

Audits for 2010/11 not previously reported on

29- 2010/11 – Land Charges

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

Risk one – Loss of Income

The audit included testing of a sample of payments and fees paid to ensure that income was received and was for the correct amount. No errors were found in this testing however it was found that there was not an agreement in place with the National Land Information Service (NLIS) where searches can be conducted online and the fee forwarded to the Council less a transaction fee.

R1 An agreement should be drawn up or a copy obtained of what was agreed with NLIS. (Medium Priority – Central Services Director/Legal Services Partnership Manager)

The amount of fees charged are advertised on the Council Website and the fees advertised agreed with those agreed by Members with one exception. The Personal Search fee is the only fee which is specified by Statutory Instrument and in July 2010 this was reduced from £22 to nil however this does not appear to have been reported to members.

R2 The fact that the Personal Search fee has reduced from £22 to nil should be reported to Members. (Medium Priority – Central Services Director/Legal Services Partnership Manager)

The sampling also traced income to bank and to the Council's ledger system and there were no errors found. The issue of refunds was also sampled. There were no issues with the refunds issued however, these are made using a sequentially numbered cheque request form. There was a missing form which was identified as being spoilt. This had not been kept.

R3 The control of cheque requests is that they are sequentially numbered and therefore all spoilt cheque requests must kept on file. (High Priority - Land Charges Manager)

Risk Two – Performance Targets are not met

Although there is not a target required for this area by Central Government there are targets recorded in the performance plan and risk register. These are not consistent as one is a five day turnaround and one is a ten day turnaround. Neither of these targets are being monitored.

R4 The target information on the performance plan and the risk register needs amending and monitoring as currently they are conflicting. (Low Priority – Central Services Director/Legal Services Partnership Manager)

A turnaround report for the year was requested and the turnaround within 10 days was 53.45%, however, the average turnaround period is just under 10 days. The report does not indicate the distribution of turnaround times.

The national average turnaround time according to the NLIS is 5.1 days. Improvements are difficult to achieve because there is still a number of checks that are manual. Steps are being taken to improve the amount of electronic data available and there is a target in the Land Charges Performance Plan for 2010/11 for improvement.

R5 Improve turnaround times to ensure that TMBC remain attractive to our customers. (Low Priority – Central Services Director/Legal Services Partnership Manager)

Risk three - Incorrect information being given

There are sufficient controls to ensure that correct data is given and there have not been any instances reported of incorrect information. There is a backlog of entering information to the land register that requires a manual list to be checked before final release of data. This information is targeted for a five day turnaround but this is currently not being achieved. Improvements are expected as the electronic information improves.

R6 Every effort should be made to ensure that the registers are kept up to date within the target of five days. (Medium Priority – Legal Services Partnership Manager /Land Charges Manager)

R7 A mechanism for monitoring the target to register new land charges within five working days should be devised. (Low Priority – Legal Services Partnership Manager/Land Charges Manager)

Risk four - Failure to meet requirements of Constitutional Reform Act

All legislation was found to be implemented as soon as notification was received. The risk register does not include the risk of loss of income through statutory changes.

R8 The risk register requires amending when it is next reviewed, due in December 2010. (Low Priority – Central Services Director/Legal Services Partnership Manager)

30- 2010/11 – Licences (Personal Alcohol and Premises)

In the opinion of the Audit team the control assurance level is **Limited**.

The Audit team have given an opinion of Limited because weaknesses have been identified in a number of control areas. The Uniform system is not considered to be being used to its full potential meaning the team relies on physical records that audit testing found a number of errors and inconsistencies with.

Risk One – Failure to Comply with Legislation or Policies

The current Statement of Licensing Policy has not been updated to include the Equalities Act 2010.

R1 The Statement of Licensing Policy should be updated to show the fact that the Equalities Act 2010 has now superseded the Disability Discrimination Act 1995. (Priority – Low. Responsible Officer – Estate Services Manager)

One requirement is to ensure that sufficient evidence of identity is supplied. This includes a CRB check which should be destroyed after it is checked. A number of these were still held on file. There is also a manual file in addition to the Uniform record and data is split between the two systems. The recent NFI exercise required date of birth and national insurance numbers for data matching but these are not kept on Uniform.

R2 Destroy any CRB Disclosures currently retained within the personal files and also any new disclosures once seen and recorded by the licences team. (Priority – High. Responsible Officer – Estate Services Manager).

R3 Liaise with IT Development Services to ascertain whether a box can be added to the Uniform system where the CRB number can be noted as proof that this has been obtained. (Priority – High. Responsible Officer – Estate Services Manager)

R4 On application forms request details of date of birth and national insurance number to confirm identity, this should also be recorded on uniform. (Priority – Medium. Responsible Officer – Estate Services Manager)

The Council uses Idox as a document management system. It was found that outgoing correspondence is scanned but not the incoming documentation.

R5 Investigate whether there are the resources to scan all incoming and outgoing documentation into IDOX – with the exception of CRB correspondence. (Priority – Medium. Responsible Officer – Central Services Director).

Risk Two – Inadequate Controls for the Management of Licences

Fees and charges had been agreed by Members. There were difficulties tracing payments back to the accounting system due to the narratives not always being informative. Previous problems tracing payments to Uniform had been found in previous audits but all payments after 2008 in the sample were traceable.

R6 Continue to use the Uniform Licence Reference as the narrative within Integra to ensure that all payments can be traced. (Priority – Low. Responsible Officer – Estate Services Manager).

It was found that although all outgoing documents should be scanned there were three premises licences that had not been indexed to the premises that they related to,

R7 Staff should ensure that copies of all licences are retained on IDOX. (Priority – Medium. Responsible Officer – Estate Services Manager).

Licence fees are directly related to the Business Rates banding of a property. One property was found where the rate charged was £100 but should have been £190.

R8 When applying new or annual charges to a premises licence, staff should ensure that the correct fee is being levied in accordance to the rateable value. (Priority – High. Responsible Officer- Estate Services Manager).

R9 Invoice the premises for the additional £90 that was not originally charged. (Priority – High. Responsible Officer- Estate Services Manager).

A match was undertaken against premises classified as pubs on the Northgate system to ensure that a premises licence was in place. There were two queries where it appeared that a licence had been surrendered but these were errors on the Uniform system that require IT intervention for correction.

R10 Ensure that IT Services are contacted regarding the xxxx Inn and The xxxxx to update Uniform. (Priority – Low. Responsible Officer- Estate Services Manager).

Risk Three – Outstanding Debts, Regular Inspections and Enforcement

The invoices produced by Uniform repeat the licence number each year so they are not unique. It was found that there were six instances where this had caused details of unpaid licenses to be overwritten. The system does not show outstanding balances when invoices are being raised. This has also resulted in a delay of recovery action for the year 2009.

In addition these invoices do not have the same payment details on the reverse as those produced by the main accounting system Integra so recipients are unaware of all payment options.

R11 Improve the invoicing system to ensure that invoices are uniquely referenced. (Priority – Medium. Responsible Officer- Estate Services Manager)

R12 Amend the Uniform invoice to include on the reverse all the different ways to pay the invoice and to add a note to the front of the invoice detailing how to pay by telephone and the web. (Priority – Low. Responsible Officer- Estate Services Manager).

R13 Ensure that for the 6 outstanding invoices from 2009 manual invoices are issued for the 2009 and 2010 fees. (Priority – High. Responsible Officer- Estate Services Manager)

R14 Ensure that recovery procedures are instigated to ensure that reminders and legal action are issued. (Priority – High. Responsible Officer- Estate Services Manager)

R15 Establish if Uniform can be amended to ensure that the receipt screen which has a outstanding balance figure box, does reflect the current situation including when a invoice is issued. (Priority – Medium. Responsible Officer- Estate Services Manager)

Due to staff shortages the inspection regime has been drastically reduced but this is not reflected in the risk register.

R16 Investigate the current procedures for enforcement inspections to establish if there are sufficient resources to carry out enforcement. (Priority – Medium. Responsible Officer- Estate Services Manager).

R17 Update the Risk Register (activity 9) as the risk is materialising. (Priority – Medium. Responsible Officer- Estate Services Manager).

Temporary Event Notices can be issued to non licence holders but these are restricted to 5 applications per year. An instance was found where this had been exceeded.

R18 Ensure that procedures are put into place to ensure that where Temporary Event Notices are applied for by an applicant who does not hold a personal licence, a check is carried out to ensure that not more than five notices have been issued within one calendar year. (Priority – Medium. Responsible Officer- Estate Services Manager)

There is not a reconciliation carried out between the Uniform system and Integra. Reports were extracted from both systems for 2009/10 and this resulted in a reconciliation difference of £1,668. There were payments recorded on both systems that could not be found on the other system. As a result the difference could not be traced.

R19 Ensure that regular payment reconciliations are carried out between income on Uniform and Integra. (Priority – Medium. Responsible Officer – Estate Services Manager)

R20 Investigate the payment discrepancies that have been identified. (Priority – Medium. Responsible Officer – Estate Services Manager)

Risk Four – Other Risk Areas

The audit included following up recommendations from previous audits. A majority of the recommendations had been agreed and implemented. Procedure notes had not been prepared and there was still no document retention policy in place.

R21 Procedure notes should be written up for all current licence processes and all licence types. (Priority – Medium. Responsible Officer – Estate Services Manager).

R22 Produce a document retention policy and adhere to it. (Priority – Medium. Responsible Officer – Estate Services Manager).

It was identified that the filing cabinets in the section were never locked despite containing personal data.

R23 Ensure that all filing cabinets containing personal information are locked when not in use. (Priority – Medium. Responsible Officer – Estate Services Manager).

Whilst carrying out the audit it was noticed that there is a note book within Uniform that is not being used but this could be used as a tool for example when there are queries or information is pending.

R24 Consider using the notebook within Uniform to improve on records that are being held. (Priority – Low. Responsible Officer – Estate Services Manager).

31- 2010/11 – Angel Centre Cash Loss

This audit was carried following a report from the bank that there were no notes contained in a sealed bag received for counting and banking when it was opened. This resulted in a cash loss of £170.

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

The sealed bag was secure when it reached the bank and CCTV footage showed that the opening procedure included a check that it was intact with the seals unbroken. The whole opening sequence is filmed and it was clear that the bag did not contain any notes.

The Centre explained their banking routine when it was found that this Centre do not have dual banking i.e. the bag is prepared and sealed by one person only. This change had taken place some time ago but had never been agreed by the Director of Finance.

R1 The banking procedures and notes must be changed to ensure that there is a dual presence when the security bags are prepared and sealed. (High Priority – General Manager)

The Duty Manager also pointed out that each Duty Manager carries out the checking of the cash slightly differently. Some count the whole day's takings and agree it to the cumulative totals whereas others prefer to check each till separately and blind in case there is a discrepancy. The procedures were checked and do not state clearly how they should be checked. It is suggested that they blind count, each till counted individually, the reconciliation signed and a declaration be printed on the reconciliation form stating that they have carried out these checks with a second officer re-checking and countersigning the form. There is no set tolerance level for variances mentioned.

R2 A clear and agreed procedure must be drawn up stating how the cash must be counted, signed for with an agreed variance level set. (High Priority – General Manager)

R3 The reconciliation form must be amended detailing a declaration that the relevant checks have been carried out. (High Priority – General Manager)

The reconciliation sheet is produced at the end of the shift by the receptionist and the Duty Manager. The Duty Manager also mentioned that he could change the amounts on the reconciliation sheet and does so as and when he finds any errors when he is carrying out the banking procedure. This can be cross checked to the original cashing up slip which is checked and signed by two people should any differences be found. In addition the Sales Analysis reports produced by Plus2 form part of the procedure and are checked to the amounts paid in.

R4 The monies must not be left unattended and if there a query with the banking it should be locked away in the safe before leaving the safe room. (High Priority – General Manager)

The Duty Manager also mentioned that the Lifestyles till has five different users on the same till with the same username and that they do not all cash up their own till.

The General Manager when asked informed audit that one member of staff requires cash up training, however the others are able to cash up and generally do with this one exception when the Duty Manager cashes up on their behalf. It should be ensured that on the rare occasions when the Duty Manager cashes up the till it should not be the same person carrying out the

consolidation the following day. The management are happy that due the negligible takings of cash within Lifestyles it is most practical to till share. It was also mentioned that it would be looked at whether to discontinue taking any cash at all at the Lifestyles till.

R5 All Lifestyles staff should be trained to be able to cash up the till. (High Priority – General Manager)

32- 2010/11 – Animal and Litter Fixed Penalty Notices

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

Risk one – Fixed penalty Notices (FPN) are inadequately publicised and/or inaccurately charged.

There is sufficient information on the Council's website regarding FPN's including how these can be paid, however there was no mention of the fee of £80 being reduced to £50 if a litter FPN is paid within ten days. Following the audit this has now been added to the Council's website. Users can report littering/dog fouling offences on line and there are also details on the website regarding numerous campaigns that have been held with regards to reducing littering offences.

Risk Two: Enforcement staff are not operating effectively

All enforcement staff have attended externally provided courses in Practical Enforcement as well as internal training. From discussions with staff it was established that there is no incentive system in place for the issuing of FPNs; the aim of the enforcement activity is to reduce the number of offences committed and raise awareness and incentivising could be seen as being counter-productive in reducing levels of litter.

Risk Three: Penalties are not being recorded and recovered

A spreadsheet is maintained of Fixed Penalty Notices (FPN) issued and there were two that had not been paid, one was with legal and the other was being considered as to whether it should be passed to legal. Though one of these cases was found to be recorded on the prosecution log, the spreadsheet used to monitor the FPNs did not have a date noted in the legal column and needs to be updated for both.

R1 Ensure that the FPN spreadsheet is updated to show the current situation with regards to the FPNs DFxxxx and DF0xxxx. (Priority -Low – Waste Management Officer)

There were a number of Animal and Litter FPN's that were in a state of progress. The spreadsheet used to record these does not show key dates

and there was one case where the prosecution date was time barred. The system capability for dealing with instalments is minimal but this is currently being looked at.

R2 Ensure accurate records are kept up to date to avoid errors such as incorrect payments being recorded within the spreadsheet which can then result in the inability to take appropriate action from occurring. (Priority – Medium – Waste Management Officer)

R3 Introduce a procedure to enable instalment arrangements to be monitored and ensure recovery action is enabled when payments had been missed. (Priority – High – Waste Management Officer)

R4 Ensure that all stages of enforcement are carried out in a timely manner to ensure that payments are chased and received. (Priority – Medium – Waste Management Officer)

Risk Four: Charges made are not in comparison with other Local Authorities

The level of fine associated with a Fixed Penalty Notice under the Dogs (Fouling of Land) Act 1996 has been £50 since April 2002 and is as determined by the Secretary of State. Therefore there is no need to compare this with other local authorities.

With regards to Litter Enforcement the charge for a FPN for litter offences under the Environmental Prot Act 1990 can be set on a local level at between £50 and £80. The council has set this at £80 which is reduced to £50 if paid within ten days and can issue fixed penalty notices to anyone seen littering. As the Council has set this level at the highest it would not be considered useful to establish what other Local Authorities are charging.

With regards to dog fouling offences at Tonbridge & Malling B.C the FPNs are issued under the Dogs (Fouling of Land) Act 1996 but they can also be issued under the Clean Neighbourhoods and Environment Act 2005 if the Council makes a fouling of land by a Dogs Control Order. If a Dog Control Order is made then the Council can set the FPN fine amount between £50 - £80. Tonbridge & Malling B.C has over the past few years sought approval for a Dog Control Order for the Council's Public Open Spaces which has been agreed. However this now means that there are different FPN fees being charged with regards to public open spaces and other Council owned land. As a result the FPN has been amended and on the reverse there is a list of offences, where they have been made and the fine. Therefore now if a dog fouls on Council land under the Dogs (Fouling of Land) Act 1996 the charge is £50 and if a dog fouls on a public open space under the Dog Control Orders Regulations then the FPN fee is £60-£80. This goes against the advice issued by DEFRA as they advise that the same charge should be made across the borough as different fees can be confusing to dog owners.

Unfortunately now the Dog Control Order has been adopted for the Council's open spaces it is not possible without further consultation work which would be at an expense to bring the fees into line.

However it is suggested that should the opportunity arise in the future that the FPN charges are the same across the borough.

Risk Five: Appeals are not being dealt with in accordance with procedures

From discussions with staff it was established that there is no legal appeal process for FPNs; these are in effect the offender's way of discharging the offence. If they claim not to have committed an offence they are normally called for a PACE interview. Following the interview a decision is then made whether to proceed with the prosecution. There is no reference to appeal procedure on any of the documents.

Additional Tests that were carried out during the audit but were not included within the audit brief.

The latest Waste and Street Scene Services Risk Register was last reviewed in December 2010 and appears adequate.

Although there is a record of the serial numbers, date and to whom the books have been issued to there is no signature required when these are issued nor is there a record kept of when these books are returned.

R5 Ensure that the record of FPN books issued is updated to include a signature column for officers to sign when they receive a book and a column to be completed when books are returned. (Priority – Medium – Waste Management Officer)

With regards to the issuing of FPNs for littering from cars then information may need to be obtained from the DVLA to establish the registered keeper of a vehicle. A recent audit has already been carried out on this in which two recommendations were made and have been implemented therefore there is no further testing to be carried out with regards to this. There is restricted access and a log is kept of all enquires.

Whilst preparing papers for the audit it was noticed that the incorrect fee was being charged for stray dogs. On the Council's website the penalty fee being quoted for stray dogs was £35 however according to a Committee report to the Local Environmental management Advisory Board on 24th November 2009 this should have been increased to £40.

It was then established that the review of fees and charge report that went to the Local Environmental Management Advisory Board on 23rd November 2010 reported that the current fee was £35 and was increased to £38.

Following this discrepancy the Head of Waste & Street Scene Services checked and confirmed that all other fees and charges were correct.

In addition a report was presented to Cabinet on 12th January 2011 and the fees for 2011/12 have now been corrected.

Report 33 – 2010/11 Development Control Report

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

Risk one: Planning application fees are inadequately publicised and/or inaccurately charged.

The fees currently charged and advertised by the authority are in line with the Town and Country Planning Statutory Instrument 2008 and the Amendment 2010. These were also checked and agreed to what the Planning Portal advertises.

There is currently a Government consultation underway about local setting of planning fees that will involve some considerable work in setting appropriate charges and seeking to recover costs of the mainstream planning service. A system needs to be formulated over the next few months in readiness for implementation in the next financial year.

R1 Keep Internal Audit posted of any updates and progress with the local setting of planning fees. (Low Priority – Responsible Officer – Chief Planning Officer)

An examination of the hard copy application forms available in reception proved that there is only a 'correct fee' tick box with no mention of payment methods available.

From the sample of applications examined during the audit it was found that the majority of payments are by cheque and very few are paid electronically. Cheques are a relatively costly method of payment in processing costs and in addition the government has announced that cheques will be withdrawn as a method of payment by 2018. As such the Development Control section should make plans to encourage customers to pay by other methods in light of this.

R2 Clear guidance should be made available to customers on all methods of payment for planning application fees available when not applying and paying online via the Planning Portal; methods of payment should be listed in order of the council's preference from least to most expensive to process. (Low Priority – Responsible Officer – Chief Planning Officer)

R3 Consideration should be given to how the Development Control section can encourage payment by means other than cheque in light of the cost of processing and the withdrawal of the cheque method of

payment in 2018. (Low Priority – Responsible Officer – Chief Planning Officer)

From the testing of a sample of twenty applications the correct fee had been applied according to the type of application received. There is a validation checking process carried out by the Planning Technician using a checklist to ensure that the application is valid and the fee correct. If it is invalid due to an incorrect fee a letter is sent stating why and the application is held back until the correct fee is received.

Only once valid, including receipt of the correct fee will the application be processed fully. If the fee has been overpaid or if the application significantly changes a refund is issued or a further fee requested.

An extract of refunds issued as per the Integra ledger was examined. It was found that the narrative shown does not enable easy identification of the application however it was possible to trace the payment back to the cheque request and those tested appeared to have been refunded correctly and had been appropriately authorised.

Since the audit the issue of cheque requests for refunds has been revised and the process is to be amended so that where possible customers need to send their BACS details in order to obtain the refund. The Development Control Admin Team Leader is in the process of amending letters and devising a suitable BACS form for completion.

R4 Keep internal audit informed of the changes in the refund procedures. (Low Priority – Responsible Officer – Chief Planning Officer)

R5 As with the cheque requests please ensure that an appropriate narrative is entered on the BACS forms so that the relevant reference appears on the ledger when a refund is issued. (Low Priority – Responsible Officer – Chief Planning Officer)

Risk two: Arrangements are not in place for the banking and recording of cash payments received by the Development Control Section.

The process for cash payments forms part of the Income receipting audit which was last carried out in 2009/10 and is due to be done this year as a separate audit.

Fees are rarely paid by cash for planning however staff are aware that should anyone pay by cash they would be directed to pay it into the Cash Kiosk giving them an application reference from the Uniform system to cross reference it to and therefore no cash is actually handled by Development Staff.

Risk Three: Arrangements are not in place for the banking and recording of cheques received by the Development Control Section.

There are procedures on how to process cheques, it was noted however that these have not been reviewed for some time.

A sample of payments received was checked and from the sample of 20 applications received 10 paid by cheque and these were processed through cashiers and appeared in most cases on the ledger the same day and in one case the day after.

The sample of 10 cheque payments were checked to ensure that the payment had been recorded correctly on Uniform and this showed for one application that although the payment had been entered on the 'Reception Screen' there was no corresponding detail on the payment screen. This was queried with the DC Manager who subsequently referred this to IT. This was a glitch which was resolved by the software company and was a one-off, it did not affect the processing of the application and the record is now correct.

Bounced cheques are recorded by the cashiers who reverse the transaction on the ledger and send the cheque to the relevant Section. Upon receipt of the cheque in Development Control the application would then become invalid and the process for dealing with this would be as an invalid application and would not progress until full payment had been received. Bounced cheques are very rare for planning however there is a procedure in place but it requires review.

**R6 All procedures require review and updating where necessary.
(Low Priority – Responsible Officer – Chief Planning Officer)**

Risk four: Arrangements are not in place for the receiving and recording of electronic payments.

Emails are received by the Development Control Admin Team regarding applications through the planning portal and any payments made on line are automatically processed through to Uniform, picking up the reference to enable easy cross referencing of the payments. As and when these are processed they are passed to the relevant Planning Technician who using the checklist validates the application if the fee is correct. There are procedure notes in place for the fee and receipt checking of Planning Portal submissions. Any applications processed through the portal that are to be paid by cheque are put aside until the cheque arrives and this is entered on the screen as all other cheque payments and the process continues as normal.

A sample of payments received via the planning portal were randomly sampled from the applications received report and these could all be traced and had been recorded in a timely manner.

There are no current plans to accept BACS payments however this will need to be revisited in the future when cheques are withdrawn as a method of payment.

Risk five: Arrangements are not in place for the accounting of planning application fees received.

Accounting for fees received is covered in various other audits including Main Accounting (General Ledger), Cashiers/Income Receipting (ICON) and Bank reconciliation audits.

Other areas looked at that were not included in the audit brief

The latest risk register for Development Control was dated June 2010. As these should be reviewed six monthly this should have been done in December 2010.

R7 The risk register requires review as it is now out of date being due for review in December 2010. (Medium Priority – Responsible Officer – Chief Planning Officer)

Report 34 – 2010/11 – NNDR

Still at draft stage

Report 35 – 2010/11 – Corporate Credit Cards

Still at draft stage

Report 36 – 2010/11 – Property & Land

Still at draft stage

Report 37 – 2010/11 – Debtors

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

Risk One: Key controls are not in place to manage the Council's Debtors system

A report was extracted from the Integra sales ledger of all debtor invoices raised from April 2010 to 1st February 2011. This was then imported into the auditing tool IDEA and a duplicate detection test carried out on the debtor invoice reference number.

The IDEA duplicate detection test identified no debtor invoices with the same reference number.

From the report extracted from the Integra Sales Ledger used above, this was imported into IDEA and a random sample of twenty debtor invoices selected. The twenty invoices were then examined in detail on the sales ledger to ensure that the correct nominal code had been used, that the description was sufficient and that the correct person/organisation had been charged.

From the sample of twenty invoices examined one invoice was found to be incorrectly coded and the Auditor has notified the Accountancy section. Although the correct nominal code had been used a job cost code had not been applied when it should.

There were two invoices which related to rent but the invoice did not state to what period the rental related to. From further discussions it was established that for those invoices that are to be raised on a regular basis such as quarterly rental charges these have been setup on the system to be produced automatically therefore the narrative information setup at the outset is not then amended to detail each quarter that this would relate to. If the invoices had to be manually amended each time they were produced this would require manual intervention and create additional work.

There is currently a property and land audit being carried out and the same issue has been highlighted (see report No.36).

Using the sample selected above, a check was made to ensure that the correct amount and correct amount of VAT had been charged. A copy of a blank debtor invoice was obtained and examined to ensure that customers are provided with information on how to pay and that payment methods are listed in the most cost effective order.

From the sample of twenty debtor invoices examined all had been charged the correct amount, correct rate of VAT and on the back on the debtor invoices customers are provided with information on how to pay the invoice and methods are listed in generally the most cost effective order.

Reports were extracted from Integra to identify all users that have authority to issue credit notes and examined. A report was also obtained from the Senior Exchequer Services Assistant of all credit notes that had been issued from 01/04/10 to 01/02/11 this was then imported into IDEA and a random sample of twenty selected and examined on the sales ledger to ensure that there were valid reasons for the debts to be cancelled.

Upon examination of the Integra reports that list the users that have the authority to issue credit notes against sales ledger debtor invoices, with the exception of system administrators who have access to everything and the processing staff all staff that are in the Data Entry group can issue credit notes

and no further authorisation is needed. Therefore anyone that can raise a debtor account can issue a credit note.

The point was raised by the auditor that the number of staff that can issue credit notes was quite excessive it could be a possibility that the responsibility was all put to the Senior Exchequer Services Assistant.

The Senior Exchequer Services Assistant stated that he can see some advantages in doing that as he is sometimes asked to raise credit notes for debts by services, and could therefore undertake some further ones. It was noted that budget Holders, may however notice a raft of credit notes occurring on their budgets, and will likely investigate any areas of concern to them should any high level of credit notes on their budgets occur, however concerns would not be raised for ad hoc credit notes being issued against different budget codes.

From the sample of credit notes examined there were numerous occasions where the original invoice which was being credited was not recorded on the credit note nor was there a reason for the credit note on the credit note or the diary note pages on each account. For those credit notes where explanations could not be found on the system then services were contacted to establish the reasons for the credit notes.

There is some guidance for users when issuing credit notes but services should be reminded of the need to record the original invoice on the credit note and a reason for the credit note on the credit note and or the diary note page within the sales ledger.

Of the twenty credit notes that were examined five were issued by the building control section, two of these related to building control applications being raised and submitted electronically through Submittaplan and from discussions with the Principal Building Control Officer the reason for the credit notes was that on both occasions payment had been made by cheque at the same time the invoice was raised, however both of these payments for £150 each cannot be traced.

Currently a Building Control audit is being carried out in which testing will be carried out with regards to the current procedures of raising debtor invoices and the issuing of credit notes.

For the period 01/04/10 to 01/02/11 there were 238 credit notes issued totalling £376,000 when compared to the total number of invoices issued for the same period of 2,617 invoices totalling £3,223,000 this number of credit notes appears high. This emphasizes the need for credit notes to be authorised and monitored in order for trends to be identified.

Discussions were held with the Chief Accountant and Exchequer Services Manager to establish what system could be introduced to monitor credit notes.

R1 Discuss through the Customer forum a system that could be introduced to ensure that credit notes issued are monitored or the number of users that can issue them is reduced. (Priority – High, Responsible Officer – Chief Accountant & Exchequer Services Manager)

R2 Remind services of the need to record the original invoice number on credit notes and a reason for the credit note to be recorded on the credit note or the diary note page. (Priority – High, Responsible Officer – Exchequer Services Manager)

R3 Trace the two missing payments or re invoice the debtors. (Priority – High, Responsible Officer – Principal Building Control Officer)

There is currently no documented recovery policy. There are numerous procedure notes relating to elements of the Sales Ledger and associated processes which do require review, however from discussions with staff it was established that the recovery procedures should be as follows:

The due date is set up to be 7 days from the date of invoice entry.

Then 14 days the first reminder is to be produced (day 21)

Then 14 days after that a legal notice is to be produced (day 35)

Then 14 days after that a letter before action is to be produced (day 49)

Then 30 days after that a refer for debt recovery memo is produced (day 79)

Then 30 days after that a consider for write off memo is produced (day 109)

It should be noted that in September 2010 a HB Overpayments audit was carried out in which it was established that there was no recovery policy and from discussions with the Exchequer Services Manager it was established that there was a draft Debt Corporate Recovery Policy being put together. It has now been established that the Debt Corporate Recovery Policy is still work in progress.

In order to carry out some testing a report was extracted from the sales ledger of all debtor invoices with an outstanding balance this currently totals £453,279.14. This was imported into IDEA and a random sample of twenty invoices with an outstanding balance of over thirty days old selected which were then examined to ensure that recovery action had and was being taken.

There were a few queries that arose which were discussed with the Senior Exchequer Assistant and explanations were provided and no further queries arose.

It is not possible to check that the documented recovery process for non payment is being followed as there is no document. However from the sample

of outstanding invoices examined appropriate action appears to of been made to chase the outstanding balances.

R4 Produce a recovery policy and ensure that it is followed. (High – Exchequer Services Manager)

Details of outstanding levels of sales ledger debts are reported to FSMT n a quarterly basis. A copy of the statistics reported in December 2010 was obtained and examined from which no queries arose.

As per the Financial Procedural Rules the Director of Finance must report to the Executive on amounts owing of £1,000 or more where efforts to collect the sums have failed and any other action would be uneconomic or impractical or in the opinion of the Director of Finance there is a valid reason for not pursuing the debt. The Executive has the authority to approve the write off of the debt. In addition the Director of Finance, following consultation with the relevant Chief Officer where appropriate, may write off amounts of less than £1,000 if he/she thinks that further effort to collect it would be a waste of effort or resources or in his/her opinion there is a valid reason for not pursuing the debt. The Director of Finance must report any such write-offs he/she has approved at least twice a year to the Executive.

A copy of a report was obtained from the Senior Exchequer Assistant which lists all adjustments on invoices including write offs from 01/04/10 to date and examined to ensure that all write offs had been reported to committee. The report was then imported into IDEA and a random sample of twenty selected and examined to ensure that all stages of recovery had been enforced and there were sufficient reasons recorded on the write off schedules for the write off.

Upon examination of the write offs recorded on the schedule provided by the Senior Exchequer Assistant it was established that all write offs had been reported to committee, however there was a variance of £110.11 between the cumulative write off figure reported to committee and the cumulative write off figure on the schedules, from further investigation there appears to be no reason for this other than a miscalculation when the figures have been accumulated. From discussions with the Principal Accountant this would not have an effect within the accounts.

Upon examination of the selected twenty write offs on the sales ledger and the individual write off schedules recovery action had been taken, proper approval was obtained and they had been recorded on the debtors system and in the general ledger.

The reconciliations for the Sales Ledger to the Nominal Ledger completed for the current financial year to date have been completed monthly by the Senior Exchequer Assistant, these reconciliations are also authorised by the Exchequer Services Manager.

Using IDEA a random month was selected to examine and upon examination of the reconciliation for October 2010 there was a variance of 5585.77 but there were explanations on the reconciliation and supporting documents to explain this variance.

There are some old procedure notes for this process but need to be reviewed and updated.

It should be noted that a sales ledger cash reconciliation is also carried out on a monthly basis.

R5 Review and update the procedure notes with regards to reconciliations of the Sales Ledger to the Nominal Ledger. (Priority – Low, Responsible Officer – Exchequer Services Manager)

Regular reconciliations were recently been tested within some audit work carried out for the Audit Commission from which all was found to be in order.

During the previous audit carried out in 2009/10 there was one recommendation made, this related to the suspense account being monitored more frequently.

A follow up audit to this audit report was carried out regarding this matter in January 2011 from which all was found to be in order therefore it is not felt necessary to carry out any further testing.

The latest Exchequer Services – Debtors Risk Register was last reviewed in December 2010 and upon examination appears adequate.

Report 38 – 2010/11 – Housing & Council Tax Benefit

Still at draft stage

Report 39 – 2010/11 – Creditors and Petty Cash

Still at draft stage

Report 40 – 2010/11 – Salaries Payroll

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

There were no recommendations made.

Risk one: Source data is inaccurate so the wrong amount is paid

A sample of 20 employees was extracted from the January payroll using the auditing tool IDEA. For this sample a test was undertaken to ensure the

validity of all payments and deductions other than basic pay. Basic pay scale points were checked against the establishment list and the individual file within Payroll Section to ensure that the figure recorded as basic pay was within the correct scale. All payments were found to be correct.

Councillor payments were checked against the allowances and a Joint Remuneration Panel member was checked against the scheme payments for accuracy of payment. All payments were found to be correct.

All overtime payments were supported by a properly authorised claim.

All mileage payments were supported by a properly certified claim.

All allowances were supported by documentation in the individuals' files.

All deductions from salaries were supported by a document in the individuals' files.

Bank account details on file were checked against the details shown on the January payroll to ensure that payments were going to the correct account. All records agreed with no queries.

All national insurance numbers were compared to the date of birth and the government produced prefix list. This list ties up dates of birth with the prefixes of National Insurance Numbers. There were three cases where the prefixes appear out of sync with date of birth. These numbers were verified by the HMRC.

Risk two: The Payroll system calculates an incorrect amount

In order to test the integrity of the payroll a copy of the payroll summary report was extracted from the Frontier system. This report contained details of the payments and deductions for January 2011 and was used to recalculate the calculation of gross pay and net pay using Excel. The calculations agreed and no queries arose.

The amount of superannuation paid was recalculated manually and no queries arose.

All of the tax codes on the payroll were traced back to files or to the payroll screen for bulk updates and no queries arose.

National Insurance codes were checked to documentation and to ensure that the correct tables were used. No queries arose.

The amount of Income Tax, National Insurance and Employers National Insurance were calculated and found to agree.

Risk Three: New starter details are incorrect

There were only 28 new starters in the year so it was determined that only a small sample of four cases would be tested.

A sample of four starters were extracted from a report produced by the Chris system using IDEA. For all of these cases the manual file was obtained from Payroll and examined to ensure that a certified starter form was on file.

The amount of pay on the starter form was checked against the Payroll and the Establishment List and no queries arose.

All of the starter forms had been correctly authorised and had been initialled to show who had input them to the system.

Risk four: Leavers details are incorrect

A leavers list was extracted from the payroll system. A comparison was also carried out between the April 2010 and January 2011 payrolls to identify anyone who was not on both payrolls. A comparison between the two sets of data confirmed that all of the leavers on the leaver report agreed to the differences in the two payrolls.

A sample of four leavers was extracted from IDEA and then the payroll files were extracted to ensure that a termination form had been issued. All termination forms were duly authorised and adjustments had been made in respect of any monies due to the Council e.g. annual leave. No queries arose.

Risk Five: The details of payroll are transferred to the Integra Accounting system correctly

Details of each payroll are transferred to Integra and are recorded against each individual. Using Access, Integra was accessed and a query was written to extract the details for the payments as recorded on Integra for the January payroll. The Integra upload is balanced to a nil total by including payments, deductions and the total of this agrees to net to bank figure for each individual. The details were exported to an Excel spreadsheet where the total was added and came to the nil balance as expected.

In order to verify that the Integra details for each individual agreed to the payroll IDEA was used to match the information held on Integra for bank deposits with the payroll net sum. The data matched for all individuals.

Risk Six: The correct person is paid the correct amount to the correct bank account

The payroll produces a file which is used to make BACS remittances of salaries to the individuals' accounts. The electronic file for January 2011 was provided from Payroll records and the individual payments shown on this file were matched to the Integra records using IDEA. The data matched for all individuals.

The 20 files used for sampling were checked against the manual records held to ensure that the bank account details agreed. No queries arose.

The BACS payment file was imported into IDEA and a test was carried out in order to identify payments being made into duplicate bank accounts. Only one instance of a duplicate account was found and this was a valid transaction as payments were made to partners who both work for the Council.

Risk Seven: The risk register is not up to date

The risk registers were due to be reviewed in December 2010. The copy of the latest risk register for Payroll was obtained and found to have been updated at the correct time. No queries arose.

Previous recommendations made in last report

All of the recommendations made in the previous report had been implemented and Internal Audit had carried out testing to confirm this.

Report 41 – 2010/11 – Bank & Cheque Reconciliation

Still at draft stage

Report 42 – 2010/11 – Building Control

Still at draft stage