Medium. Responsible Officer – Exchequer Services Manager)

A spreadsheet was created which detailed twelve cases with outstanding action from another test. The dates were then checked between all the documents to ensure that they were correct in line with that stated by Exchequer services. A few issues were found but in the majority the process was found to be correct.

When creating the spreadsheet five large differences were found between reminders and finals. The reason behind these differences is that the instalments had been changed. When instalments are changed on Northgate the system records that it goes straight back to an invoice status. Therefore the recovery process starts again from the reset invoice, not from the original, even if a second reminder and a final reminder have been sent out. It can therefore be appreciated that the discrepancies are large as contact had been made by the claimant and the process begins again from the reset invoice.

An area of concern was the fact that the five cases that went to the debt collector all have a large difference between when the final (seven day) letter was sent and when the debt was passed to Philips. The smallest difference was just over seven weeks and the largest was about three and a half years. The letter gives the claimant seven days to contact us before the debt is passed on. This is obviously not being carried out in a timely manner.

Whilst carrying out the audit it was also identified that there was no recovery policy and from discussions with the Exchequer Services Manager it was established that there is currently a draft Debt Corporate Recovery Policy being put together which will include reference to HB overpayments. It should be noted that at Gravesham BC a Corporate Debt Recovery Policy has been produced to establish guidelines for the recovery of all debts outstanding to the Authority and this is something that TMBC may need to consider.

R7 Ensure that debts are passed to Philips and recalled where no or minimal sporadic payments have been collected for consideration for write-off in a timely manner. (Priority – High. Responsible Officer – Exchequer Services Manager)

A check was also made on the amount of money that had been received from the claimants via the debt collectors. In only ten of the thirty cases had money been received, four of which were minimal figures that would have little effect given the size of the debt. This also means that out of the thirty invoices passed to Philips for collection twenty have had no funds collected despite

being with Philips for a substantial amount of time e.g. two years. Although it is accepted that Housing Benefit debts are notoriously hard to collect, a check of the last payment received from the claimants also showed that in six of the cases no payment has been made for over two years.

It should be noted from looking at the original agreement the commission percentage was 25%. They are currently only charging 17.5 % on their collections. From discussion with the Insurance and Risk Manager it has been ascertained that the fact that the commission charged by the debt collector has been reduced was a verbal agreement and something that has never been confirmed in writing. The Exchequer Services Manager had been made aware of this change.

R8 Other debt collectors should be invited to quote for this service as it seems the market has not been tested for a number of years. (Priority – Medium. Responsible Officer – Exchequer Services Manager)

Where a person has moved to another area there is the potential to recover debt from any DWP or other local authority benefit payment. There are also cases where a Court has ordered payment of debt to be made. These cases were not being given priority on debt recovery.

R9 Ensure that the follow up of DWP, LA paying and court paying cases are dealt with promptly. (Priority – High. Responsible Officer – Exchequer Services Manager)

Whilst searching Northgate for cases that have been passed to the Debt Collector the Senior Internal Auditor stumbled across a status entitled 'Item O/S – Still to be actioned' and it was decided to look into this further.

A listing of all cases currently with this status was created and then those cases that still have payments owing was extracted. Twelve invoices were found. The Senior Internal Auditor and the Internal Audit Assistant then went through each case in turn in order to ascertain a background to each and to see what action has happened to the case in recent months.

The Auditor summarised the issues in a list. Each case had different issues however to sum up all appear to be at a stage of limbo. Action is required on each of them to take them to the next stage. In most cases this stage would be to pass it the debt collectors as in some cases debts have been outstanding for a number of years. There is little information available on the notebooks for each one as to why there are outstanding items still to be actioned and the Auditor feels that more work is required on these cases. Amongst others, four of the invoices have had no payments, one has had just £5 since the original invoice was sent in 2001, and others have simply had one small payment and nothing appears to have been chased up since.

R10 It is recommended that each of the twelve invoices are looked at in detail by the Exchequer Assistant (HB Overpayments) to ascertain a way in which these debts can be chased or need to be written off. In addition the items marked O/S should be regularly

monitored. (Priority – High. Responsible Officer – Exchequer Services Manager)

The Senior Auditor obtained a report from Northgate of all those cases with a debt outstanding that the landlords should be paying (as at 9/6/10). All those at the final reminder stage had been paid on 16/6/2010 via the interim arrangement. Further reports were obtained and confirmed to agree with the schedules sent to cashiers to carry out interfund adjustments.

As this hopefully will be fully automated in future no changes need to be made regarding the interim arrangements however once the automated recovery of overpayments from landlords starts working correctly it will be necessary to ensure that the benefit assessors correctly treat these overpayments.

R11 The Benefit Assessors should be made aware of any new arrangements for dealing with overpayments, where the landlord is liable, so that the recovery of overpayments works correctly and automatically. (Priority – High. Responsible Officer – Principal Benefits Officer)

The Benefit write-off procedure notes need to be updated as they still refer to the previous computer system and refer to the Director of Corporate Services.

All HBOP write offs for the year 09/10 had been reported to committee and approved and had sufficient reasons for the write offs.

Whilst carrying out the audit it was identified that the filing cabinets in the Exchequer Office which hold information on HB claimants are not locked. However the keys are available and the cabinets are now being locked.

During the audit a set of procedure notes were found entitled Overpayments however these need to be reviewed and updated.

R12 Review and update all Overpayment procedure notes. (Priority – Medium. Responsible Officer – Exchequer Services Manager)

Two overpayment graphs were produced by the Auditors showing overpayments created, overpayments recovered and write-offs from April 2008 to June 2010. The overpayments are new debts created only whilst the recovery includes that of old debt. The second graph showed the cumulative position and indicated clearly how the gap is widening especially when you consider that the overpayments relate to older debt as well.

R13 It is suggested that the recovery of debts as reported to DWP are incorporated in the quarterly debt recovery statistics reported to FSMT. (Priority – Medium. Responsible Officer – Exchequer Services Manager)

It became apparent during the audit that much documentation relating to overpayments within the Exchequer Section is being held manually rather than use being made of IDOX. The corresponding paperwork could then be disposed of after three months in line with the scanning and data retention

policy. In addition, more use should be made of the event dates on the system and the 'Outstanding reports list' to keep track of those cases where normal recovery action has come to an end and therefore reduce paperwork.

All new HB overpayment correspondence received in Exchequer Services is now being scanned into IDOX.

12 – 2010/11 Benefit Investigations

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

This audit examined the procedures for dealing with referrals, use of up to date procedures, and completeness of investigation.

A list of all cases closed since August 2009 was created using the 2009/10 and 2010/11 closed files spreadsheets from the Fraud I Drive. A sample of twenty were selected at random using IDEA and then manual files for each were obtained. Each file was checked by the Auditor to ensure that all key documentation was included as well as ensuring that the authorisation processes had been followed correctly as detailed in the Housing Benefit Fraud Investigators Manual.

It was found that in all cases it was evident that the correct processes are being followed however many key documents are missing from the files, incomplete or unsigned. This is mainly in relation to the completion of the closure documentation and missing signatures. The Auditor has completed a spreadsheet showing the missing documents etc.

With regard to the closure documents, in the majority of cases the Auditor was able to find the particular information required for the closure on either the memo or the checklist. Following discussions with the Chief Internal Auditor and the Benefit Investigations Manager at the draft stage of this report, it was decided that it would be a wise idea to utilise one closure document instead of both a memo and checklist. As such, in future a closing memo will be used when files are closed. Accordingly, the procedure notes should be updated.

R1 The Fraud procedure notes should be updated to reflect the fact that the closure checklist is no longer being utilised and that the closing memo will now be in place for all future files. (Priority – Medium. Responsible Officer – Chief Internal Auditor)

The testing carried out on the conclusion of investigations did not result in any further queries arising. In all other risk registers, this column gives the name of the responsible officer however in this case, the initials of the job title have been used. For consistency, the Auditor would recommend that this is amended.

R2 Amend the responsible officer column to show names of employees not the initials of their job title. (Priority – Low. Responsible Officer – Chief Internal Auditor)

13 – 2010/11 CIPFA Computer Matrix -PC Controls

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

This audit used the CIPFA control matrix in order to review procurement, framework, standards, asset management, numbering of PCs, control of laptops, disposals, maintenance, security training, firewall protection and back-up arrangements. The matrix provides detailed questions relating to the internal controls that are expected to be in place and these areas are then tested for compliance. All the controls were found to be in place and working. However, the two risk registers relating to IT services had not been reviewed within the six-month review period.

R1 The Information Technology Manager should ensure that both risk registers are reviewed, updated accordingly and placed on the share drive as soon as possible. (Priority – Medium. Responsible Officer – Information Technology Manager)

14 -2010/11 – Poult Wood Golf Contract

Currently in draft format, to be reported upon at next Audit Committee.

15 -2010/11 - Mayoral Expenses and Support

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

This audit reviewed the procedures in place for operating Mayoral support including Mayors Charity Account, Chauffeur and other expenses. There were no queries arising and there were sound controls in place. No recommendations were required.

16 – 2010/11 VAT

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

The VAT function has been given the control assurance level of substantial mainly due to the fact that invoices are not always being created within the same month of when a service is being provided. This means we are not always given a fair view of the monthly VAT figure. If the Auditor were to have found this to be in order a high control assurance level would have been given. With that exception the other recommendations within the audit are either suggestions to assist staff in their roles or are corrections of small administrative errors such as procedure notes adjustments.

The spreadsheet for the VAT calculation required a slight amendment.

R1 The VAT Return Procedure Notes should be updated to reflect the fact that the retmth00.xls spreadsheets location has now been amended. (Priority – Low. Responsible Officer – Principal Accountant / Insurance and Risk Manager)

There was concern that the same code is being used by one service to record both income and expenditure. The Exchequer Services Manager has therefore liaised with the appropriate accountant in order to contact Leisure Services so that separate codes for income and expenses can be utilised. A recommendation has therefore been made.

R2 Accountancy should liaise with Leisure Services to ensure that income and expenditure are not both recorded on B39TD-0000-44097 and that a separate code is formalised. (Priority – Medium. Responsible Officer – Principal Accountant)

When looking at any invoices or credit notes in relation to services provided by the LSBU, the Auditor found it difficult to ascertain whether the correct VAT had been used. This was due to the fact that no VAT codes are found for the LSBU within the budget book therefore the Auditor had to continually keep referring to the HMRC website for clarification. VAT codes within the coded budget book with regard to expenditure can be used as guidance however income guidance included within it must be abided by, as it is our responsibility to determine and apply the correct VAT rate.

From discussion with the Principal Accountant he has stated that this is something that he wishes to amend in future. He should therefore liaise with the necessary Leisure officers when commencing this project.

R3 The coded budget book should be updated to include all VAT codes for the LSBU for completeness and ease of reference unless there are practical reasons for not doing so. (Priority – Low. Responsible Officer – Principal Accountant).

There was an invoice within the sample from an energy company where the VAT code was not contained within the invoice.

R4 Staff should be reminded to check that all invoices include a valid VAT Registration Number. (Priority – Medium. Responsible Officer – Insurance and Risk Manager / Principal Accountant)

A sample of sales invoices were examined and some instances were found where the date of the invoice was in a different VAT period in which the service was provided. There was not and will not be any financial adverse impact from omitting dates however the inclusion of a full description of services and dates is good invoicing practice and a recommendation has been made accordingly.

R5 Chief Officers should be reminded that invoices should include dates within the description of when services have been provided. (Priority – Medium. Responsible Officer – Principal Accountant / Insurance and Risk Manager)

It is acknowledged that there are often cases whereby data required to fully compile an invoice is not available until after month end however services should still be reminded via the Customer Forum to raise invoices promptly and to advise Exchequer Services of any un-raised invoices at period end.

R6 Chief Officers should be further reminded that invoices should be raised within the same month in which the service has been provided to ensure that the VAT is recorded within the correct months return. (Priority – Medium. Responsible Officer – Principal Accountant / Insurance and Risk Manager)

Apart from these minor areas the VAT recording was found to be accurate and timely.

17 - 2010/11 Investments

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

This audit took place in addition to the regular monthly checks already carried out by Internal Audit to ensure compliance with the Treasury Management Strategy.

A control assurance level of high has been given due to the fact that the controls for Treasury Management are strict and provide very good support to minimise risk. Small administrative errors have been found with regard to the procedure notes and risk register however this has had no detrimental effect on performance. No recommendations arose from this audit.

18 – 2010/11 – Recruitment

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

This audit considered the recruitment process against current legislation and Council policies.

A recent agreement has been reached through a framework agreement to obtain temporary staff from one agency. In order to progress this the agency are required to supply a Memorandum of Understanding (MOU) and this had not been supplied.

R1 Ensure that a MOU is received from Top Temps and signed. (Priority – Low. Responsible Officer – Personnel & Customer Services Officer)

There were examples in the testing where CRB checks were required for employees but these had not yet been supplied although they had been requested.

R2 Ensure that CRB checks are chased for the five members of staff identified during the audit. (Priority – High. Responsible Officer – Leisure Contracts Manager)

R3 Ensure that the record of CRB checks held at the Leisure Centres is kept up to date and where necessary checks are chased when out of date. ((Priority – High. Responsible Officer – Leisure Contracts Manager)

Verification of qualifications was reviewed and from the sample there was one case where there was no proof of qualification. The person has contacted the University to obtain a copy of the certificate.

**R4 Remind Managers of the need to ensure that proof of required qualifications for the job are obtained. (Priority – High.
Responsible Officer – Personnel & Customer Services Officer)**

No other queries arose from this audit.