

**AUDIT & GOVERNANCE COMMITTEE**

Date: 24<sup>th</sup> April 2014

**THE INTERNAL AUDIT MONITORING REPORT OF THE SERVICE MANAGER  
OF THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

|                                 |                                        |
|---------------------------------|----------------------------------------|
| Relevant Portfolio Holder       | Councillor John Fisher                 |
| Portfolio Holder Consulted      | Yes                                    |
| Relevant Head of Service        | Sam Morgan, Financial Services Manager |
| Ward(s) Affected                | All Wards                              |
| Ward Councillor(s) Consulted    | No                                     |
| Key Decision / Non-Key Decision | Non-Key Decision                       |

**1. SUMMARY OF PROPOSALS**

1.1 To present:

- the end of year monitoring report of internal audit work as at 31<sup>st</sup> March 2014.

**2. RECOMMENDATIONS**

2.1 **The Committee is asked to RESOLVE that the report be noted.**

**3. KEY ISSUES**

**Financial Implications**

3.1 There are no direct financial implications arising out of this report.

**Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

**Service / Operational Implications**

3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

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This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST REPORT (16<sup>th</sup> January 2014):

2013/2014 Audits:

Debtors

The review was a full system audit concentrating on the controls from the point where the invoice was raised to entry onto the main ledger. The review assessed the system is operated in accordance with the Council's Financial Regulations and agreed procedures, Debtors invoice requests are raised onto the IBS system correctly and in a timely manner, all accounts raised and payments made to the Council are in a timely manner, cancellation and 'Write off' of debts are controlled independently and carried out in accordance with the Council's Financial Regulations and justifiable reasons provided, there is an effective debt recovery system in operation, inhibits and recovery suppressions are controlled and monitored independently, all accounts and payment details are recorded correctly and accurately in the main ledger and regular reconciliations are undertaken, and, basic IT Controls are in place. The audit did not look at the cash collection procedures as this was covered in a separate audit.

Current Status: Final Report issued 16<sup>th</sup> January 2014

Assurance: Significant

Main Ledger

The review was a full system audit concentrating on the control of the Main Ledger to ensure the quality (validity, accuracy, completeness) and timeliness of the input to the ledger, (for example from the feeder systems, procurement cards and direct debits), the timely locating/correcting of errors and omissions within the system (for example the use of suspense codes), sufficient, relevant, reliable information is available to budget holders and budget holders are managing, monitoring and controlling their budgets effectively in accordance with approved procedures, all budget journals and virements are controlled effectively in accordance with agreed procedures and the Council's Financial Regulations, and, bank reconciliations are undertaken on a regular basis and any balancing items are investigated and dealt with promptly. The VAT process was not covered by the review as it was audited separately. The review concluded the system of control is generally sound but our testing identified the Financial Regulations required updating and the review of

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system access rights could be strengthened. There were no high or medium priority recommendations.

Current Status: Final Report issued 19<sup>th</sup> February 2014

Assurance: Significant

Council Tax

The review was a full system audit concentrating on areas of the Council Tax system to ensure there is a reconciliation of the opening debit at the beginning of the financial year, there are regular reconciliations from Council Tax system to feeder systems i.e. Cash Receipting, the Benefits system and Financial ledger, empty properties are regularly monitored and billed promptly where necessary, effective procedures are in place to ensure all new build is monitored and brought into valuation at the earliest possible date, accounts with credit balances are regularly reviewed and there are appropriate controls in place for account transfers and refunds, prompt recovery action is taken in accordance with agreed recovery timetable and procedures, and, systems access is appropriate. The review concluded that controls reviewed were found to be operating effectively notably in the recovery of arrears and identification and referral of new properties to the Valuation Office. Regular reconciliations are carried out from the Council Tax system to the Financial Ledger with no balancing issues identified. Isolated control weaknesses have been identified in respect of access and security and new properties.

Current Status: Final Report issued 24<sup>th</sup> March 2014

Assurance Level: Significant

Benefits

The review was a full system audit. The review concentrated on areas including Overpayments occurring as a result of Local Authority error, Essential Living Fund payments, Fraud Identification, assessment and recovery, and, reconciliations of Benefits, Council Tax and General Ledger entries. The review concluded there is a generally sound system of internal control in place, but testing has identified isolated weaknesses in a small number of areas. Controls regarding overpayments were found to be operating effectively, with cases being reviewed and followed-up in a suitable manner. However controls regarding the reconciliation of overall expenditure should be reviewed to ensure that they are appropriate for the needs of the Service. In April 2013 Redditch Borough Council took on responsibility for the management of a new discretionary Emergency Living Fund scheme, which has replaced the Crisis Loan and Community Care Grant schemes as per changes in the Welfare Reform Act 2012, to be managed by the Benefits

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Service. Several recommendations have been identified during the audit work with regards to improving the management controls over the scheme.

Current Status: Final report issued 7<sup>th</sup> March 2014

Assurance: Significant

**VAT**

The review was a full system audit which concentrated on the VAT procedures to ensure and provide assurance that up to date procedure and guidance documents exist for completion of VAT returns and are available to staff, output tax is declared correctly, input tax is calculated correctly, input and output tax are properly and promptly recorded in the Council's main ledgers, VAT records are in a format which facilitates the completion of the VAT returns, and, any payments received from HMRC or made by the Council to HMRC are in accordance with the VAT returns and properly recorded in the ledger. The review concluded there is a generally sound system of internal control in place. Internal Audit testing did not identify any errors in the recording of VAT on the financial systems. VAT is recorded within a separate account in the Council's main ledger and this helps to facilitate the completion of the VAT returns which are completed timely on a monthly basis. However, it was determined that the Financial Services Manager completes all the VAT Returns which could lead to resource pressures in the future.

Current Status: Final report issued 31<sup>st</sup> March 2014

Assurance: Significant

**Cash Collection**

The review was a full system audit concentrating on the control of the cash collection from the point where the cash is received by the Council to entry onto the main ledger. The audit was to ensure adequate controls are in place regarding the cashing up process undertaken by the One Stop Shops and the Town Hall Cash Office, all income receipted in the 'Paris' system is credited to the Council's bank account correctly and in a timely manner, the cash receipting suspense account is reviewed on a regular basis ensuring all payments are allocated correctly to the general ledger in a timely manner, and, controls are in place regarding the collection of cash by G4S. The review concluded there is a sound system of control in place but some of the expected controls are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system. The audit testing identified that there are adequate controls in place regarding the collection of cash by G4S and all income receipted in Paris is credited to the Council's bank account correctly in a timely manner. It was also noted that the 2012/13 finding regarding the 'Removal of Network Access for Leavers' has not yet been implemented fully as this is currently being reviewed and

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worked upon through the 'transformation' process by the ICT and HR departments. For this reason this has not been brought forward as an outstanding exception. Internal Audit testing has identified isolated weaknesses in the inconsistent application of controls in the clearing of the suspense account and some areas of the cashing up process.

Current Status: Final Report issued 26<sup>th</sup> February 2014

Assurance: Moderate

**NDR**

The review was a full system audit concentrating on areas of the NNDR system to ensure there is a reconciliation of the opening debit at the beginning of the financial year, empty properties are regularly monitored and billed promptly where necessary, there are regular reconciliations from NNDR system to feeder systems i.e. Cash Receipting, the Benefits system and Financial ledger, effective procedures are in place to ensure all new build is monitored and brought into valuation at the earliest possible date, accounts with credit balances are regularly reviewed and there are appropriate controls in place for account transfers and refunds, prompt recovery action is taken in accordance with agreed recovery timetable and procedures, and, system access is appropriate. The review concluded although some areas are working effectively some of the expected controls are not in place. The review found that effective recovery procedures are in place with no significant issues to report and regular reconciliations are carried out between NNDR system and the financial ledger. Empty properties are regularly reviewed and billed at the earliest opportunity. Weaknesses identified during the audit included credit balances, property reconciliation, exemptions, access and security.

Current Status: Final Report issued 24<sup>th</sup> March 2014

Assurance: Moderate

**Creditors**

The review was a full system audit concentrating on the controls over the Creditor System ensuring orders had been authorised and the goods/service had been received before the invoice was authorised and paid to the correct creditor, purchase orders were raised prior to the receipt of goods/services unless specifically excluded, supplier details for new creditors and amendments to these records were authorised and subject to internal checks, invoices were paid once and are recorded correctly and accurately in the main ledger, reconciliations between the main ledger and the creditors ledger were carried out in a timely manner, adequate controls exist over BACS payments, appropriate access controls are in place for the Council's E-

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procurement/Cedar system, requirements of the HMRC's Real Time Information reporting are met in relation to any payments made to sub-contractors, and, payment of invoices are monitored on a regular basis to ensure there are no late payment penalties incurred by the Council under the "The Late Payment of Commercial Debts 2013" regulations. The audit did not cover the procurement process. The review concluded there is generally a good system of internal control in place but some of the expected controls are not in place and are not operating effectively. Internal Audit testing identified that payments are made when purchase orders have been raised and the receipt of goods/services unless specifically excluded and are appropriately authorised. Regular reconciliations are undertaken between the Creditors' system and the main ledger. There is no requirement for the Creditors' team to report on the HMRC's Real Time Information as they do not make any payments to subcontractors unless they have a Self-Employed Tax Reference. All other payments to sub-contractors are sent back to the relevant department and/or forwarded to the Human Resources team to process through payroll. The audit identified weaknesses in the monitoring of late payments and regular review of the creditors' system access rights.

Current Status: Final Report issued 2<sup>nd</sup> April 2014

Assurance: Moderate

**Kingsley Sports Centre**

The review was a full systems audit concentrating on the controls in operation at Kingsley Sports centre to ensure security and access to the cash float, takings and safe, all income received for activity bookings are receipted and banked correctly, there are adequate controls in place regarding cashing up, a reconciliation is carried out to ensure all income is banked, agrees to the Council's bank account and is reflected in the main ledger correctly, and, hours claimed by staff (including overtime) agree to rotas, sickness, annual leave records and "booking in and out" records. The review concluded there are weaknesses in the design and inconsistent application of controls that put the achievement of the Council's objectives at risk in many of the areas reviewed. However, it was noted that there are adequate controls around the security of cash floats, takings and safe and that there are regular reconciliations carried out to ensure income received is receipted and reflected in the Council's main ledger accordingly. Internal audit testing identified several weaknesses including checks carried out on overtime claimed by staff members. It was also noted that although staff had been changed from casual staff contracts to permanent staff contracts in February 2013, they were still receiving payments through completing fortnightly overtime timesheets for their normal working hours as at August 2013. Internal Audit has referred this issue to the Leisure Services senior

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management team who will contact the Council's Payroll section to rectify this situation.

Current Status: Final Report issued 7<sup>th</sup> March 2014  
Assurance Level: Limited

Playing Field and Football Pitches

The review was a critical review and challenge audit concentrating on the controls in operation at Playing fields and football pitches with regard to the system in place for booking, billing and collection of income for Playing fields and football pitches, to review the arrangements in place for the ground maintenance of Playing fields and pitches to ensure they are appropriate, and, to review and assess any complaints and compliments in relation to this. The review did not include the marketing strategies or staffing issues involved in the playing field and football pitches process. The review concluded that the maintenance process for playing fields and football pitches has sufficient controls and adequate response times to requests made by the public or playing fields and football pitches booking team for work to be carried out. A small weakness was identified with the booking process and reported to management. There were no high or medium priority recommendations.

Current Status: Final Report issued 6<sup>th</sup> March 2014  
Assurance Level: N/a Critical Friend

Corporate Compliments and Complaints

The review is a full systems audit concentrating on the Corporate Complaints System ensuring information about the complaints, comments and compliments process is available to customers, the system for recording complaints, comments and compliments is effective and fit for purpose, all complaints are dealt with in accordance with Council policy, sufficient management monitoring information is being provided for reporting purposes, and, customer feedback is used to identify service improvements. The audit found that the iCase system was due to be replaced therefore the focus was targeted towards the assessment of the replacement system due to be commissioned from 1st April 2014. The new system is not a CRM system but a spreadsheet specifically designed for the purpose of recording complaints, comments and compliments. Since the practice of sending out acknowledgement letters and holding letters has been dispensed with and also adherence to set timescales, complaints have been easier to deal with and the personal approach has been seen to be effective and efficient. The critical review identified some areas of weakness in relation to the security of

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the system and Data Protection arrangements. These will be reviewed as part of the on-going development.

Current Status: Final report issued 4<sup>th</sup> April 2014

Assurance: N/a Critical Friend

Summary of assurance levels for 2013/14:

| <b><u>Audit</u></b>                  | <b><u>Assurance Level</u></b> |
|--------------------------------------|-------------------------------|
| <b><u>2013/14</u></b>                |                               |
| Debtors                              | Significant                   |
| Main Ledger                          | Significant                   |
| Council Tax                          | Significant                   |
| Benefits                             | Significant                   |
| VAT                                  | Significant                   |
| Cash Collection                      | Moderate                      |
| NDR                                  | Moderate                      |
| Creditors                            | Moderate                      |
| Kingsley Sports Centre               | Limited                       |
| Playing Fields and Football Pitches  | N/a Critical Review           |
| Corporate Compliments and Complaints | N/a Critical Review           |

**2012/13 AUDITS NEARING FINAL COMPLETION**

**Rent Arrears, Payment and Collection**

The review is a limited scope audit and will concentrating on procedures relating to the collection of rent arrears and procedures relating to the monitoring and control of rent arrears. Housing Services are currently undergoing a full Transformation Review and a trial introducing procedural changes being considered effecting the collection and control of rent arrears is about to commence; however management expectations in relation to the actioning and collection of rent arrears are broadly in line to those currently followed, with the emphasis changing in relation to initial/on-going contact with tenants in arrears.

Current Status: Draft Report Stage

**Corporate Governance ~ Shared Service**

The review is a full systems audit concentrating on documentation provided to the Shared Services Committee and the financial data surrounding



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recharges to the individual councils. The review has included areas such as savings made as a result of Shared Services/Transformation being clearly and accurately recorded, reports being issued to Members/Boards of all Shared Services/Transformation are accurate, clear and timely with savings against projected targets displayed, and, all related recharges to relevant Council's are accurate and timely.

This audit had reached draft report stage but in discussion the s151 Officer requested further work to be undertaken in this area. The audit, therefore, is progressing and will be reported in the near future.

Current Status: Draft Report Stage

As work on the above audits is nearing completion an 'Assurance' level will be assigned on completion.

**2013/14 AUDITS NEARING FINAL COMPLETION**

**Miscellaneous Income ~ Woodland Management**

The review is a full systems audit concentrating on income received in relation to Woodland Management. The audit will provide an assurance on whether the annual Woodland Management Plan has been produced and outlines potential harvestable timber together with estimated yields and prices, best prices are obtained for timber sales, all income due is correctly accounted for, invoiced, receipted and where necessary, subject to prompt recovery action, adequate storage facilities are used for timber (logs) pending sale, grant aid is claimed and the receipt of the monies is monitored to ensure that it is received and entered against the correct ledger code, and, that budget monitoring arrangements ensure that anticipated income is received

Current Status: Draft Report issued 25<sup>th</sup> March 2014

**Treasury Management**

The review is a full system audit of Treasury Management concentrating on areas of control to ensure Treasury Management is undertaken in line with Statutory and Internal procedures, all monies not immediately required by the Council are invested prudently and that funds are available for use by the Authority when required, there is a complete audit trail for all transactions from the point where the monies are paid out/received into the Council's bank account to the point where the monies are repaid into/out of the Council's

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bank account, all transactions are clearly recorded in the Council's financial recording system, regular reconciliations are undertaken between the ledger and Treasury Management records by an independent person, and, the computer system is subject to basic I.T. controls. The audit will not cover the rate of interest obtained for individual investments/loans or the ratings of the financial institutions used to invest in or obtain loans from.

Current Status: Draft Report issued 26<sup>th</sup> March 2014

**Rent Verification Statements**

The review is a full systems audit concentrating on the controls over the Rent Verification Statements system. The audit will provide an assurance on whether there is evidence available to support tenant rent statements and that statements have been authorised at the appropriate level, rent refunds have been applied correctly to tenant's rent accounts and have been authorised and paid in an appropriate and timely manner, tenant payments are correct and posted to the main ledger account in a timely manner (e.g. from Saffron to Cedar), the posting of money received by the council into individual rent accounts is correct and is carried out promptly, and, the relevant procedures have been updated and distributed to officers. The appropriateness of the Saffron system was not covered by the review.

Current Status: Draft Report issued 31st March 2014

**Risk Management**

The review is a full system audit concentrating on areas of the Risk Management system including the 4Risk management system, corporate and service risk registers, and, minutes for risk management meetings. The audit will provide an assurance and whether there is an appropriate Risk Management framework in place, regular reviews identify new risks and assess the changing risk environment for those already defined, mitigation activities have been determined and successfully implemented where appropriate to minimise the impact and likelihood of risk occurrence, and, the managing and assessing of risks is embedded throughout all Services and that the risk management process is used as a tool for informed decision making. The audit work will not cover the scoring of individual risk register entries.

Current Status: Draft Report issued 1<sup>st</sup> April 2014

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Shared Service Client

The review is a full system audit concentrating on the Shared Service – Worcestershire Regulatory Services Management process from the host authority's point of view. The audit will provide an assurance and ensure budget holder responsibilities have been defined for each budget area, budget monitoring practices occur in a regular and timely manner critically analysing actual expenditure against budgets and financial forecasts, financial and non-financial performance targets have been defined in the service business plan including the identification and monitoring of efficiency savings, cost reductions and income generation, financial savings identified by partner Councils are assessed for their impact on service delivery, appropriate procedures are in place for monitoring chargeable activities to ensure income is properly accounted for and notified to partner authorities, the provision of information to member Councils for completion of government returns and setting of fees is based on data that is comprehensive and accurate, and, there are appropriate procedures in place to ensure reporting of financial information to the Worcestershire Shared Services Joint Committee and the Worcestershire Regulatory Services Management Board is correct and represents a fair view of the current financial position of the service. The audit did not cover the individual services undertaken for and on behalf of other clients or partner organisations of Worcestershire Regulatory Services.

Current Status: Draft Report issued 4<sup>th</sup> April 2014

IT

The review is a full systems audit concentrating on the controls in operation by IT Services with regard to measures of success including ICT helpdesk functionality since the merging of the Redditch Borough Council and Bromsgrove District Council, there are adequate controls around the starters and leavers from the point where network access is requested, and there are effective and efficient controls around the disposal of IT equipment. The audit will not cover starters and leavers procedures covered under Human Resources, and, controls around the acquisition of IT equipment as this is covered under Procurement.

Current Status: Clearance Stage

Mutual Exchanges and Transfers

The review is a full system audit concentrating on the Mutual Exchange and Transfer system. The audit will provide an assurance and whether mutual exchanges are made in accordance with approved procedures and legislative requirements, transfers are made in accordance with the

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requirements of the housing waiting list and in line with the allocations policy, the Council adequately promotes mutual exchanges and transfers on the Council's website and at appropriate customer contact points, adequate evidence and documentation is obtained and retained to support each exchange/transfer, and, necessary property inspections are carried out and documented to ensure that any required repairs are carried out by the tenant before completion of the exchange/transfer and in accordance with procedures. The review did not include the Home Choice register.

Current Status: Draft Report issued 4<sup>th</sup> April 2014

**Arts Development**

The review is a full system audit. The audit will provide an assurance and ensure controls are in place to account for the recording of bookings, classes and courses (e.g. Palace Youth Theatre), all income is accounted for and has been correctly recorded in the Council's Main Ledger, understand whether customers are satisfied with the provision and that it meets the council's strategic purpose, and, the authority actively promotes its arts programmes and procedures are in place to enable events to be prioritised to ensure different types of arts are catered for. The audit did not cover the process of claiming the Arts Development grant funding as money is no longer allocated to Redditch or further sources of funding.

Current Status: Draft Report issued 4<sup>th</sup> April 2014

**Payroll**

The review is full systems audit concentrating on the controls over the Payroll System with regard to ensuring only current bona fide employees of Redditch Borough Council are paid through the payroll system, all amendments to payroll data including new employees, leavers and movers is actioned only on evidence of adequate, timely and authorised information, additional employee payments/deductions including expense claims and honorariums are actioned only on evidence of adequate, timely and authorised information, regular reconciliation with the financial ledgers takes place, system reports and/or exception reports are timely, investigated and acted upon, and, Payroll data, electronic and hard copy, is kept secure at all times. The audit only included documents/information from the point that it was received by the Payroll Section up to and including the transfer of data to the Council's financial ledger. The audit did not cover controls on starters/leavers/transfers that are undertaken by the Personnel Section, controls operated within each Service in authorising additional payments for example expense claims, or,

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controls over the Wyre Forest payroll, other than where the controls operate for all authorities.

Current Status: Clearance Stage

**Sports Development**

The review is a full system audit. The audit will provide an assurance and ensure procedures/ guidelines exist for the recording, receipting and banking of income for all Sports Development activities, effective controls are in place regarding recording of cash takings, security and storage of cash, and the cashing up process of activities administered through Sports Development. Also, all income received for Sports Development activities is receipted accurately, banked in a timely manner, independent checks are carried out to ensure this is performed correctly, an effective budgetary control in place, and, hours claimed by Casual staff (including overtime) agree to rotas, sickness, annual leave records and activity timetable records. The audit did not cover sources of funding in this particular audit.

Current Status: Clearance Stage

**Corporate Governance ~ Protecting the Public Purse**

The review is a full review concentrating on the policies and procedures in place. The review will not give an assurance level or provide recommendations but will provide evidence of how the Council is or is not conforming to Protecting the Public Purse 2013 as well as assessing policies and procedures in relation to the Audit Commissions Protecting the Public Purse 2014.

Current Status: Clearance Stage

**Corporate Fraud**

The review is a full system audit concentrating on areas for Corporate Fraud including policies and the strategic overview to reduce opportunity for fraud and corruption, promote awareness of potential fraud to all staff members, how the organisation manages it's policies to include new legislation, and, declaration registers are in place and monitored.

Current Status: Clearance Stage

Current Status: Clearance Stage

S106's

The review is a full system audit concentrating on S106 Planning Obligations from the point the agreement is signed and will consider areas such as procedures are in place for the allocation and use of S106 monies including appropriate authorisation, records are in sufficient details to provide management information that, where applicable, can be acted upon in a timely manner, Redditch Borough Council is recording and monitoring all S106 Planning Obligations i.e. where cash and related contributions are sought as well as planning agreements which have been put in place as a means of regulating development activities (where no contribution is sought) and plans are in place to ensure that the Council is ready for or will be in a position to implement the Community Infrastructure Levy (CIL).

Current Status: Fieldwork Review Stage

**3.4 AUDIT DAYS**

The table in Appendix 1 shows the progress made towards delivering the 2013/14 Internal Audit Plan and achieving the targets set for the year. As at 31<sup>st</sup> March 2013 a total of 475 days had been delivered against an overall target of 484 days for 2013/14. The target days to the end of the quarter are in line with the target figure for the year as part of the key performance indicators for the service.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Committee on the 18<sup>th</sup> March 2013 for 2013/14 and include management indicators as well.

Appendix 3 shows the tracking of completed audits.

Appendix 4 shows the 'high' and 'medium' priority recommendations which have are reported to the Committee for information.

**3.5 OTHER KEY AUDIT WORK**

Much internal audit work is carried out "behind the scenes" but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a 'critical appraisal'
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues

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- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

**Customer / Equalities and Diversity Implications**

3.6 There are no implications arising out of this report.

**4. RISK MANAGEMENT**

4.1 The main risks associated with the details included in this report are:

- Failure to complete the planned programme of audit work within the financial year; and,
- The continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

**5. APPENDICES**

Appendix 1 ~ Internal Audit Plan delivery 2013/14  
Appendix 2 ~ Key performance indicators 2013/14  
Appendix 3 ~ Tracking analysis of previous audits  
Appendix 4 ~ 'High' and 'Medium' priority recommendations

**6. BACKGROUND PAPERS**

Individual internal audit reports.

**7. KEY**

N/a

**AUTHOR OF REPORT**

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**APPENDIX 1**

**Delivery against Internal Audit Plan for 2013/14**  
**1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014**

| <b>Audit Area</b>               | <b>DAYS<br/>USED<br/>TO<br/>31/03/14</b> | <b>2013/14<br/>PLANNED<br/>DAYS</b> | <b>Target<br/>Days to<br/>31/03/14</b> |
|---------------------------------|------------------------------------------|-------------------------------------|----------------------------------------|
| Core Financial Systems (Note 1) | 119                                      | 114                                 | 114                                    |
| Corporate Audits(Note 2)        | 138                                      | 155                                 | 155                                    |
| Other Systems Audits            | 160                                      | 161                                 | 161                                    |
| <b>TOTAL</b>                    | <b>417</b>                               | <b>430</b>                          | <b>430</b>                             |
|                                 |                                          |                                     |                                        |
| Audit Management Meetings       | 20                                       | 20                                  | 20                                     |
| Corporate Meetings / Reading    | 9                                        | 9                                   | 9                                      |
| Annual Plans and Reports        | 10                                       | 12                                  | 12                                     |
| Audit Committee support         | 12                                       | 13                                  | 13                                     |
| Other chargeable                | 7                                        | 0                                   | 0                                      |
| <b>TOTAL</b>                    | <b>58</b>                                | <b>54</b>                           | <b>54</b>                              |
| <b>GRAND TOTAL</b>              | <b>475</b>                               | <b>484</b>                          | <b>484</b>                             |

**Note 1**

Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts. Small number of additional days required to deliver the full core financial programme.

**Note 2**

A number of the budgets in this section are 'on demand' e.g. consultancy, investigations so the requirements can fluctuate thus resulting in a small amount of 'unused' budgets.



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**APPENDIX 2**

**Key Performance Indicators (KPIs) for 01<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014.**

The success or otherwise of the Internal Audit Shared Service will be measured against the following key performance indicators for 2012/13. Further to the request of Members at the Internal Audit Committee of the 25<sup>th</sup> April 2013 performance indicators have been reviewed and agreed with the Portfolio Holder and are reported below and include indicators for management.

|   | <b>KPI</b>                                           | <b>Trend<br/>requirement</b> | <b>2012/13 Year<br/>End Position</b>                | <b>2013/14<br/>Position</b><br>(as at March 2014)                                                        | <b>Frequency<br/>of<br/>Reporting</b> |
|---|------------------------------------------------------|------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------|
| 1 | No. of high recommendations                          | Downward                     | 12                                                  | 13                                                                                                       | Quarterly                             |
| 2 | No. of moderate or below assurances                  | Downward                     | 10                                                  | 13                                                                                                       | Quarterly                             |
| 3 | No. of customers who assess the service as excellent | Upward                       | 2                                                   | 4                                                                                                        | Quarterly                             |
| 4 | No. of audits achieved during the year               | Per target                   | Target = 29<br>Delivered =27<br>&(2x Draft Reports) | Target =29<br>Delivered =<br>16 Final Reports<br>7 Draft Report<br>5 @ Clearance<br>1 nearing completion | Quarterly                             |

WIASS operates within and seeks to conform to the Public Sector Internal Audit Standards.

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**APPENDIX 3**

**Planned Follow Ups:**

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action that we are taking against those audits and whether further follow up is planned. To provide the Audit Board with as much assurance as possible going forward we are currently targeting as many audit follow ups as possible. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up to the end of May 2014. Exceptions will be reported to the Committee.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the over all work load and are assessed by the Lead Auditors.

Follow up in connection with the core financials is undertaken as part of the routine audits that are/were performed during quarter 3.

| <b><u>Audit</u></b> | <b><u>Date Final<br/>Audit Report<br/>Issued</u></b> | <b><u>Responsible<br/>Officer</u></b> | <b><u>Date to be 1st<br/>Followed up</u></b> | <b><u>2nd</u></b> | <b><u>3rd</u></b> |
|---------------------|------------------------------------------------------|---------------------------------------|----------------------------------------------|-------------------|-------------------|
|---------------------|------------------------------------------------------|---------------------------------------|----------------------------------------------|-------------------|-------------------|

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|                                                                           |                    |                                            |                                                                                                                                                                                                       |                                                                                                                       |                                                                                                                       |
|---------------------------------------------------------------------------|--------------------|--------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
|                                                                           |                    |                                            | High and Medium Priorities 6mths after final report issued as long as implementation date has passed                                                                                                  | High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed | High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed |
| <b>2011-12 Audits</b>                                                     |                    |                                            |                                                                                                                                                                                                       |                                                                                                                       |                                                                                                                       |
| Housing Repairs & Maintenance                                             | 5th December 2011  | Head of Housing & Housing Services Manager | <b>Apr-14</b>                                                                                                                                                                                         |                                                                                                                       |                                                                                                                       |
| Housing Capital Contracts - Interim Valuation and Post Contract Appraisal | 24th February 2012 | Head of Housing & Housing Services Manager | <b>Apr-14</b>                                                                                                                                                                                         |                                                                                                                       |                                                                                                                       |
| Maintenance Contracts                                                     | 31st July 2012     | Head of Housing Services                   | <b>Apr-14</b>                                                                                                                                                                                         |                                                                                                                       |                                                                                                                       |
| <b>2012-13 Audits</b>                                                     |                    |                                            |                                                                                                                                                                                                       |                                                                                                                       |                                                                                                                       |
| Garages                                                                   | 16 July 2012       | Head of Housing & Housing Services Manager | Followed up in October 2013.<br>Outcome: Awaiting management response/action plan as service has been developed.<br>Consideration being made as to whether audit report remains valid due to changes. | <b>Apr-14</b>                                                                                                         |                                                                                                                       |
| Grants to Voluntary Organisations                                         | 12 September 2012  | Acting Head of Community Services          | Having spoken to client the recommendations relate to the approval of grants which will take place in January 2014. Therefore this will                                                               | <b>Apr-14</b>                                                                                                         |                                                                                                                       |

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|                                                        |                   |                                |                                                                                |  |  |
|--------------------------------------------------------|-------------------|--------------------------------|--------------------------------------------------------------------------------|--|--|
|                                                        |                   |                                | be revisited at this point to obtain evidence of implementation. HT 29/10/2013 |  |  |
| Landscaping & Ground Maintenance                       | 14 September 2012 | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
| Street Scene                                           | 7th January 2013  | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
| Stores, Depot and Small Plant                          | 27th March 2013   | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
| Arrow Vale Sports Centre                               | 2nd April 2013    | Leisure Services Manager       | <b>Apr-14</b>                                                                  |  |  |
| Markets                                                | 18th March 2013   | Head of Planning Services      | <b>Apr-14</b>                                                                  |  |  |
| Procurement / Contract Compliance                      | 20th May 2013     | Financial Services Manager     | <b>Apr-14</b>                                                                  |  |  |
| Crematorium and Cemeteries                             | 26th April 2013   | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
| Workshop & Fleet                                       | 29th April 2013   | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
| One Stop Shop / Reception Services and Cash Collection | 10th June 2013    | Head of Customer Services      | <b>Apr-14</b>                                                                  |  |  |
| Waste                                                  | 26th April 2013   | Head of Environmental Services | <b>Apr-14</b>                                                                  |  |  |
|                                                        |                   |                                |                                                                                |  |  |
| Abbey Stadium                                          | 2nd May 2013      | Leisure Services               | <b>Apr-14</b>                                                                  |  |  |

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|                       |                               |                                      |               |  |  |
|-----------------------|-------------------------------|--------------------------------------|---------------|--|--|
|                       |                               | Manager                              |               |  |  |
| <b>2013-14 Audits</b> |                               |                                      |               |  |  |
| Dial-A-Ride           | 24th June 2013                | Dial A Ride Manager                  | <b>Apr-14</b> |  |  |
| Palace Theatres       | 25 <sup>th</sup> October 2013 | Leisure Services Manager             | <b>May-14</b> |  |  |
| Allotments            | 24 <sup>th</sup> October 2014 | Capital Project & Greenspace Manager | <b>Apr-14</b> |  |  |
| Building Control      | 29 <sup>th</sup> October 2013 | Building Control Manager             | <b>Apr-14</b> |  |  |

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#### APPENDIX 4

##### Definition of Audit Opinion Levels of Assurance

| Opinion                      | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Full Assurance</b>        | <p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>                                                                                                                                                                                                                                       |
| <b>Significant Assurance</b> | <p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>                |
| <b>Moderate Assurance</b>    | <p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p> |
| <b>Limited Assurance</b>     | <p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>                                   |
| <b>No Assurance</b>          | <p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>                                                                      |

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**Definition of Priority of Recommendations**

| <b>Priority</b> | <b>Definition</b>                                                                                                                                                                                                                                                                                                  |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>H</b>        | <p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p> |
| <b>M</b>        | <p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>   |
| <b>L</b>        | <p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>                                                                            |

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| Ref.                                                                                                                                                                                                                                                                                                                  | Priority | Finding                                                                                                                                                                                                                                                    | Risk                                                                                                                       | Recommendation                                                                                                                                                                                                              | Management Response and Action Plan                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Debtors ~ Report issued 16th January 2014</b>                                                                                                                                                                                                                                                                      |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| <b>Assurance: Significant</b>                                                                                                                                                                                                                                                                                         |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| <b>Summary:</b> The review is a full system audit concentrating on the controls from the point where the invoice is raised to entry onto the main ledger. The review will assess the system is operated in accordance with the Council's Financial Regulations and agreed procedures,                                 |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| 1                                                                                                                                                                                                                                                                                                                     | M        | <b><u>Arrears Reports</u></b><br><br>Arrears reports are not being produced for all Service Managers with exception to Commercial Rents, Community Centre and Lifeline teams                                                                               | Incorrect figures may be used in the budgetary control process which may lead to the risk of financial loss to the council | The Income team must produce and supply arrears reports to relevant service managers on at least a quarterly basis to ensure that they are aware of their financial position when making decisions that impact the Council. | Quarterly reports will be provided to service managers with immediate effect.<br><br>Quarter 3 reports to be provided by end Jan 2014 and then quarterly from then on.<br><br><b>Responsible Manager:</b> Revenue Services Manager<br><br><b>Implementation date:</b><br>1st Jan 2014 |
| <b>Council Tax ~ Report issued 25th March 2014</b>                                                                                                                                                                                                                                                                    |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| <b>Assurance: Significant</b>                                                                                                                                                                                                                                                                                         |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| <b>Summary:</b> The review was a full system audit concentrating on areas of the Council Tax system to ensure there is a reconciliation of the opening debit at the beginning of the financial year, there are regular reconciliations from Council Tax system to feeder systems and an adequate control environment. |          |                                                                                                                                                                                                                                                            |                                                                                                                            |                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                       |
| 1                                                                                                                                                                                                                                                                                                                     | M        | <b><u>Access &amp; security</u></b><br><br>Audit testing of user access identified that there was an IBS system user of the name of "JANET" attached to the high level access group "ADMIN". Systems Admin could not confirm who this particular user was. | Potential for unauthorised access leading to financial loss and reputational damage.                                       | The entry point for this particular user to be removed immediately.                                                                                                                                                         | <b>Management Response</b><br><br>Access for this user will be removed<br><br><b>Responsible Manager</b><br>Revenue Services Manager<br><br><b>Implementation Date</b><br>31 <sup>st</sup> March 2014                                                                                 |



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| Ref.                                                                                                                                                                                                                                                                                                            | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Risk                                                                                                                           | Recommendation                                                                                                                                                                                   | Management Response and Action Plan                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2                                                                                                                                                                                                                                                                                                               | M        | <p><b>New properties</b></p> <p>Whilst there is liaison with property developers, details of property completions are sometimes difficult to obtain therefore leading to delays in getting them into rating</p>                                                                                                                                                                                                                                                                                    | Reputational damage due to late billing resulting in lost revenue                                                              | To improve relationships with developers and inspect new build sites where possible.                                                                                                             | <p><b>Management Response</b></p> <p>Looking to improve relationships (one developer is the main issue) but also to develop in-house process for 'spot' checks on developments</p> <p><b>Responsible Manager</b><br/>Revenue Services Manager</p> <p><b>Implementation Date</b><br/>30<sup>th</sup> April 2014</p> |
| <b>Benefits ~ Report issued 7th March 2014</b>                                                                                                                                                                                                                                                                  |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                |                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                    |
| <b>Assurance: Significant</b>                                                                                                                                                                                                                                                                                   |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                |                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                    |
| <p><b>Summary:</b>The review was a full system audit concentrating on areas including overpayments occurring as a result of Local Authority error, Essential Living Fund payments, Fraud Identification, assessment and recovery, and, reconciliations of Benefits, Council Tax and General Ledger entries.</p> |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                |                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                    |
| 1                                                                                                                                                                                                                                                                                                               | Medium   | <p><b><u>Reconciliations</u></b></p> <p>Reconciliations between the General Ledger, Saffron rents, and Benefits records have not been completed for any of the relevant periods during the 2013/14 financial year (i.e. April - November)</p> <p>In addition, at the end of the 2012/13 financial period, there was an outstanding imbalance of £648.46. At the time of the audit work this had not been corrected/ written off. The imbalance will continue to carry forwards until resolved.</p> | Errors with financial postings may not be identified in a timely manner, resulting in poor integrity of financial information. | <p>Reconciliations between the General Ledger, Rents records, and the Benefits records should be completed.</p> <p>The outstanding imbalance of £648.46 should be investigated and resolved.</p> | <p><b>Management Response</b><br/>Agreed.</p> <p><b>Responsible Manager:</b><br/>Financial Services Manager</p> <p><b>Implementation date:</b><br/>April 2014</p>                                                                                                                                                  |

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| Ref. | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Risk                                                                                                                                 | Recommendation                                                                                                                                                     | Management Response and Action Plan                                                                                                                                           |
|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |          | Reconciliations are not subject to formal review by a senior officer to ensure completion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                      |                                                                                                                                                                    |                                                                                                                                                                               |
| 2    | Medium   | <p><b><u>Fraud Cases</u></b></p> <p>One of the random audit sample of 25 closed fraud cases tested identified payments to a claimant who has capital savings in excess of the defined limits, but is still in receipt of benefits. In addition, Employment and Support Allowance information was also incorrect.</p> <p>This case has been reassessed by the Benefits team at the request of Audit, and payments to this individual have now been ceased. Further investigation into continued fraudulent activity by the individual is being undertaken. The overpayment has been classed as a Local Authority error, but to be recovered through Sundry Debtors.</p> <p>The case had not originally been referred to the Benefits assessment team for further review.</p> | Inaccurate processing of benefits claims, resulting in a financial loss to the authority and/ or the Department for Work & Pensions. | Once a fraud investigation is closed, there should be a formal process of notification to the Benefits Assessment team, identifying necessary actions to be taken. | <p><b>Management Response</b><br/>Process to be put in place</p> <p><b>Responsible Manager:</b><br/>Benefits Service Manager</p> <p><b>Implementation date:</b> Immediate</p> |

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| Ref.                                                                                                                                                                                                                                        | Priority | Finding                                                                                                                                                                                                                                                                                          | Risk                                                                                                                           | Recommendation                                                                                                                                                                                                                     | Management Response and Action Plan                                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>VAT ~ Final Report issued 31<sup>st</sup> March 2014</b>                                                                                                                                                                                 |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| <b>Assurance: Significant</b>                                                                                                                                                                                                               |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| <b>Summary:</b> The review was a full system audit which concentrated on the VAT procedures to ensure and provide assurance that up to date procedure and guidance documents exist for completion of VAT returns and are available to staff |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| 1                                                                                                                                                                                                                                           | Medium   | <p><u>Resilience</u></p> <p>The 2011/12 audit testing showed that the VAT return was not independently reviewed for accuracy and reasonableness once it had been prepared.</p> <p>The VAT Returns have since become the responsibility of the Financial Services Manager.</p>                    | Inefficient use of officer's time leading to unnecessary pressure resulting in non completion of returns and cash flow issues. | Resources to be reviewed to determine if the completion of the VAT Returns could be allocated to another officer within the Finance Section.                                                                                       | <p>Agreed<br/>This will be reviewed as part of the Finance Section restructure.</p> <p><b>Responsible Manager:</b><br/>Financial Services Manager</p> <p><b>Implementation date:</b><br/>October 2014</p>                                                                                                            |
| <b>Cash Collection ~ Final Report issued 26<sup>th</sup> February 2014</b>                                                                                                                                                                  |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| <b>Assurance: Moderate</b>                                                                                                                                                                                                                  |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| <b>Summary:</b> The review was a full system audit concentrating on the control of the cash collection from the point where the cash is received by the Council to entry onto the main ledger.                                              |          |                                                                                                                                                                                                                                                                                                  |                                                                                                                                |                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                      |
| 1                                                                                                                                                                                                                                           | High     | <p><u>Suspense Account</u></p> <p>Internal Audit reviewed the Suspense account and noted there was £74,000 unallocated funds in the account as at 12<sup>th</sup> December 2013.</p> <p>The Suspense Account also had 27 unallocated items from 2012/13 that had not been cleared off at the</p> | There is a risk of financial loss to the Council due to unidentified/miscoded income or payment made by the Council.           | Departmental Managers need to make every effort to ensure that all monies invoiced by the Council have the correct coding given to its Debtors to make certain payment is received and recorded correctly in the Council's system. | <p><b>Management Response</b></p> <p>Every possible effort is made by cashiers to identify funds and post to the correct accounts. However, monies that cannot be identified by cashiers because information is not forthcoming from services cannot be transferred to the correct accounts and sit in suspense.</p> |

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| Ref. | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                        | Risk                                                                                                             | Recommendation                                                                                                                                                                                                                                                                                               | Management Response and Action Plan                                                                                                                                                                                                                                                                                                                          |
|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |          | beginning of the 2013/14 financial year.                                                                                                                                                                                                                                                                                                                                       |                                                                                                                  | Senior Management to ensure that all unallocated suspense items in the Council's Suspense Account are cleared at the end of each financial year.<br><br>In addition, the Council's Suspense Account to be reviewed and cleared as soon as possible to ensure all monies is correctly and promptly allocated. | CMT and 4 <sup>th</sup> Tier Managers will be reminded of the need to ensure they have processes in place to reduce the likelihood of unidentified payments and to provide a prompt response to help identify payments.<br><br><b>Responsible Manager:</b><br>Customer Services Manager<br><br><b>Implementation date:</b><br>28 <sup>th</sup> February 2014 |
| 2    | High     | <b><u>Cash Float Management</u></b><br><br>There are no independent checks of the cash floats by senior management. In addition it was noted that floats are not reviewed on an on-going basis to ensure that levels are appropriate and amounts are still required.<br><br>Internal Audit also identified that the cash floats are not always kept in Council safe overnight. | Risk of retaining surplus amounts of cash which increases the risk of theft and financial losses to the council. | Senior management to review the floats kept by the Cashiers on a regular basis to ensure that they are being managed correctly and that levels remain appropriate.<br><br>Cash floats to be stored in the Council safe when not in use.                                                                      | <b>Management Response</b><br><br>Clear instructions have been issued to all staff members and a review of floats needs is underway.<br><br><b>Responsible Manager:</b><br>Customer Services Manager<br><br><b>Implementation date:</b><br>28 <sup>th</sup> February 2014                                                                                    |

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| Ref.                                                                                                                                                                                                                                                                                                  | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Risk                                                                                               | Recommendation                                                                                        | Management Response and Action Plan                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NDR ~ Report issued 25th March 2014</b>                                                                                                                                                                                                                                                            |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                    |                                                                                                       |                                                                                                                                                                                                                                                                                                                                      |
| <b>Assurance: Moderate</b>                                                                                                                                                                                                                                                                            |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                    |                                                                                                       |                                                                                                                                                                                                                                                                                                                                      |
| <b>Summary:</b> The review was a full system audit concentrating on areas of the NDR system to ensure there is a reconciliation of the opening debit at the beginning of the financial year, there are regular reconciliations from NDR system to feeder systems and an adequate control environment. |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                    |                                                                                                       |                                                                                                                                                                                                                                                                                                                                      |
| 1                                                                                                                                                                                                                                                                                                     | Medium   | <b>Accounts on Trace</b><br><br>During the data sample of 25 Write Off balances an example of an account was found where the Sundry Debtor team had been informed that the person was deceased but did not pass this information onto the Revenues Team who only became aware of the situation when they initiated a trace on the account over two years later. It was explained that this was due to a change in process to bring traces back into the Council from a 3 <sup>rd</sup> party where Council tax had been given priority. | Reputational risk of communication breakdown between Council departments.                          | Traces to be applied to accounts in a timely manner.                                                  | <b>Management Response</b><br><br>It is necessary to review the existing trace process for CTAX/NNDR & debtors to ensure that they operate as consistently as possible to avoid occurrences identified<br><br><b>Responsible Manager</b><br>Revenue Services Manager<br><br><b>Implementation date</b><br>30 <sup>th</sup> June 2014 |
| 2                                                                                                                                                                                                                                                                                                     | Medium   | <b>Credit balances</b><br><br>Following a review of accounts with credit balances displayed on the Council's website it was found that data currently displayed at the time of the audit was dated January 2013. It states on the site that this data should be updated quarterly.<br><br>It was also noted that Information regarding what should be the 'multiplier' information is out of date.                                                                                                                                      | Outdated information displayed on the website provides potential reputational risk to the council. | Information displayed on the website should be relevant and up to date.<br><br>To update accordingly. | <b>Management Response</b><br><br>Credit balance reports will be updated at end of year.<br><br><b>Responsible Manager</b><br>Revenue Services Manager<br><b>Implementation date</b><br>31 <sup>st</sup> March 2014                                                                                                                  |

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| Ref. | Priority | Finding                                                                                                                                                                                                                                                        | Risk                                                                                 | Recommendation                                                                                                             | Management Response and Action Plan                                                                                                                                                                                                 |
|------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3    | Medium   | <b>Property reconciliation</b><br><br>The number of properties and the total rateable value was not reconciled with the latest Valuation Officer schedule at debit raise.                                                                                      | Potential for inaccurate billing leading to financial loss and reputational damage.  | The number of properties as per IBS should be reconciled with the valuation officer records at the time of debit raise.    | <b>Management Response</b><br><br>Evidence of the debit raise reconciliation will be held with end of year reports<br><br><b>Responsible Manager</b><br><br>Revenue Services Manager<br><br><b>Implementation date</b><br>Completed |
| 4    | Medium   | <b>Exemptions</b><br><br>During testing of refunds it was noted that a refund had been issued in respect of a Grade 2 listed building that had not been granted the correct exemption. The refund covered four years.                                          | Potential for inaccurate billing and reputational damage.                            | Grade 2 listed buildings should be periodically reviewed against subsidiary records (e.g. Planning) to ensure consistency. | <b>Management Response</b><br><br>A reconciliation exercise will be carried out.<br><br><b>Responsible Manager</b><br>Revenue Services Manager<br><br><b>Implementation date</b><br>30 <sup>th</sup> June 2014                      |
| 5    | Medium   | <b>Access &amp; security</b><br><br>Audit testing of user access identified that there was an IBS system user with the name 'JANET' attached to the high level access group ADMIN. The Systems Control Officer could not confirm who this particular user was. | Potential for unauthorised access leading to financial loss and reputational damage. | The entry point for this particular user to be removed immediately.                                                        | <b>Management Response</b><br><br>Access to system will be removed.<br><br><b>Responsible Manager</b><br>Revenue Services Manager<br><br><b>Implementation date</b><br>31 <sup>st</sup> March 2014                                  |

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| Ref.                                                                                                                                                                                                                                                      | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Risk                                                                                                                                                                                                                                                      | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Management Response and Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Creditors ~ Report issued 1<sup>st</sup> April 2014</b>                                                                                                                                                                                                |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Assurance: Moderate</b>                                                                                                                                                                                                                                |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Summary:</b> The review was a full system audit concentrating on the controls over the Creditor System ensuring orders had been authorised and the goods/service had been received before the invoice was authorised and paid to the correct creditor. |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 1                                                                                                                                                                                                                                                         | High     | <p><b>Outstanding payments</b></p> <p>There is currently no review or evidence of monitoring RBC and BDC outstanding payments over 30 days, including invoices that have been coded 'in dispute', for the financial year beginning 1<sup>st</sup> of April 2013.</p> <p>Creditors are paid within 30 days from the date of receipt of the invoice. This is within the Councils payment terms. However legislation requires the payments to be made within 30 days of the tax date.</p> <p>2 out of a sample of 25 invoices tested were paid within the Councils payment terms but could have been classed as late payments under the Late Payments Regulations Act 2013.</p> <p>It was also noted that the system is not being fully utilised by the payments team as the late payments did not have any notes on file detailing reasons of delay.</p> <p>The audit did not highlight any areas where late payment interest had been claimed.</p> | <p>Reputation damage, financial loss through late payment charges.</p> <p>Possible loss of prompt payment discounts and impaired relations with suppliers.</p> <p>There is also a risk of non compliance with the Late Payments Regulations Act 2013.</p> | <p>Monitoring of payments over 30 days from the tax point and invoices placed 'in dispute' must be completed on a regular basis by the Payments team and the reasons notated on the creditors system.</p> <p>Officers must ensure that where there is a query on an invoice and it is likely to cause a delay in payment, the invoice must be placed in dispute. The reasons for the dispute and any work undertaken to resolve the dispute must be placed on the system in case the Council's are challenged at a later date.</p> <p>Senior Managements need to ensure that the Payments team is fully aware of and operates in compliance with the Late Payments Regulations Act 2013.</p> | <p><b>Management Response</b></p> <p>Financial Services Manager will put out communication to all staff via the Council Intranet page about the Late Payments Regulations Act 2013.</p> <p>A reminder will also be sent to Senior Management to ensure all efforts are made for payments to be made in accordance with the supplier's terms.</p> <p>The payments team will ensure that Creditor's files are updated to reflect any queries or disputes on an invoice that may cause delay in payment as soon as possible with regular reviews of these accounts taking place.</p> <p><b>Responsible Manager:</b><br/>Financial Services Manager</p> <p><b>Implementation date:</b><br/>01/05/2014</p> |

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| Ref.                                                                                                                                                                                                                                                                                                        | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Risk                                                                                                     | Recommendation                                                                                                                                                                                                                                                                           | Management Response and Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Kingsley Sports Centre ~ Report issued 6<sup>th</sup> March 2014</b>                                                                                                                                                                                                                                     |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                          |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Assurance: Limited</b>                                                                                                                                                                                                                                                                                   |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                          |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Summary:</b> The review was a full systems audit concentrating on the controls in operation at Kingsley Sports centre to ensure security and access to the cash float, and, hours claimed by staff (including overtime) agree to rotas, sickness, annual leave records and “booking in and out” records. |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                          |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| 1                                                                                                                                                                                                                                                                                                           | High     | <p><b><u>Payment Card Industry Data Security</u></b></p> <p>Card receipts produced by the Haven System with full card details of customers (i.e. long card number, expiry date and issue date and issue number) have been retained indefinitely in the safe. In addition It noted that there are others which have been retained but not locked away.</p> <p>Under the Payment Card Industry Data Security Standard (PCIDSS) full card numbers should not be retained both in the cash receipting system and on receipts.</p> | Non-compliance with the Payment Card Industry Data Security Standard (PCIDSS) leading to potential fines | The Council to ensure appropriate plans are in place so that it is compliant with the Payment Card Industry Data Security Standard (PCIDSS).                                                                                                                                             | <p><b>Management Response</b></p> <p>Sports Centres are going to shred credit card receipts from April as per the advice from Audit.</p> <p>Going forward our EPOS Provider has submitted a quote to upgrade credit terminals to resolve this issue but we will need to fund this from April 14 as we cannot spend from 13/14 budget.</p> <p><b>Responsible Manager:</b><br/>Leisure Services Manager</p> <p><b>Implementation date:</b><br/>30<sup>th</sup> April 2014</p> |
| 2                                                                                                                                                                                                                                                                                                           | High     | <p><b><u>Advance Payments</u></b></p> <p>Audit testing identified 3 out of the 16 advanced payments that were not paid on time even though the Hirer received the VAT exemption on the block booking in accordance with HMRC regulations.</p>                                                                                                                                                                                                                                                                                 | Financial Loss to the Council and possible penalties imposed by HMRC.                                    | <p>The Sports Centre must ensure that payments are received for block bookings prior to the use of facilities to ensure that they are in line with the block booking advance payments VAT regulations.</p> <p>If payment is not received prior to start of the use of facilities and</p> | <p><b>Management Response</b></p> <p>This will be included in an internal audit inspection carried out by the Business Support Officer on a monthly basis.</p> <p>The Leisure Services Manager or Operations Manager will also perform quarterly audit inspections (sampling of high recommendations) to ensure compliance against the recommendations in the report.</p>                                                                                                   |



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| Ref. | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Risk                                                                                                                                                                                                                                                                         | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Management Response and Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|      |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                              | the VAT exemption has been applied, the Sports Centre must contact the Accountancy section to ensure a VAT Journal is carried out to ensure that Kingsley Sports Centre is in line with the HMRC VAT regulations.                                                                                                                                                                                                                                                                                          | <b>Responsible Manager:</b><br>Operations Manager<br><br><b>Implementation date:</b><br>31 <sup>st</sup> March 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 3    | High     | <b><u>Overtime timesheets</u></b><br><br>There is no evidence to show that the overtime timesheets are being checked to rotas by the authorising manager.<br><br>Internal audit testing also identified that: <ul style="list-style-type: none"> <li>the overtime claim sheets did not always show reasons for overtime being clearly stated.</li> <li>staff rotas showing the shift patterns for each staff including the overtime worked were not always kept up to date.</li> <li>some staff members were not always signing in and out when they were working</li> <li>prime documents being written in pencil</li> </ul> | Insufficient checks performed by the authorising manager may lead to over/under payments for overtime and may also increase the risk of fraudulent activities taking place.<br><br>Pencil records are prone to being tempered with, which may lead to fraudulent activities. | The senior management team must ensure that all overtime prime documents are completed in full, with overtime claims being checked to rotas to confirm that the claim is true and valid.<br><br>They must also ensure that all claims have details of why the overtime is being claimed. Any unjustified overtime should be returned to the staff member to complete the timesheet.<br><br>The senior management team are also reminded to ensure that all prime records are recorded in a permanent form. | <b>Management Response</b><br><br>The overtime form needs to be re-designed to fit the needs of the Sports Centres. For example there isn't the capacity to enter site details and reasons for overtime for each occurrence. Our requirement is for staff working across more than one site to complete one form rather than multi forms. This will be a joint responsibility with the Payroll and HR Teams.<br><br>This will be included in an internal audit inspection carried out by the Business Support Officer on a monthly basis.<br><br>The Leisure Services Manager or Operations Manager will also perform quarterly audit inspections (sampling of high recommendations) to ensure compliance against the recommendations in the report.<br><br><b>Responsible Manager:</b><br>Operations Manager<br><b>Implementation date:</b><br>1 <sup>st</sup> April 2014. |

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| Ref. | Priority | Finding                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Risk                                                                                                                  | Recommendation                                                                                                                                                                                                                                                                                                                                                                     | Management Response and Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4    | High     | <p><b><u>Cashing up Records</u></b></p> <p>16 out of 25 Daily Cashing up reports tested did not have sufficient separation of duties. The reports showed:</p> <ul style="list-style-type: none"> <li>• One member of staff recording and authorising the takings;</li> <li>• the cashier recording the cashing up but no authorising signature;</li> <li>• or no signature from both the cashier and the authorising officer, for the cash collected at the end of the day.</li> </ul>                                                           | Insufficient evidence of separation of duties may increase the risk of fraud and theft                                | The Duty Managers to ensure that there is adequate separation of duties in the daily cashing up procedure.                                                                                                                                                                                                                                                                         | <p><b>Management Response</b></p> <p>This will be included in an internal audit inspection carried out by the Business Support Officer on a monthly basis.</p> <p>The Leisure Services Manager or Operations Manager will also perform quarterly audit inspections (sampling of high recommendations) to ensure compliance against the recommendations in the report.</p> <p><b>Responsible Manager:</b><br/>Operations Manager</p> <p><b>Implementation date:</b><br/>1st April 2014</p> |
| 5    | Medium   | <p><b><u>Overs and Unders</u></b></p> <p>Internal Audit testing found that there is a consistently high level of over and under weekly bankings that occur in Kingsley Sports Centre.</p> <p>1 out of 10 of the weekly bankings tested in the audit sample was over £10. All under/over bankings under or above £10 should be fully investigated and explanations provided. There were no notes to evidence this in accordance with agreed procedures.</p> <p>In addition to the above, it was also found that there is also a high level of</p> | Risk of Financial loss to the Council and potential fraudulent activities going unnoticed due to lack of information. | <p>The Duty Managers to ensure that all overs and unders identified over and under £10 must have notes evidencing what action has been taken when reconciling the Haven system to the cash collected.</p> <p>The Senior Management to investigate further the reasons for consistently high unders and overs in case there is an underlying problem such as training required.</p> | <p><b>Management Response</b></p> <p>This will be included in an internal audit inspection carried out by the Business Support Officer on a monthly basis.</p> <p>The Leisure Services Manager or Operations Manager will also perform quarterly audit inspections (sampling of high recommendations) to ensure compliance against the recommendations in the report.</p> <p><b>Responsible Manager:</b><br/>Operations Manager</p> <p><b>Implementation date:</b></p>                    |

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| Ref. | Priority | Finding                                                                                                                                                         | Risk | Recommendation | Management Response and Action Plan |
|------|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|------|----------------|-------------------------------------|
|      |          | unders and overs identified in the daily cashing up process prior to banking and again notes are not always recorded to demonstrate what action has been taken. |      |                | 1 <sup>st</sup> April 2014          |
| end  |          |                                                                                                                                                                 |      |                |                                     |