

**SUMMARY OF REPORTS NOT PREVIOUSLY REPORTED TO AUDIT COMMITTEE FOR 2010/11**

**Report 14-2010-11 – Poult Wood Golf Contract**

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

There were changes in the staffing of Leisure Services due to a retirement and duties had been split between Leisure Services and Financial Services. The auditor could not give full reassurance that the controls in place are being applied and these were highlighted in the report.

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

There continues to be a high number of errors in the paying in slips from the Centre. There were ten adjustments required for the month of August where paying in slips had been completed incorrectly.

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

The change in staffing had resulted in some balance checks not being treated as a priority. The receipting system ESP has a reporting function but use of this was limited by it not being considered user friendly.

**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 control required to redeem vouchers was not being applied.

**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)**

It was found that receipts for loyalty card applications were being given to customers although there was a requirement to attach them to the application forms. However, a solution was identified where the till receipt number should be recorded on the application form.

- 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)**

#### **Report 19- 2010/11 – Court Costs**

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

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)**

There were no written procedures.

- 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)**

To establish what action has been taken with the Courts to resolve situations where payment is not received for awarded costs. This has not been monitored.

- 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)**

The latest risk register found for Legal, Land Charges and Licensing was dated December 2009 and does mention prompt collection of monies due to the council however it should have been reviewed in July 2010.

- R4 The risk register is due for review as it should be carried out six monthly. (Medium Priority – Legal Services Partnership Manager)**
- #### **Report No 20-2010/11 – Members' Allowances**

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

The system/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.

Claim forms were examined and found to be claimed and paid correctly. Payments checked against attendance sheets and reconciled to the individuals claim. There was no indication to show that meetings had been claimed for.

- 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)**

**Report No. 21-2010/11 – Tonbridge Swimming Pool Cafeteria**

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

The Cafeteria uses an add-on module of the booking system as a receipting system. This system has a reporting function where the reporting capability has not been investigated.

- 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 stocktaking system for the cafeteria is limited and there is little management information available. Consideration was given as to how this could be improved.

- 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).**

Stock takes are only carried out annually which limits the amount of management information available.

- 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).**

Staff working at the centre receive a discount for purchases in the cafeteria. However, the pricing policy meant that this discounted price did not include an element of food preparation. It was noted however that staff are required to pay full price on packaged snacks, drinks and ice creams.

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

**Report No 22-2010/11 – Financial Arrangements with Parish Councils**

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

The systems for dealing with precepts and payments were found to be sound. The only recommendation made was in regard to procedure notes which were considered to be out of date and hard to locate.

- 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).**

#### **Report No 23-2010/11 \_ Angel Centre Cash Up**

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

There was a minor difference found in the till float that appeared to be the result of the clerical officer not being fully aware of how to operate the float.

- 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)**

During the time of the audit visit a cashier interpreted the till screen incorrectly and issued a ticket for an incorrect amount.

- R4 Ensure that staff are issued with the correct training for operation of the tills and where identified training needs are met. (High – General Manager)**

#### **Report No. 24-2101/11 – Internet Usage**

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

The software used for Internet Monitoring is called “Websense”. It’s primary function is to act as a firewall and to control the access to website. It does have a reporting function on usage but this is a secondary function and is not particularly user friendly. This makes it difficult to use for internet usage monitoring.

- 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)**

#### **Report No. 25-2010/11 – Public Conveniences**

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

The operations were tested against the contract documentation and were found to be satisfactory. No recommendations were made.

#### **Report No. 26-2010/11 - Refuse, Recycling & Street Cleansing Invoicing Procedure**

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

This audit looked at the arrangements in place for the monitoring and payment of the transactions relating to the above contract. No recommendations were made.

#### **Report No. 27-2010/11 – Youth & Play Development**

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

Although there were guidance notes in place for the Playscheme these required updating. There were no procedure notes in place for the Activate scheme.

- R1 Ensure that the Playscheme Admin procedure notes are updated. (Medium – Administration Manager)**

- R2 Ensure that procedure notes regarding the admin procedures of the Activate scheme are produced. (Medium – Administration Manager)**

It was found that some CRB checks were retained on file that should have been noted and destroyed.

- R3 Destroy any CRB disclosures currently on file and ensure that no documents or photocopies of documents received regarding CRB**

**checks are retained on file in the future. (High – Youth & Play Development Officer)**

There were some miscodings found with the banking of money from various schemes. Overall there was a £25 error that could not be traced.

**R4 Ensure that there is a complete audit trail of booking to banking of income. (High – Administration Manager)**

A reconciliation between registers and bankings was carried out. This was hampered by poor recording on the registers but could be confirmed by examination of receipt books. There was also one instance where the discounted rate for a Leisure Pass holder was given without adequate evidence of there being a Leisure Pass held by the applicant.

**R5 Ensure that all registers for the Y2 Scheme are marked accordingly with attendance. (High – Youth & Play Development Officer)**

**R6 Ensure that a check is made that an applicant is a holder of a LP before discount is given. (Medium – Administration Officer)**

Some of the partnership agreements in relation to the Playscheme were not up to date and amendments had not been agreed in writing.

**R7 Ensure that where partnerships have changed since the payments were stated in the partnership agreements paperwork is kept to support the amendments. (Medium- Youth & Play Development Officer)**

#### **Report No. 28-2010/11 – Building Control Mileage**

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

This report examined the supporting paperwork to mileage claims in the building control section. It also looked at compliance with the lone working policy of the Council. There were concerns raised regarding the accuracy of the records kept of visits made where times of visits did not appear to have been correctly recorded. Flexi sheets also were also considered to be inaccurate. However, the evidence was that more hours were worked than claimed. In order to comply with lone working external officers should leave a record of where they are working so that their movements can be traced in the event of an emergency. It would appear that some officers would make additional visits to development properties whilst in the area and these would not be recorded anywhere or notified to their manager. There was no evidence found to suggest that there was over-claiming of mileage or time but the quality of documentation was lax.

**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)**

#### **Report No. 34-2010/11 – NNDR**

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

The Audit Commission consider that a weekly reconciliation between the Valuation Office list and NNDR records is a key control. However, due to resources this reconciliation may only get completed every few weeks.

- R1 Where a weekly reconciliation cannot be carried out (due to staff absence or where the VO do not produce a schedule) a document should be put in the file to explain this as evidence for the Audit Commission. (Priority – Medium – Responsible Officer – Principal Revenue Officer)**

The reconciliation of income received is carried out by two separate sections dependent upon the method of payment. Again this reconciliation is not carried out daily and the Audit Commission consider a daily reconciliation to be a key control.

- R2 Ensure that one reconciliation is completed for all types of income received (including direct debit payments) and give consideration to where the responsibility for this should lie and how frequent it**

**should be. (Priority – High. Responsible Officer – Principal Accountant and Principal Revenue Officer).**

The review also included an inspection of debt recovery and write-offs. There were a few minor discrepancies between what was recorded on Northgate and the amounts reported to Members as written off. There were also some inconsistencies where unsuccessful bailiff action had not resulted in the next stage of recovery being implemented.

**R3 Investigate and correct the discrepancies between the write offs recorded on Northgate and those reported to Committee. (Priority Medium – Responsible Officer – Principal Revenue Officer)**

**R4 Ensure that the correct write off procedures are followed to write off the debt relating to XXXXX. (Priority Medium – Responsible Officer – Principal Revenue Officer)**

**R5 Ensure that a system is introduced to ensure that cases referred to the bailiffs are regularly monitored and that where bailiffs are not successful the next appropriate action is taken. Priority High – Responsible Officer – Principal Revenue Officer)**

The awards of reliefs were examined and there were instances where there appeared to be no documentary evidence to support the award of reliefs.

**R6 Ensure that for all future listed building exemption requests proof is obtained from Planning Services that the property is recorded as a listed building and either scan the confirmation into IDOX or record the evidence on the account notebook. (Priority – Medium. Responsible Officer – Principal Revenue Officer).**

**R7 Ensure that future charitable reviews and new charitable application forms are scanned to IDOX and that evidence is retained to demonstrate that, at the time of the application/review, the applicant was registered as a charity with the Charity Commission. (Priority – Medium. Responsible Officer – Principal Revenue Officer).**

#### **Report No. 35-2010/11 – Corporate Credit Cards**

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

The Auditor has given an opinion of Limited due to the fact that whilst controls exist, audit testing identified a number of issues around limitations, authorisation and security of the cards. The council is also paying charges for each card that appear not to be in line with the with the card provider, NatWest.

The Exchequer Services Manager and the Chief Accountant have been very proactive in addressing a number of issues raised during both the testing and draft stages of this audit and as a result a number of recommendations have been implemented before the report was finalised.

**R1 and R2 implemented during audit and related to holding of cards and PINs.**

**R3 All card holders should be asked to sign the Register of Despatch to state that they have received their card. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

**R4 The card holder procedure notes should be updated and reissued to card holders to demonstrate to card holders the adjustments made to the process. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**

At the draft stage of the audit, the Auditor liaised with the Exchequer Services Manager and it was ascertained that NatWest had stated a new tender had been processed in 2009. This tender included the fact that card charges will apply to each corporate credit card. No evidence has been seen by either the Auditor or the Exchequer Services Manager. A further meeting has the Exchequer Services Manager has found that a new contract was entered into in 2009 under which charges are payable. It is understood that the original contract cannot be located and it is therefore suggested that a decision be made by management as to whether to pursue the refund of the charges levied prior to 2009.

**R5 A decision should be made by Financial Services Management Team as to whether a refund of the charges levied in the period 2006-07 to 2008-09 should be pursued with NatWest. (Priority – High. Responsible Officer – Exchequer Services Manager).**

**R6 The card limits to be applied to each individual card should be reviewed by the council and NatWest instructed to amend their records and the limit on the cards in line with the results of this review. (Priority – High. Responsible Officer – Exchequer Services Manager).**

2.1 Comparison of records held by Exchequer Services with the previous audit file found that the limits on two cards have been amended since the previous audit; the Personnel Assistant and the Leisure Services Secretary. The documentation held on file for the Personnel Assistant includes a letter signed by the Chief Accountant confirming the details of the amendment. The only documentation on file to support the change to the card for the Leisure Services Secretary is an email from the former Exchequer Services Manager. This is not considered adequate since it appears this limit was amended without the approval of one of the authorised officers.

**R7 NatWest should be instructed not to amend card limits without prior approval from either the Director of Finance, Chief Accountant and/or the Principal Accountants. All correspondence instructing changes to card limits should be retained on file. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

It was noted that following the change to their card limits, the cardholders were not required to sign a new agreement setting out their new limitations.

- R8 Cardholders should be required to sign a new agreement if their transaction and/or card limits are amended. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**
- R9 Has already been implemented and required greater detail to be given on the reason for using a credit card as opposed to other methods of payment.**

Two payments using the credit card required further explanation as to why the card had been used and one of these suppliers was found to have an account with the Council so a normal ordering process could have been used. The forms supporting payment by credit card require a countersignature to authorise the purchase. There were instances where the counter signatory was not an authorised officer and four occasions where the cardholder had signed themselves. Although these transactions were valid this is not considered an adequate separation of duty.

- R10 Credit Card holders should check that any payments made using the corporate credit card could not be made using the supplier via the purchase ledger. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**
- R11 Cardholding staff should be informed that they should not authorise their own payments on the corporate credit card purchase form but should ask another relevant authorised signatory to do so. (Priority – High. Responsible Officer – Exchequer Services Manager).**

Three transactions were deemed valid but did not have supporting documentation to support the payment.

- R12 Officers authorising credit card purchase forms should ensure there is documentary evidence to support the transactions before signing and passing the form to Exchequer Services and the Corporate Credit Card procedure notes should be updated to reflect this. (Priority – High. Responsible Officer – All authorised signatories).**

Although comparison of the bank direct debit in respect of credit card purchases to the expenditure shown as being made for the test sample agreed there is no evidence to show that this reconciliation has taken place within Exchequer Services.

- R13 The reconciliation checks of corporate credit card purchase forms to the NatWest statement and the NatWest statement to the Direct Debit on the council's bank statement should be evidenced. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

## **Report No. 36 – 2010/11 – Property and Land**

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

The auditor checked the terrier, deeds, agreements and the most recent disposal and all were found to be in order. The only area of concern was the fact that the risk register required updating.

**R1 Ensure that the risk register is reviewed every six months and saved to the appropriate file on the share drive. (Priority – Medium. Responsible Officer – Estates Manager)**

## **Report No. 37 – 2010/11 – Housing and Council Tax Benefit**

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

The primary reason for the limited opinion is due to the cessation of the accuracy checking procedure; this is considered to be a key control by the Audit Commission for the purposes of their audit of the council's financial statements.

During the course of the audit it was found that the parameter changes for accuracy checking on IDOX are overwritten with every change and therefore there is no history of changes available. Changes are made by the System Administrator by email request from a relevant officer but he does not keep copies of these email requests. As such the parameter pattern for accuracy checking could not be verified and assurance cannot be given that these have been correct throughout the year.

**R1 The Systems Administrator should set up an email folder for any parameter change requests and keep a copy of all changes indefinitely together with a return email confirming that the changes have been implemented. (High Priority – Systems Administrator)**

A sample of five days of the valuables register was examined and it was found that one day had two recorded delivery envelopes that were not signed for. The rest of the days had appropriate entries, had all been initialled and recorded delivery stickers where relevant.

**R2 The valuables register should be reviewed at least quarterly to check that the entries are appropriate and being signed for. (Low Priority – Principal Benefits Officer)**

**R3 Where it is found that entries are not signed for, the staff should be reminded of the importance of this control. (Medium Priority – Principal Benefits Officer)**

It had been intended to test a sample of 20 applications against for the completeness of and accuracy of information and promptness of processing; however review of the first five in the sample found that the applications were not straightforward claims and the testing was not possible due to the

absence of a checklist or other mechanism to confirm all information required had been received and processed.

**R4 Following the verification changes new procedures notes should be drawn up and a checklist or some method of ensuring that staff can check off that they have obtained all relevant information is necessary. (High Priority — Principal Benefits Officer)**

An exercise was carried out by the KBP as above (3.2.3) where all cases flagged as pending were reviewed to identify how many could have been processed more quickly; this review found that half were considered to be pending correctly but half could have been processed sooner because either the information requested;

- was already available,
- was unnecessary,
- could have been obtained on the DWP's Customer Information Service (CIS), or,
- was only needed under the verification framework but did not affect the claim.

As a result of this exercise staff are going to be trained on which claims can be processed more promptly and with this there should be a higher level of accuracy. A checklist is suggested as a useful tool to ensure consistency and aid benefit assessors when inputting claims.

**R5 Remind staff that where an error is found with a claim any relevant emails should be scanned or some relevant notes entered on Northgate to explain the situation as an audit trail. (Low Priority – Principal Benefits Officer)**

**R6 Remind staff that care should be taken to ensure all documents are correctly indexed. (Medium Priority – Principal Benefits Officer)**

**R7 Remind staff that where payslips are requested care should be taken to ensure the correct number are used to average out the income. (Medium Priority – Principal Benefits Officer)**

Rather than stopping the accuracy checking altogether due to resources a more realistic target should be set according to the results of previous checking. For example, experienced staff could have a one in fifty check.

Without the accuracy checks there is no internal control on data input and there is no mechanism for identifying training needs or frequently occurring errors.

**R8 Resume accuracy checks for all staff but agree a practical testing level with the Revenues & Benefits Manager. (High Priority – Principal Benefits Officer)**

- R9 Remind staff to ensure that the accuracy checking spreadsheet is completed whenever a check is done. (Low Priority - Principal Benefits Officer)**
- R10 Create another column on the spreadsheet to highlight that a second officer has checked any amendments arising from a sample of the accuracy checks. (Medium Priority - Principal Benefits Officer)**
- R11 Ensure that all relevant facts are disclosed to Internal Audit staff when audits are being conducted. (High Priority – Principal Benefits Officer)**

A Visiting Officer is employed to visit claimants as directed by management, this could be for HBMS purposes, visits to new claimants, requests by the Fraud Section etc. The post used to target high risk areas through interventions by post and by visits however it appears that postal interventions have lapsed and there may be scope for other possible benefit fraud areas to be examined.

- R12 Ensure that the Visiting Officer is regularly used to target possible benefit fraud in differing risk areas. (Low Priority – Principal Benefits Officer)**

Whilst the BACS payment instruction and requests are appropriately authorised there is no-one actually authorising the cheque payments. The Authorised signatory lists held in Exchequer do not specify authorisation of Housing Benefit payments.

- R13 Cheque payments need to be appropriately authorised by a Senior Officer. (High Priority – Revenue and Benefits Manager)**
- R14 The Authorised Signatory lists should be revised and specify who can authorise Housing Benefit Payments. (High Priority – Exchequer Services Manager/ Revenue and Benefits Manager)**
- R15 The BACs instruction to pay Housing Benefit has two authorising signatures which could be reduced to just one as long as they are sufficiently Senior or authorised as per any revised Authorised Signatory list. (Low Priority – Revenue and Benefits Manager)**
- R16 The Procedure notes on the intranet need to be reviewed regarding reconciliations. (Low Priority – Exchequer Services Manager).**

#### **Report No. 39–2010/11 – Creditors and Petty Cash**

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

Duplicate invoicing checks were carried out using the IDEA software and found six potential duplicates. Further examination found that only one instance appeared to be a duplicate payment.

**R1 Action should be taken to get the £155.10 reimbursed by xx for invoice number xx. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

A report of all purchase orders raised in the 2010-11 financial year to the date of the audit was extracted from the Creditors system by the Chief Internal Auditor. It was ascertained that no purchase order had been raised for 6862 of the 11626 invoices paid in the period; this equates to 59.02%. A sample of those with no purchase order were then selected at random using IDEA and assessed as to whether there was a valid reason for an order not having been raised by reviewing the narrative, the supplier and the original invoice. For fourteen of the twenty it was considered acceptable that no order was raised however three purchases should have had orders raised.

**R2 A purchase order should be raised for all purchases unless this is stipulated as per the Financial Procedure Rules. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**

The same sample was then used again to check that all calculations on invoices were correct. A check of the calculations and of the VAT rate used found that all invoices had been calculated correctly with VAT having been categorised correctly as per the HMRC guidance. However one invoice in the sample for VAT charges from a bailiff company had been overwritten in ink and another had no narrative included on the invoice. Discussion with the Senior Exchequer Officer found that individual services are responsible for checking the items on each invoice and should query any issues/amendments while Exchequer Services are only responsible for checking calculations. However Exchequer Services should not process invoices with handwritten amendments unless the amendments are initialled by the person authorising the invoice for payment.

**R3 Exchequer Services should not process any invoices with handwritten amendments unless these have been initialled by the authorising officer. (Priority – Medium. Responsible Officer – Exchequer Services Manager).**

A report was extracted of all petty cash claims made in the 2010-11 financial year to the date of the audit and a sample of twenty were selected using IDEA. Copies of each claim held by Exchequer Services were reviewed and all expenditure was considered to be reasonable. However, in six cases the payments made were over the £30 limit and it is suggested that other means are used to make high value payments such as reimbursement through payroll or BACS through the creditors system.

**R4 The petty cash policy should be reviewed to advise that claims for reimbursement in excess of £30 should be paid via payroll or BACS through creditors in the first instance unless this is not reasonably practicable. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

Four of the twenty claims in the sample were for items that it is considered should have been paid via creditors; one was for a pair of work boots for staff

at Leybourne Lakes at £62.99 and the other three were for catering foods at Tonbridge Pool Café.

**R5 Staff should be reminded that petty cash should only be used if the normal creditors option of buying goods is not viable. (Priority – Medium. Responsible Officer – Exchequer Services Manager)**

#### **Report No. 40-2010/11 – Bank & Cheque Reconciliation**

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

The reconciliations completed from April 2010 to February 2011 were examined to ensure that all reconciliations had been seen by senior officers and signed to record this.

With regards the No1 account all of the reconciliations had been seen and authorised by the Exchequer Services Manager and the Chief Accountant with the exception of the December 2010 reconciliation which had not been signed by the Chief Accountant.

With regards the No2 account all of the reconciliations had been seen and authorised by the Exchequer Services Manager and the Chief Accountant.

Any delays in completed the reconciliations or discrepancies identified are reported to FSMT this has already been confirmed during the audit.

**R1 Ensure that all monthly bank reconciliations are checked by the Exchequer Services Manager and approved by the Chief Accountant. (Priority – Medium, Responsible Officer – Exchequer Services Manager)**

Upon examination of the C&D book spreadsheet for April 2010 and June 2010 there is a record of adjustments that are made each month and these generally relate to amendments made to banking slips by the bank for errors, most of these errors appear to come from the Leisure Centres, Poult Wood Golf Course and The Tourist Information Centre. However the discrepancies are not monitored to highlight specific areas of concern which could then be used to improve procedures to reduce future discrepancies occurring as investigating discrepancies can be a lengthy process.

It should be noted where there are discrepancies these can be very minor but take sometime to reconcile and involve senior officers. Upon examination of a audit carried out at Gravesham BC they do not investigate low value discrepancies and a tolerance level of £10 has been set as anything below that is considered uneconomical to pursue. It should be considered as to whether we should set a tolerance level.

**R2 Introduce a system to record errors being made that effect the C&D and bank reconciliations to highlight the errors to the originators to enable action to be taken to reduced such errors being made. (Priority – Medium, Responsible Officer – Exchequer Services Manager)**

## **Report No. 42-2010/11 – Building Control**

This report has been issued as a draft and is awaiting final agreement. The draft opinion is **substantial**.

## **Report No. 43-2010/11 – Council Tax**

This report has been issued as a draft and a revised final was sent out. However, the Revenues and Benefits Manager was on leave when this report was sent out and had not finalised the report at the time of writing.

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

A copy of all the Valuation Office schedules and Northgate reports were obtained and a sample of five weeks were randomly selected to ensure that the properties by band were reconciled and signed to confirm this was being carried out each week. It was found that due to the absence of Senior Revenue Assistant there was a two week delay in completing one of the reconciliations and one of the reconciliations (Week commencing 17/1/11) had not actually been ticked and signed by anyone although it did balance.

**R1 In order to evidence that the Valuation Office schedules are checked and reconciled weekly they must all contain a signature and date to confirm this has been done. (Medium Priority – Principal Revenue Officer)**

There are procedures in place for dealing with scenarios where the liable person is not known (e.g. when a taxpayer vacates a property and the new occupier is not known) however these were not up to date.

**R2 TMBC's procedures for identifying liable parties should be updated. (Low Priority – Principal Revenue Officer)**

There are no procedure notes in place on how to deal with the suspense account despite this being recommended at a previous audit.

**R3 Procedure notes should be drawn up regarding dealing with the suspense account. (Low Priority – Principal Revenue Officer)**

From the testing results carried out the recovery process seems to be adequately followed through however resources are an issue in respect of reviewing outstanding accounts in a timely manner.

**R4 The recovery policy should be reviewed and updated as necessary. (Medium Priority – Revenue and Benefits Manager)**

**R5 It is suggested that a program of recovery be set up for items post summons to ensure that all recovery types are included and can be monitored. (Low Priority – Principal Revenue Officer)**

A report was obtained from the System administrator from Northgate of all refunds between April 2010 and 22 March 2011. These were traced

through to the Integra Purchase ledger reports to check that the correct account number and names were used where paid by BACS. Where paid by cheque it was ensure that the correct payee name appeared on the creditors list. All refunds were also checked to ensure there was a valid reason for the refund.

Three of the sample had sent in a refund request form which includes their bank details, name and signature. All had been signed by the account holder and had the correct account name as per Northgate included on them.

A sample of ten credits on accounts were extracted and traced through to Northgate to establish why they were in credit and whether a refund was necessary. Six of these were credits brought forward at the end of the year where the accounts were still open. Three accounts were closed and therefore had been sent a credit bill together with a refund request form however only one of these confirmed this in the notes and one was actually refunded to the account holder via a refund request form which had been signed by both the liable parties on the account.

Procedures are in the process of being revised due to the new procedures regarding refund requests.

**R6 Provide the revised refund/credit procedures to Internal Audit for information. (Medium Priority – Senior Revenue Assistant)**

**R7 Remind staff to ensure that the notes are updated to state that the credit bill and refund request form has been sent. (Low Priority – Principal Revenue Officer)**

#### **Report No. 44-2010-11 – Main Accounting**

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

All journals are uniquely identified, include the reason for the transfer, the dates, input by, approved by, the codes and the amounts. It should be noted that the input and approval is the same person but access to create journals is restricted to Accountancy staff and the Director of Finance only. Audit testing of a sample of twenty journals found that in all cases the correct entries had been made and explained with clear narratives.

Twelve of the journals examined were also supported by an email or paper document from another member of staff requesting the journal. The remaining eight journals had no paper supporting records however four could be cross checked to documentation held elsewhere and four were relating to year end adjustments that would not have any supporting records due to being corrections noted by the Accountants.

**R1 Remind staff that where supporting documentation is held elsewhere to support the journal, a note should be made of the location of any supporting records. (Low Priority – Chief Accountant)**

No other queries arose from testing.

## **Report No. 45-2010/11 – Income Receipting**

This report is still in draft stage.

Following the initial audit fieldwork the Council insurers were invited to carry out site inspections of the kiosks used for cash collection in the Council Offices. The site visit indicated that the insurance limits were in excess of what Zurich would normally approve and a report is awaited from Zurich to confirm the insurance limits that they will agree. This may involve a considerable change in working practice.