

Audits for 2010/11 not previously reported on**14- 2010/11 Poult Wood Golf Contract**

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

This review examined the controls in place for administering the collection and banking of green fees by the Golf Professional. There had been a number of changes in Council procedures as the result of the retirement of the Leisure Services Administration Manager. Throughout the audit it was found various procedures have ceased since this arrangement began and therefore the auditor could not give full reassurance that the controls in place were being applied. In addition the duties for monitoring the golf course income had recently been split between Leisure and Financial Services.

Although there were a number of procedures that were taking place late it was considered that the overall risk of loss to the Council was minimal as the bank reconciliations were taking place promptly.

R1 The procedures require review in line with the recent changes to the administration of Poult Wood. (High Priority – Chief Leisure Services Officer)

Although the collection and banking of income was being undertaken in a timely manner it was noted that the bank was reporting an increasing number of errors in the paying in slips from the golf course.

R2 Remind Poult Wood staff to take extreme care when completing their paying in slips. (High Priority – Chief Leisure Services Officer)

The reports produced by the system were examined and although these were being produced regularly they were not always being reviewed or reconciled during the busy period of Leisure work. This was considered low priority although the amounts of income at this time are considerable. It was suggested that the software supplier could be contacted to identify how reports could be tailored to be more useful with direct output to spreadsheets being available.

R3 Reinforce the checking procedure of the ESP daily income return to the paying in slips and streamline receipts, including checking the end of day report of 'no sales/voids/refunds' signing the return to confirm this has been done. (High Priority – Chief Leisure Services Officer)

R4 Reinstate the checking of the web booking income and the society income bearing in mind the need for extra resources during the busy times of the year. (High Priority – Chief Leisure Services Officer)

R5 Contact ESP to establish whether more useful report formats can be produced. (Low Priority – Principal Accountant)

The month of June was randomly selected for analysis of end of day returns and 2 days were found to be missing returns tickets.

R6 Remind Poult Wood staff to ensure that returns are supported by the unused ticket and Leisure staff to check that this is complied with. (High Priority – Chief Leisure Services Officer/Golf Professional)

A sample of applications for memberships was tested to ensure that the correct rate had been charged. In all cases the correct rate was charged but this had to be confirmed by tracing some records back to the itemised sales report as a till receipt was not attached to the application. The result of this test was that the correct amounts had been received.

R7 Where a till receipt cannot be attached to the application form the reference number from the itemised sales report should be written on the application form as a cross check for Leisure staff. (Medium Priority – Chief Leisure Services Officer/Golf Professional)

Further testing on other sources of income and ticket checks took place that did not result in any further recommendations arising.

19 - 2010/11 Court Costs

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

The reason for the limited opinion is due to the fact that costs awarded to the authority are not being monitored to ensure that they are being paid to us.

There were three recommendations made in the last audit which were all implemented and checked as per a follow up audit in October 2009. However after the follow up audit the correct completion of the spreadsheet which details awarded costs and costs received seems to have ceased with only some of the costs received being shown.

R1 The spreadsheet must be used to record all costs awarded to the authority to then match up to all costs received to enable monitoring to take place. (High Priority – Legal Services Partnership Manager)

It was found that there were no written procedures regarding the monitoring of Court Costs.

R2 Procedures need to be written up regarding the monitoring of court costs, including how to record what has been awarded by the courts and what has been subsequently paid. (Medium Priority – Legal Services Partnership Manager)

The review examined what action has been taken with the Courts to resolve situations where payment is not received for awarded costs and found that there is no system in place to monitor this.

R3 Follow up action should be taken with the courts when costs are not forthcoming and this process should be included in the procedures. (Medium Priority – Legal Services Partnership Manager)

An examination of the risk register found that it had not been updated by the due date.

R4 The risk register is due for review as it should be carried out six monthly. (Medium Priority – Legal Services Partnership Manager)

20 - 2010/11 Members Allowances

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

It was found that attendance sheets are not always marked up to indicate when allowances have been paid. There is the potential for duplicate claims to be made however, there was no evidence to suggest that had happened.

R1 Ensure that the attendance sheets are updated to show the meetings that have been claimed for to ensure that duplicate claims cannot be processed. (Priority – Medium, Responsible Officer – Administrative Officer)

21 - 2010/11 – Tonbridge Swimming Pool Cafeteria

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

The Tonbridge Pool Cafeteria has been given a control assurance level of substantial due to the fact that the controls in place for the recording and monitoring of stock levels have the potential to be updated. Also the Plus2 system has not been utilised to assist in this process. If this were to be improved the function has a potential to obtain a high control assurance opinion. The handling of cash and health and safety was all found to be in order and staff should be commended on this fact.

At the draft stage of the report, the General Manager confirmed that the Catering Manager (CM) is provided with financial management and trading information on a regular basis. The Auditor contacted the Clerical Assistant in order to ascertain what basic reports are available with regard to stock. It was found that a stocks report is available on the system and the auditor would encourage the CM to look further into the Plus2 system to ascertain whether there are further reports available which may help in further managing stock, sales and staffing.

R1 The Catering Manager should establish the financial reports available from the Plus2 system in order to utilise it to its full

potential. (Priority – Low. Responsible Officer – Catering Manager).

The methodology for controlling stock was examined and found to rely heavily on manual records. The option of using computer records was discussed. The method of computerising stock records would obviously need further discussion as the decision would need to be taken as to whether it would be cost effective and whether there would be sufficient resources to implement a new system.

R2 In liaison with Internal Audit, discuss further the ways in which technology can be utilised to add to the effectiveness of stock control and analyse any potential cost savings involved in this. Once decided create procedure notes and implement as appropriate (Priority – Medium. Responsible Officers – General Manager and Catering Manager).

It was also found that a stock take is only carried out once annually. This was identified as a potential weakness.

R3 Increase the frequency of stock takes at Café Zest to at least be on a quarterly basis if operationally practical. (Priority – Medium. Responsible Officer – Catering Manager).

Other areas of testing included suppliers, wastage control, health & safety, training and marketing policy. The only issue raised following this testing was in relation to the sales of prepared foods at a discount to staff. There is no set discount level and prices are left to the discretion of the Catering Manager. This does result in differing levels of discount that can be below cost price.

R4 The Catering Manager should assess the staff prices to ensure that TMBC are recovering all potential costs. (Priority – Medium. Responsible Officer – Catering Manager).

Further testing took place to review staffing and stock levels and these resulted in no concerns being identified. An up to date risk register was in place.

22 - 2010/11 – Financial arrangements with Parish Councils

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

The auditor has given the opinion of high due to the fact that no process issues have been found with regard to the precepts and financial arrangements in 2009/10 and 2010/11. The only issue found was with regard to procedure notes but this has had no detrimental effect on the way the function is being provided.

R1 Update the procedure notes for both precepts and financial arrangements with Parish Councils and place on a relevant location on the Accountancy I drive. The new loans procedure

should also be included. (Priority – Medium. Responsible Officer – Systems Administrator/Senior Accountant).

23 - 20101/11 – Angel Centre Cash Up

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

This audit consisted of conducting a surprise visit to the Centre and checking the tills, floats and petty cash holdings. There were some concerns regarding the petty cash holding as there was an error of £17.49 in the cash holding. The officer dealing with petty cash had received any training on the process. One cash float was £1 under. These two errors were considered to be insignificant and did not affect the overall opinion of the auditor but did result in some recommendations being made.

R1 The clerical officer should be trained to ensure she fully understands the correct petty cash procedures. (High – General Manager)

R2 The petty cash needs to be brought back into balance and in future regularly reconciled. (High – General Manager)

R3 The cash float total needs to be brought back into balance. (Medium – General Manager)

24 - 20101/11 – Internet Usage

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

The Council uses software called Websense for the monitoring of Internet usage. The main functionality of this product is web security, web filtering and content filtering including the protection of PC's from Internet attacks. The IT Manager stated that the software works in a different way to the previous system and is not capable of providing the same sort of information which was being sent to the Chief Officers and that a suitable monitoring report had not been identified, as a result monitoring of internet usage had not taken place for over a year. The IT Manager has mentioned that training on the use of Websense which includes the reporting side has been earmarked for some staff.

Other authorities in Kent were contacted to identify any other users of Websense and Maidstone Borough Council were the only other user in Kent. Contact was made with Maidstone but their IT officer responsible for the system was on leave at the time of the audit.

The overall opinion of Websense was that it was a powerful protection tool and does prevent inappropriate sites from being accessed. The Council does permit access to social and retail sites during officers own time. The reports currently being produced do not highlight any potential misuse of this access. There is a training need in respect of internet usage for it to be used to monitor levels of internet sage.

- R1** *Ensure that staff receive training with regards to the reporting element of Websense. (Priority – Medium, Responsible Officer – IT Manager)*
- R2** *Contact Maidstone BC once training has been received to establish how they use Websense as a internet usage reporting tool. (Priority – Medium, Responsible Officer – IT Manager)*
- R3** *Ensure that a system is introduced to ensure that internet usage is monitored on a regular basis and if appropriate consider blocking particular websites during core hours. (Priority – Medium, Responsible Officer – IT Manager)*

The latest Risk Register held on the share drive was last reviewed in August 2010. However there is no reference to the risks involved in excessive use of the internet and what procedures are in place to monitor this usage and that inappropriate site access is prevented by use of a firewall.

- R4** *Ensure that the Risk Register is updated to include reference to the risks involved with excessive use of the internet and accessing inappropriate websites and the controls in place to prevent this. (Priority – Medium, Responsible Officer – IT Manager)*

25 - 2010/11 – Public Conveniences

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

This audit looked at the procedures in place for monitoring the public conveniences contract. The auditor has given an opinion of high due to the fact that all controls tested as part of the audit were found to be in order and no issues have arisen.

26 - 2010/11 – Refuse, Recycling & Street Cleansing Invoicing Procedure

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

Following a previous audit report there were concerns relating to the database system that had been written in Environmental Health for the management of the above functions. The system relied on two versions of the same databases being maintained, one by the Council and one by the Contractor. These were found to be out of alignment and reliance could not be placed on the invoice produced without manual intervention. As a result it was decided that IT would write an in-house system working off one database to recognised standards.

The new system has been well received by both contractor and client. Its design is modular and therefore if additional requirements are identified then these can be added.

The new system went live in July 2010 and this audit was timed to look at the first two months of operation. The first two months transactions were examined in full. There were some errors found where incorrect charging figures had been inputted. It was also found that the contractor had not been carrying out their own reconciliations. The spreadsheet used for reconciliations was examined and there were some areas where it was identified that additional checks could be added to cross check the calculations.

R1 *Ensure that all figures compiled with regards to the monthly recharges are fully checked. (Priority High – Responsible Officer - WSSM)*

R2 *Ensure that the invoicing errors identified within the August invoice are corrected when submitting the October invoice for payment. (Priority Medium – Responsible Officer – WSSM)*

A bug was found where if a job was overwritten then a duplicate payment could occur. A temporary procedure was introduced to prevent this from happening with a long-term solution being sought.

R3 *Ensure that a correction is made to the October invoice to correct the duplicate errors that have been identified. (Priority Medium – Responsible Officer - WSSM)*

27 - 2010/11 – Youth and Play Development

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

The Auditor has given an opinion of substantial due to the fact that errors have been found in relation to the processing of Leisure Passes and that a full audit trail for Activate and Y2 Crew payments could not always be followed. Registers for Playscheme were also not found to be adequately complete. However, there is a clear improvement in the record keeping for these schemes.

Whilst checking both normal and standby registers many children were being signed into the venues however very few were being signed out by parents. For completeness and security, the Auditor would advise that children are signed in and out of venues by parents/guardians.

R1 *Staff should be reminded that all children need to be signed in and out of Playscheme sites by their parents/guardians. (Priority – Medium. Responsible Officer – Youth and Play Development Officer)*

Where a payment is made using the internet booking system the reference details are not passed to Integra. ". In order to complete a full audit trail, the Leisure Services Manager for Development should investigate whether a surname or reference number can be pulled through onto Integra when payment is made on the internet.

R2 The Leisure Services Manager for Development should investigate whether a surname or reference number can be pulled through onto Integra when customers pay via the Internet. (Priority – Medium. Responsible Officer – Leisure Services Manager for Development).

Two Y2 Crew courses were selected at random using IDEA and the registers and associated banking documents were retained. In total 102 children attended the two courses (including standbys). Out of these children the Auditor was unable to trace 10 children's payments from the registers through to Integra. From looking at the banking documents five of the children's records stated "invoice to be raised". It therefore appears that no invoice has been raised for these children. However from discussions with the YPDO it was found that these were actually paid by the partnership. This therefore was found to be in order.

The remaining 5 children's records (which included 1 standby child) showed no narrative regarding the way in which payment was to be made or whether or not payment had indeed been received. The Auditor was therefore unable to trace these payments due to the lack of information. When approached the YPDO was able to offer explanations on each of these children however this information should have been kept on the files for reference within the 'notes' section.

R3 The Youth and Play Development Officer should ensure that thorough records are kept of all payment information and any additional information is retained within the notes section of the particular course files. (Priority – Medium. Responsible Officer – Youth and Play Development Officer).

The children from the two courses selected above were then checked to ensure that if they have received a discount, this is in line with a valid leisure pass found on the spreadsheet. The auditor found 12 children that had been given the discount but did not appear on the leisure pass spreadsheet. From discussion with the YPDO it was found that the parents in question had been awarded the discount either due to the fact that a few places were remaining of which the parents could not afford the full price, or that their benefits circumstances were applicable for a Leisure Pass but they struggle to complete the required documentation. The Auditor appreciates these circumstances but would however prefer if records of such circumstances were documented within the relevant Y2 Crew files.

R4 Ensure that notes are retained within the appropriate Y2 Crew files regarding discounted prices and circumstances surrounding why a Leisure Pass application has not been completed. (Priority – Medium. Responsible Officer – Leisure Services Manager for Development).

Other areas that were tested where no concerns arose included invoicing KCC referrals, examination of insurance arrangements, checking partnership

arrangements, regular safety inspections are carried out and that an adequate risk register was in place.

28 - 2010/11 – Building Control Mileage Investigation

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

This review took place when following an examination of mileage claims where the details supplied were insufficient to identify the exact location of visits claimed for on mileage claims. The investigation examined the mileage sheets for the section and compared them to work recorded on the Uniform system for recording visits. There were also concerns that the Council's Lone Working Policy was not being followed.

There are a number of visits made that are giving advice and cannot be charged for and therefore do not get recorded on the Uniform system. The design of the mileage claim form does not give sufficient room for detailed locations of visits to be recorded so the information available to the certifying officer is limited. The inspectors do maintain a daily diary and this shows a more detailed record of visits but even this is not always completed in full.

There were also some inconsistencies found with times recorded as leaving and returning to the site. It was concluded that there was no evidence of fraudulent claiming but it was clear that in some cases inspectors were completing the mileage claim with minimal accuracy at the month end. The Lone Working Policy requires officers to update the office on their whereabouts at regular intervals and this is not being undertaken.

- R1 *Mileage claims must be accurately completed, including all journeys undertaken and the correct times of leaving and returning. (High Priority – Chief Building Control Officer)***
- R2 *Flexi sheets must be completed accurately reflecting the exact times worked. (High Priority – Chief Building Control Officer)***
- R3 *A detailed and accurate log/diary of journeys undertaken should be kept which can be cross-referenced by the line manager to the mileage claims and Uniform. (High Priority – Chief Building Control Officer)***
- R4 *All diaries must be retained and held in the Service centrally for future reference. (High Priority – Chief Building Control Officer)***
- R5 *To ensure that there is an audit trail, all inspections, including pre-application advice and unscheduled visits should be recorded on the Uniform system. (Medium Priority – Chief Building Control Officer)***
- R6 *The Line Manager must check the mileage claims and flexi sheets in more detail before certification, perhaps using the diary as a record. (High Priority – Chief Building Control Officer)***

- R7** *If the manager uses an individuals diary or other log to check against mileage or timesheet records then he must initial and date the diary to show that this check has taken place. (High Priority – Chief Building Control Officer)*
- R8** *The working practices of the inspectors should be reviewed to ensure that it complies with the Council's Lone Working Policy and Guidelines. (High Priority – Chief Building Control Officer)*