

AUDIT COMMITTEE

6th December 2011

Report of the Head of Strategic Support

ITEM 10 INTERNAL AUDIT PROGRESS REPORT

Purpose of the Report

The report summarises the status of the 2011-12 Audit Plans and also outlines the key findings from final audit reports and follow-up work completed since the previous progress report considered by the Audit Committee at the meeting held 5th July 2011.

Appendix A summarizes progress against the 2011-12 Audit Plan as at 11th November 2011.

Actions Requested

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the approved Internal Audit plan.

Policy Context

The Accounts and Audit Regulations 2006 (as amended) require the Council to maintain an adequate and effective internal audit service.

Background

Final Audit Reports Issued

The following final audit reports have been issued since the last update report to the committee. Further detail in respect of each audit is attached in Appendix B, including a background section, the executive summary, and the agreed action plan listing recommendations made and the management responses.

| Audit | Level of Assurance | Corporate Significance |
|---------------------------------------|---------------------------|-------------------------------|
| Breakout Cafe | Limited | Low |
| Homelessness | Substantial | High |
| Human Resources Processes | Moderate | Low |
| Building Control | Substantial | Medium |
| Leisure Activity Programmes | Limited | Low |
| Asset Management | Moderate | Medium |
| Elections | Substantial | High |
| Anti Fraud and Corruption (| Substantial | Low |
| Performance Management (Data Quality) | Moderate | Low |

| | | |
|------------------------------|---------------------------|-------------------------------|
| Audit | Level of Assurance | Corporate Significance |
| Loughborough Eastern Gateway | Substantial | High |

Follow Up of Recommendations

The table below summarizes the follow-up status of recommendations which were due to be implemented since the last update report to the Committee. Further details of the recommendations which have not been implemented are included in Appendix C.

| Implementation Due | Priority Level | Implemented | Not implemented |
|--------------------------------|-----------------------|--------------------|------------------------|
| Between April and October 2011 | High | 13 | 9 |
| | Medium | 15 | 10 |
| | Low | 26 | 25 |
| Percentages | | 49 | 51 |

Special Investigations

Internal Audit have assisted in an investigation into suspected financial irregularities which were identified during a routine audit within the service area concerned. The investigation led to disciplinary action being taken against one officer which resulted in a final written warning being issued.

Performance Indicators for Internal Audit

The following summary outlines the results against the local performance indicators for Internal Audit.

| Indicator | Target | Result | Notes |
|--|-------------------|---------------|---|
| Percentage of clients satisfied or very satisfied with the service provided by Internal Audit | 90% | 100% | Quarter 2 result (cumulative) |
| Percentage of the agreed Internal Audit plan delivered (up to 11/11/11) | 55.25% (pro rata) | 48.2% | Planned work is slightly behind target due to resources being diverted to assisting with the special investigation. |
| Percentage of agreed recommendations arising from internal audit and performance improvement reviews implemented by the agreed date. | 80% | 54% | Quarter 2 result (cumulative) |

Background Papers: None

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PROGRESS AGAINST THE 2011/12 AUDIT PLAN (as at 11.11.11)

| 2011/12 Audit Plan | Plan Days | Spent Days | Status | Assurance Level | Corporate Significance |
|---|-----------|------------|--------------|-----------------|------------------------|
| Key Financial Systems | | | | | |
| Salaries & Wages | 10.00 | 0.75 | In progress | | |
| Debtors | 10.00 | 1.50 | In progress | | |
| Creditors | 10.00 | 8.50 | In progress | | |
| Income Collection | 12.00 | 0.00 | | | |
| Council Tax | 10.00 | 0.50 | | | |
| Non Domestic Rates | 8.00 | 0.50 | | | |
| Housing & Council Tax Benefits | 15.00 | 0.50 | | | |
| Treasury Management | 8.00 | 0.50 | | | |
| Accountancy & Budgetary Control | 10.00 | 0.25 | | | |
| Capital Accounting | 10.00 | 0.25 | | | |
| Rent Accounting (Key Controls) | 8.00 | 0.25 | | | |
| Strategic & Service Risk Audits | | | | | |
| Project /Contract Audit: Eastern Gateway | 15.00 | 15.00 | Final Report | Substantial | High |
| Human Resources Processes | 12.00 | 12.00 | Final Report | Moderate | Low |
| Building Control | 10.00 | 10.00 | Final Report | Substantial | Medium |
| Private Housing Grants | 10.00 | 10.00 | Final Report | Substantial | Medium |
| Leisure Activity Programmes | 10.00 | 10.00 | Final Report | Limited | Low |
| Asset Management | 10.00 | 10.00 | Final Report | Moderate | Medium |
| Data Quality | 10.00 | 10.00 | Final Report | Moderate | Low |
| Homelessness | 10.00 | 10.00 | Final Report | Substantial | High |
| Telephones & Mobile Phones | 8.00 | | | | |
| Breakout Café | 8.00 | 8.00 | Final Report | Limited | Low |
| Elections | 10.00 | 10.00 | Final Report | Substantial | High |
| Contract Monitoring: Leisure Centres Contract | 15.00 | | | | |
| Leisure Centres contract mobilisation | 5.00 | | | | |
| Contract Management - Recyclates contract | 10.00 | 4.00 | Draft Report | | |
| Choice Based Lettings | 10.00 | | | | |
| Procurement | 10.00 | | | | |
| Performance Management | 10.00 | 3.50 | In Progress | | |
| Markets - New Payment System | 5.00 | | | | |
| Public Conveniences - New charging scheme | 8.00 | | | | |
| Anti Fraud & Corruption (Floats & Petty Cash Spot Checks) | 10.00 | 10.00 | Final Report | Substantial | Low |
| Green Spaces | 10.00 | | | | |

| | | | | | |
|--|---------------|---------------|---------------|--|--|
| Strategic Risk Audits | 45.00 | | | | |
| Strategic Risk 6 – Service User Satisfaction | 15.00 | 13.50 | In progress | | |
| Other Work | | | | | |
| Recommendations - Follow Ups | 24.00 | 15.50 | Ongoing | | |
| Contingency | 30.00 | 57.00 | Ongoing | | |
| IT Audit | 4.00 | 0.25 | Ongoing | | |
| Allowance to complete 2010/11 Audits | 14.00 | 14.00 | Completed | | |
| TOTAL | 434.00 | 209.25 | 48.21* | | |

* Including work in progress, and the planned number of days when an audit reaches the final report stage.

SUMMARY OF AUDIT REPORTS ISSUED

Breakout Café

Background

The staff Cafeteria opened on the 9th October 2006 to provide staff with food and drinks. The cafeteria was named 'Breakout' through the staff suggestion scheme. The budget for this service is within the Southfields Offices cost centre for which the budget holder is Dave Wall, Facilities and Estates Manager, Property Services.

As the Breakout budgets are part of the wider Southfields budget it is difficult to establish the overhead costs, with the exception of salaries. However it was established that income received in 2010-11 totalled £50,200 with a direct cost of sales totalling £45,300.

The audit has been based on the financial year 2010-11 due to the audit being completed in the 1st quarter of the financial year 2011-12.

2 Executive Summary

2.1 Overview

| | |
|-----------------------------------|-------------------------------------|
| ASSURANCE RATING - LIMITED | CORPORATE SIGNIFICANCE - LOW |
|-----------------------------------|-------------------------------------|

Assurance Rating

Internal Audit can only give limited assurance to those charged with governance. There are significant weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

Throughout the course of this audit, a number of areas have been identified where improvements should be considered by management. There is limited control in all procedures, mainly due to a lack of document retention with regard to income collection and recording, the procurement of goods and the costing of sandwiches and meals. Also, there are no records for the management of stock or wastage to assist management in assessing the reasonableness of stock usage.

Following discussions with the Facilities and Estates Manager and the Canteen Staff, it was established that a number of actions were already being implemented prior to the conclusion of the audit, in response to some of the issues raised.

Corporate Significance

The area reviewed has been rated as being of low corporate significance, given that:

- there is a general risk of financial loss less than £10,000
- service failures would have limited impact on customers
- there is risk of minimal reputational damage (e.g. customer complaints)
- there is minimal health and safety risk (e.g. cuts and bruises)
- there are no direct links to identified operational or strategic risks.

Property Services Management Response:

The Breakout provides a variety good quality food for council staff and visitors at a competitive cost.

As this is the first audit carried out for the Breakout Cafe the majority of “red” limited assurances are back office records which have been carried out but not recorded and have limited financial implications to the council. The Audit report is welcomed and the majority of the findings have been implemented.

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- the transfer of cash is signed for between canteen staff and the Cash Office;
- income that has been receipted by the Cash Office is banked timely, intact and posted to the appropriate ledger codes in the accounts;
- buffets or refreshments are not provided unless a request form or order is received;
- a signed agreement is in place for the lease of the hot drinks and chilled confectionery machines.
- the recharging of buffet/refreshment income has been adequately recorded and appropriately recharged.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- unders and overs on income collected via the till are not recorded or banked as part of the current cashing up procedures resulting in float variations;

- there are some variances between values on miscellaneous income sheets and till 'Z' readings;
- not all income received for providing buffets/refreshment to Charnwood Neighbourhood Housing has been recorded on the profit and loss spreadsheet;
- the purchase of stock is completed through telephone orders and no evidence is retained to support quotations or authorisation of the order;
- official orders are being raised following receipt of invoices;
- food safety certification was not provided for two of the officers working in the canteen;
- there are limited controls in place for the ordering, monitoring and sale of stock;
- quarterly stock takes undertaken by Accountancy are not deemed to be sufficient as no opening and closing balances are recorded;
- although advised that historic costing exercises were undertaken for the pricing of sandwiches, meals etc no documentation is retained to evidence how current prices have been determined.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|--|----------|--|---------------------|---------------------------------------|
| 1. When cashing up the till the income received as shown on the till report is removed from the till and the remaining cash is kept as a float. | Management are not able to monitor under and over takings. The float is not maintained. Increased potential for error or fraud. | 1.1 When cashing up the till the float should be removed before the income received is counted to allow for any under or over takings to be recorded and banked. | H | Agreed. Audit advised on how to record overs/unders 31/05/11. | Breakout Supervisor | N/A - Agreed process now in operation |
| 2. The purchase of stock is completed through telephone orders and no | Increased potential for error or fraud. | 2.1 The procedures in place are reviewed to ensure a record of verbal quotations are kept and appropriately authorised before | H | There are only 2 suppliers – Pilgrims and Brakes. They have already been contacted and asked to supply order | Breakout Supervisor | July 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|---|----------|---|---------------------|---|
| evidence is retained to support quotations or authorisation of the order. | Non compliance with Customs and Excise document retention rules. | orders are raised. 2.2 All verbal order documentation is retained as evidence of prime records for 6 years. | | forms. They have also provided details of quantities supplied and prices paid in recent orders placed by the Council. Agreed to use order forms and retain them as evidence of prime records. | | |
| 3. Although advised that historic costing exercises were undertaken for the pricing of sandwiches, meals etc no documentation is retained to evidence how current prices have been determined. | Management have no assurance that costs are being recovered. | 3. Costing exercises for the pricing of food and drinks are undertaken and supporting documentation is retained. | H | Price lists now provided by suppliers should help to monitor costs in future. Agreed - costings will be completed on a quarterly basis and retained commencing 1 st July 2011 | Breakout Supervisor | July 2011 |
| 4.1 Not all income from CNH buffets/refreshments was recorded on the profit and loss spreadsheet. 4.2 Only 82% of the orders tested, in | This could distort figures on which management may make decisions. There is a potential for | 4. Procedures are put in place to ensure all catering provisions for CNH are included on the profit and loss and recharges spreadsheet to ensure all income is recovered. | M | Facilities and Estates Manager has agreed a process with Canteen staff to find appropriate admin time to ensure catering provisions and recharge documentation is completed in full. | Breakout Supervisor | N/A - This has now been rectified and will be monitored |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|---|----------|--|---|-------------|
| respect of CNH buffets/refreshments, had been included on the recharge spreadsheet and had been invoiced. | loss of income. | | | | | |
| 5. Orders are being raised on Agresso following the receipt of invoices. | Increased potential for error or fraud. | 5. Requisitions should be raised on Agresso as soon as possible following the placement of verbal telephone orders. | M | <p>Disagree. It is too time consuming to recreate the order in full on Agresso and so the details of orders on Agresso are to remain as they are, making reference to the invoice.</p> <p>There is no specific budget for Breakout and therefore there can be no commitment against the budget.</p> <p>Most items are delivered on a next day delivery and checked against cost and quantity. The delivery note is the invoice.</p> <p>The order is then raised by the Breakout staff and authorised by the Facilities and Estates Manager.</p> <p>Future orders will be raised the same way but a copy of the order raised by the</p> | Facilities & Estates Manager/ Breakout Supervisor | July 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|--|----------|--|--|------------------------------------|
| | | | | Breakout staff will be matched against the delivery invoice and retained. | | |
| <p>6.1 There are limited controls in place for the ordering, monitoring and sale of stock.</p> <p>6.2 Quarterly stock takes undertaken by Accountancy are not deemed to be sufficient as no opening and closing balances are recorded.</p> | Increased potential for error or fraud. | 6. Procedures are put in place to ensure regular stock takes are carried out to ensure there is appropriate stock control. | M | Agreed to look at stock take procedures. Asked Audit to advise on how to record/templates. Once a template is in place, agreed to look at stock on a monthly basis. | Breakout Supervisor | July 2011 |
| 7. The vending machine management fee has been overpaid. | Potential to exceed budget. | 7. The possibility of an overpayment of £121.10 in management fees is investigated and recovered from the supplier if necessary. | M | Agreed that this will be investigated. | Facilities & Estates Manager | July 2011 |
| 8. Although there are strategies in place to minimise wastage there is no guidance for staff on dealing with items nearing the end of their shelf life and recording wastage that has occurred. | Management have no assurance that quantities of stock ordered and used are reasonable. | 8. A formal, written wastage policy should be put in place which outlines how to deal with items nearing the end of their shelf life and documenting of wastage. | M | <p>Don't feel a written policy is necessary as stock is kept low and orders are made based on knowledge of quantities likely to be sold so there is less opportunity for wastage due to slow moving stock.</p> <p>However, a wastage sheet</p> | N/A – Wastage sheets already in place. | N/A – Wastage sheets now in place. |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|--|-----------------|--|------------------------------|--------------------|
| | | | | has been put in place for use going forward. | | |
| 9. Food safety certification was not provided for two of the officers working in the canteen. | Non compliance with Food Hygiene Regulations 2006 | 9. Copies of certificates are obtained from the Chartered Institute of Environmental Health to ensure training is current. | L | All Breakout staff have up to date certification, two members of staff are due to retake theirs in Sept 2011. Agreed that copies of the certificates will be kept on file and will be displayed in Breakout. | Facilities & Estates Manager | Sept 2011 |

Homelessness

Background

Homelessness is the condition and social category of people without a regular house or dwelling because they cannot afford or are otherwise unable to maintain a regular, safe and adequate housing or lack fixed regular and adequate night time residence.

The Homelessness Act 2002 places a duty on all local housing authorities to carry out a review of homelessness in their district in consultation with stakeholders and local partners to develop a 'Homelessness Strategy' for tackling and preventing homelessness. Charnwood Borough Council has therefore developed a strategy and action plan to guide delivery over the period 2008-2013 and performance is monitored quarterly by the Charnwood Homelessness Strategy Steering Group.

The responsibility for homelessness sits within Strategic Housing with operational responsibility for the service held by the Housing Needs Manager and responsibility for developing and monitoring the Homelessness Strategy with the Housing Strategy Manager. The budgeted net cost of the Homeless Prevention Fund for 2011-12 is £401,200.

2 Executive Summary

2.1 Overview

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|---|--|
| ASSURANCE RATING - SUBSTANTIAL | CORPORATE SIGNIFICANCE - HIGH |
|---|--|

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

In general the procedures in place for homeless applications are sound and comply with legislation and policy. The one area identified during this review where improvement could be made is that the action plan within the Homelessness Strategy could be clearer as to which actions have been completed, whether they were within target and could include revised target dates.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Suspected cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)
- Major health and safety risk (serious injury or death)
- Direct link to identified strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- sufficient monitoring is in place to ensure there is adequate provision of temporary accommodation;
- the Homelessness Strategy was produced in accordance with the Homelessness Act 2002.
- an allocation policy is in place and was produced in accordance with legislation;
- there are adequate measures being taken where appropriate to prevent homelessness occurring;
- criteria exists to ensure only those eligible are allocated accommodation;
- homelessness applications are processed in accordance with policy.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- the action plan within the Homelessness Strategy does not clearly show the current position and whether the action was completed in accordance with the targets.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|---|---|----------|---|---------------------|---------------------|
| <p>I.1 Although actions taken are recorded on the action plan within the Strategy which show the progress this does not clearly show the current position and whether the action was completed in accordance with the targets.</p> | <p>Objectives and actions become unfocused.</p> <p>Management are unable to monitor the effectiveness of Homelessness Strategy Action plan prevention activities.</p> | <p>I. The way in which the recording of the progression of targets within homelessness strategy action plan is reviewed to ensure that it is clear which targets have been achieved and whether they were within target and which remain outstanding.</p> | <p>L</p> | <p>Response: The format of the Homelessness Strategy Action plan is under review to address these concerns.</p> <p>Action: A revised format will be presented to the strategy steering group at the next meeting for agreement.</p> | <p>Dave Scruton</p> | <p>6th Oct 2011</p> |

Human Resource Processes

Background

In May 2010 Cabinet agreed that the Council would enter into an arrangement with Leicestershire County Council (LCC) for the provision of Human Resources services. The agreement was signed on the 29th October 2010 and the Council's HR officers were TUPE'd to Leicestershire County Council. The provisions within the agreement went live in December 2010 resulting in a number of administrative and monitoring responsibilities which were previously managed centrally by HR being passed over to Line Managers.

The purpose of this audit is to ensure that there are satisfactory procedures in place within the Council to ensure that Line Managers are fulfilling the requirements that the new responsibilities place upon them.

2 Executive Summary

2.1 Overview

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|--|---|
| ASSURANCE RATING - MODERATE | CORPORATE SIGNIFICANCE - LOW |
|--|---|

Assurance

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

In general managers are fulfilling the requirements that the new responsibilities place upon them, however management raised concern that self certification and return to work forms are not easily accessible on the intranet.

It was found that there is no guidance for management on retention periods or storage of sickness documentation in either the Absence Management Policy or the Council's Document Retention and Disposal Policy and there is no policy in place for Time off in Lieu.

Corporate Significance

The area reviewed has been rated as being of low corporate significance, on the basis of:

- General risk of financial loss less than £10,000
- Service failures would have limited impact on customers
- Risk of minimal reputational damage (e.g. customer complaints)
- Minimal health and safety risk (e.g. cuts and bruises)
- No direct links to identified operational or strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- managers have procedures in place for the review, authorisation and retention of completed flexi sheets;
- appropriate training has been or is being arranged for line managers;
- sickness records and documentation are being maintained by line managers and sickness levels are being monitored.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- self certification and return to work forms are not easily accessible to managers;
- there is no guidance available on documentation retention periods for sickness records;
- testing shows that officers are working outside of the flexi scheme parameters;
- the TRENT system does not provide a prompt to managers authorising flexi leave to warn them when the maximum amount allowed to be taken in a period will be exceeded;
- there is no formal TOIL policy in place and there is no consistency throughout the organisation on the recording and boundaries of TOIL;
- there is currently no guidance available to managers on the storage of sensitive data in any of the current corporate policies.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|---|--|----------|---|---|--------------|
| 1. Self certification and return to work forms are not easily accessible to managers. | Documentation may not be completed or incorrect forms used and data maybe missed. | 1. Forms are made more readily available on the intranet and a corporate reminder is issued on the importance of completing the appropriate documentation for sick leave. | M | This will be picked up as a separate project to consider how to develop an electronic system for the completion and storage of key local HR records including sickness certifications and return to work forms. | Senior Project Manager (CBC) | April 2012 |
| 2. There is no guidance available on documentation retention periods for sickness records. | Documentation may not be retained for the appropriate period. | 2. The Council's Document Retention Policy should be updated to stipulate retention periods specific to sickness documentation. | M | This should be covered by item 6.4 in the appendix to the retention policy. This states that all HR records not covered under other headings should be kept for 6 years after the end of employment. | N/A | N/A |
| 3. Testing shows that officers are working outside of the flexi scheme parameters. | Inconsistent application of policy throughout the organisation. | 3. Consideration is given to whether the flexi scheme policy should be more strictly enforced throughout the organisation or whether line managers are to have the discretion to allow officers to work outside the boundaries of the flexi scheme, where appropriate. | M | Simple guidelines to be issued to managers to reinforce the flexi parameters. Flexi policy to be reviewed as part of item no 5 – see below. | Senior HR Advisor (Kate Edwards, LCC) Senior Project Manager (CBC) | October 2011 |
| 4. The TRENT system does not prompt | Entitlement to flexi leave is | 4. Consideration is given as to whether the TRENT system | L | This will be investigated with Trent support at LCC, | Senior Project Manager (CBC) | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|--|----------|---|--|----------------|
| managers if the maximum amount of flexi leave will be taken in a period. | exceeded. | parameters can be set to allow the amount of flexi leave taken in one period to be monitored by managers. | | however previous requests for validation on annual leave have not be possible because of the limitations of the current version of the Trent system | | |
| 5. TOIL is being taken by employees although there is no formal TOIL policy in place. There is no consistency throughout the organisation on the recording and boundaries of TOIL. | Inconsistent application and recording of TOIL throughout the organisation | 5. The use of TOIL within the Council is considered by Senior Management and a decision made as to whether or not the use of TOIL is to be formally accepted, and if so a formal written policy is put in place. | H | The Flexi/TOIL policies are to be reviewed as part of the LCC HR work plan. This item is currently recommended, with no completion date. In light of the HR audit, SMT may want to consider whether this should be increased in priority. | HR Business Partner (Caroline Fairchild, LCC) Head of Strategic Support (CBC) | September 2011 |
| 6. There is currently no guidance available to managers on the storage of sensitive data in any of the current corporate policies. | Documentation is not stored in accordance with legislation. | 6. Following the establishment of the Data Security Committee, consideration is given as to where guidance on the storage of documentation with regard to sickness absence should be documented. | H | This will be included on the agenda for the first Information Security Committee meeting which is due to be held on 27th September 2011. | Standards and Monitoring Officer | September 2011 |

Building Control

Background

The Building Control service is responsible for processing applications for building regulations consent and also undertakes enforcement procedures in respect of building regulations' contraventions, dangerous structures and statutory notices. The Building Control service within Charnwood Borough Council is located within the Housing, Planning, Regeneration and Regulatory Services Directorate.

The Building Control service is designated as self-financing and therefore has to ensure that costs are recovered through the income received from fees charged. This is a requirement under the Building (Local Authorities Charges) Regulations 2010 which states that the aim should be that, taking one financial year with another, their income from their charges as nearly as possible equates to the costs incurred of carrying out their chargeable functions, i.e. year on year they should always aim to break-even. Surpluses or deficits made in earlier years are to be offset against income received and projected costs in future years, resulting in reduced or increased charges so that, over a reasonable period, income matches costs. It is considered best practice by the Department of Communities and Local Government (DCLG) for Local Authorities that a 'reasonable period' to achieve break-even is over a rolling period of three years.

In the last 2 financial years, the Service has recorded a deficit of £34k in 2009/10 and £12k in 2010/11, despite budgeted surpluses in both years. For the current financial year, there is a budgeted surplus of £34.4k.

2 Executive Summary

2.1 Overview

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|--|---|
| ASSURANCE RATING: SUBSTANTIAL | CORPORATE SIGNIFICANCE: MEDIUM |
|--|---|

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Changes have been introduced to the charging systems in use by local authorities through the Building (Local Authority Charges) Regulations 2010. As a result of this, there is a move towards calculating fees on a more scientific rather than an historical basis. This is a time-consuming process that requires surveyors to record their time spent on each activity in order to collate a breakdown of average time taken and cost each activity that the service charges for. Work is underway to take this approach and in the interim, in accordance with the Regulations, an hourly rate has been published along with details of the factors taken into account in estimating the time taken by officers to complete various Building Control tasks.

The Regulations also state that the overriding objective when setting charges is to break-even year on year, although it is recognised good practice that this is to be considered over a rolling period of three years. The Service has generated a surplus in 3 of the last 5 complete financial years which would seem to contravene the Regulations; however, this issue has been raised before in previous audits and the approach to charge setting required by the 2010 Regulations may result in addressing this in the future.

Corporate Significance

MEDIUM:

- General risk of financial loss between £10,000 and £100,000
- Potential cases of fraud or corruption up to £10,000
- Service failures would have moderate impact on customers
- Risk of moderate reputational damage (local press)
- Moderate health and safety risk (e.g. broken limbs)
- Direct link to identified operational risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- The Building Control Charging Scheme has been approved by delegated decision;
- Fee schedules are calculated and charged correctly;
- There are established procedures for processing applications;
- Income is collected, recorded and banked on a timely basis;
- Reconciliations are carried out between fees received and income processed through to the financial management system (Agresso);
- Income received is monitored against budgeted income on a regular basis.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Reconciliations of income are not checked and signed off by an officer independent of the income collection process;
- Recharges for 2010/11 have been calculated on an historic basis and as such may not accurately reflect the time and cost incurred in the undertaking of work in relation to each service.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|---|----------|--|--|----------------------|
| 1. Reconciliations of income are not checked and signed off by an officer independent of the income collection process. | Error/Fraud may occur. | Management review and sign-off reconciliations of income carried out by Admin staff | L | Agreed – Building Control Team Leaders will inspect and sign-off reconciliations of income | Building Control Team Leaders | October 2011 |
| 2. No basis of apportionment of Building Control Service Unit costs had been provided to Finance for 2010/11 to enable accurate recharges to be made to other services. | Inaccurate recharges could impact upon the trading surplus/deficit achieved by the Service. | The work undertaken by the Building Control Service Unit needs to be accurately recorded to ensure that recharges to other services are appropriately apportioned and accurately reflect the time and cost incurred in the provision of works for those services. | L | Agreed – Justification of recharges to be sought, particularly needs to reflect reduction of staff numbers in Building Control service over last 2 years | Head of Planning & Regeneration/ Development Group Manager | November 2011 |

Leisure Activity Programmes

Background

The Leisure Activity Programmes are the responsibility of the Sports and Active Recreation Team. The team co-ordinate, develop and increase opportunities for all Charnwood residents to participate in positive sport, leisure, health and physical activity initiatives and work in partnership with other sport, leisure and health related agencies and key community groups to address local sporting issues and needs. Programmes include school holiday activity schemes, Active Lifestyle referral scheme, Wild Card and Active Together.

The Sport and Active Recreation Team fall under the responsibility of the Head of Neighbourhood Services, within the Community, Wellbeing and Customer Services Directorate. The budgeted controllable expenditure for 2011/12 is £420,800 (Cost centres L035, L925 and L926) and the budgeted controllable income is £119,900. However, it should be noted that £72,200 of the monies available is received from external funding. This is based on original budget not current original.

2 Executive Summary

2.1 Overview

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|-----------------------------------|-------------------------------------|
| ASSURANCE RATING - LIMITED | CORPORATE SIGNIFICANCE - LOW |
|-----------------------------------|-------------------------------------|

Assurance

Internal Audit can only give limited assurance to those charged with governance. There are significant weaknesses in the internal control environment within the areas reviewed, and further action is required to manage risks to an acceptable level.

Control weaknesses were identified in the majority of areas reviewed during the audit as highlighted in the report. There are particular concerns regarding the procedures for the collection, recording, reconciliation and banking of income from the various sources within the Sport and Active Recreation service areas. Queries raised from the audit work undertaken have resulted in further investigatory work being required which is ongoing; the outcomes of this work will be reported separately.

It is also of concern that the procedures documented from discussion with the relevant managers at the beginning of the audit were not found to be those operating in practice during audit testing. This indicates a lack of supervisory control.

Although the database used to record activity bookings and payments is known to have weaknesses, as reported in previous audits, the issues have not been resolved, despite being raised with ICS on several occasions, and these have contributed to the problems identified with the controls over income management.

Corporate Significance

The area reviewed has been rated as being of low corporate significance, on the basis of:

- General risk of financial loss less than £10,000
- Service failures would have limited impact on customers
- Risk of minimal reputational damage (e.g. customer complaints)
- Minimal health and safety risk (e.g. cuts and bruises)
- No direct links to identified operational or strategic risks

Management Comments:

It is noted that considerable management effort has been made to resolve the issues raised in this report and that improvements required necessitate staff to fully embrace the processes and procedures established. Staff have been reminded by the Sport and Active Recreation Manager and the Business Support Manager, of the processes and procedures in place and the need to follow them on a consistent basis. The need for accuracy and diligence at all times will be reinforced by management, in writing along with a copy of the written Procedure manual, with the spectre of disciplinary action clearly spelt out to staff should they fail to follow procedures.

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- the procurement of goods/services is supported by official orders and has been appropriately authorised;
- there is adequate segregation of duties between officers raising and authorising orders;
- customer feedback and previous activity uptake are used to assist in activity planning.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- income received is not reconciled to income due based on sales/bookings taken;
- there are insufficient controls in place to ensure that all income received is accurately receipted, banked intact and correctly recorded in the general ledger;
- the sample of attendance records for Heart Smart sessions reviewed did not show the amount of cash collected from each session to enable income to be reconciled;
- there is no formal written policy for refunds of leisure activities, and there are insufficient controls and audit trails to ensure that refunds are only awarded in bona fide circumstances;
- there are weaknesses in the computerised system used for recording activity bookings and income received that remain unresolved despite them having been raised with ICS on several occasions;
- the monthly claim forms submitted to Payroll for processing in respect of instructors pay were incorrect in 30% (3/10) of cases tested;
- access logons to the computerised database have been shared between officers therefore compromising both the audit trail and data security/integrity;
- although sports equipment is stored securely, the storage arrangements are not appropriate to maintain the condition of the equipment;
- inventories are not maintained in the format prescribed in the Financial Procedure Rules, in that they provide only a list of equipment held, and are therefore incomplete;
- there are no formal written procedures in place with regard to the hire of vehicles on behalf of the Council to ensure that they are obtained through the Council's fleet manager.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|--|----------|---|--|--------------|
| I. Budget Monitoring | | | | | | |
| I.1 There are no procedures in place to reconcile income due from sales/bookings to actual income received and recorded on the financial management system. | Error/fraud may occur. Income may be miscoded. | I.1 Procedures are put into place to reconcile income due to that recorded on the financial management system. | H | Response: There are procedures in place the booking system now produces report on income generated base on each activity which is used for monitoring. Agreed Action; Written Procedure Manual to be issued to include | Business Support Manager/Sport & Active Recreation Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|---|--|----------|---|-----------------------------------|--------------|
| | | | | requirements re; monitoring of income due from activities and to be issued to all staff, along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | | |
| 2. Income collection, recording and banking | | | | | | |
| 2.1. No reconciliations are completed between the value of Wildcard sales and the income received. | All income may not be received. Increased risk of fraud/error. | 2.1. Reconciliations are completed on Wildcard income due and income received. | H | <p>Response: Venues have been instructed re; sale of wild cards reconciliation and paying over income. Venues to be reminded of procedures.</p> <p>Agreed Action: All wild cards issued to sales venues to be returned with new supply of cards reissued ensuring that card numbers and quantities are agreed and signed for.</p> <p>Establish appropriate reconciliation procedure for each venue town hall can pay directly into appropriate leisure code.</p> <p>Review guidance for completion of wild card application forms and method of collection for inputting into</p> | Sport & Active Recreation Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|--|---|----------|---|---|---------------------|
| | | | | <p>database.</p> <p>Requirements to complete reconciliation record will be reinforced through memo and meetings with all staff concerned.</p> <p>Revised documents have been prepared and all reconciliations are required to be recorded and countersigned.</p> <p>Written Procedure manual to be issued to all staff, along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action.</p> | | |
| <p>2.2 No reconciliation is completed between income receipted for Leisure Activities and the income received. Testing identified that expected income as per Payment Listings did not always agree to income banked.</p> | <p>Increased risk of error or fraud.</p> | <p>2.2 Reconciliations are carried out between Payment Listings, system generated Miscellaneous Income Sheets and actual income received and any variances are investigated and documented.</p> | <p>H</p> | <p>Response: Procedure established and is operating already.</p> <p>Action: Requirement to complete reconciliation record will be reinforced through memo and meetings.</p> <p>Revised documents have been prepared and all reconciliations are required to be recorded and countersigned. (To include Payments listing from Sports database</p> | <p>Business Support Manager/Sport & Active Recreation Manager</p> | <p>October 2011</p> |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|---|----------|---|---------------------------------|-----------------------|
| | | | | <p>reconciled after every daily transaction and signed off by Line Manager. Banking reconciled and deposited with cash office).</p> <p>Written procedure manual to be issued to all staff, along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action.</p> | | |
| <p>2.3 There is a lack of documentation retained as testing identified missing Miscellaneous Income Sheets, Payment Listings and Cash Office receipts.</p> | <p>Increased risk of error or fraud.</p> | <p>2.3 System generated Payment Listings and Miscellaneous Income Sheets are printed off daily and retained in Leisure Services Admin, filed in Payment Listing reference order, and are matched to Cash Office receipts.</p> | <p>H</p> | <p>Response; Procedures have been put in place.</p> <p>All misc income sheets filed in consecutive numbers. Line Manager checking file daily to identify any missing sheets.</p> <p>Agreed Action; Written procedure manual to be issued to all staff (to include guidelines re; missing sheets to be reported to Manager and duplicate sheets to be obtained), along with letter, outlining seriousness of failure to adhere to policies and</p> | <p>Business Support Manager</p> | <p>September 2011</p> |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|--|----------|---|--|--------------|
| | | | | procedures which could lead to disciplinary action. | | |
| 2.4 Testing identified that there are variances between the Payment Listings and the Miscellaneous Income Sheets produced by the Booking System. | Increased risk of error or fraud. | 2.4 The booking system is reviewed to ensure information produced is accurate and includes income received for all methods of payment. | H | <p>Response; This has been raised with ICS previously and no action taken.</p> <p>Booking system reviewed with ICS and procedures in place to ensure that information is accurate. Card payment lists now produced and filed.</p> <p>Currently investing working with Contact Centre to take bookings.</p> <p>Action; To regularly review booking system and inform/meet with key personnel in ICS to address system errors/improvements.</p> | Business Support Manager/Sport & Active Recreation Manager | October 2011 |
| 2.5 No explanations are recorded for manual adjustments made to alterations on the system generated Miscellaneous Income Sheets or Payment Listings and neither are they endorsed by | Increased risk of error or fraud. An insufficient audit trail exists. | 2.5 Where manual adjustments are required to Miscellaneous Income Sheets or Payments Listings, an explanation is provided and the adjustment is countersigned by a supervisor. | H | <p>Response; Staff have consistently been made aware by line management that they are required to provide a detailed explanation for any manual adjustments made to system generated income sheets. All adjustments are now signed off by authorised officer/manager.</p> | Business Support Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|-----------------------------------|---|----------|--|-----------------------------------|---------------|
| an independent officer or supervisor. | | | | <p>Action; Requirements to complete the manual adjustments record will be reinforced through e mails and meetings with all staff concerned. Revised documents have been prepared and all manual adjustments are required to be recorded and countersigned. Written procedure manual to be issued to all staff, along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action.</p> | | |
| 2.6 No reconciliations are completed between attendance records and income received at off site locations. | Increased risk of error or fraud. | 2.6 Independent reconciliation is undertaken between attendance records, receipts issued and income received. | H | <p>Response; Procedures re; collection of income off site are in place and staff are aware. Written procedure/training given to all staff re; collection /recording of income off site.</p> <p>Action; Requirement to complete attendance records and income received off site to be reinforced through e mails and meetings. Revised documents have been prepared and all attendance</p> | Sport & Active Recreation Manager | November 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|--|--|----------|---|---|---------------------|
| | | | | <p>records and income collected are required to be recorded and countersigned by authorised officer/line manager.</p> <p>Written Procedure Manual to be issued to all staff, along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action.</p> | | |
| 3. Refunds | | | | | | |
| <p>3.1 There is no formal written policy for refunds of Leisure Activities.</p> | <p>Refunds may be given for invalid reasons.</p> | <p>3.1 A clear formal written policy is put in place for the refund of payments received in respect of Leisure Activities.</p> | <p>M</p> | <p>Response; Refunds procedure has been established and in operation for some time. Staff are aware of the refunds policy. The outline of the refunds policy is included in the holiday activity booklet which is printed.</p> <p>Agreed Action; Refunds procedure included in written Procedures Manual Requirements to complete to be reinforced through e mail and meetings with all staff concerned. Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies</p> | <p>Business Support Manager/Sport & Active Recreation Manager</p> | <p>October 2011</p> |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|--|---|----------|--|--|--------------|
| | | | | and procedures which could lead to disciplinary action. | | |
| 3.2 Reasons for refunds are not documented on the booking system or supporting documentation. | Refunds may be given for invalid reasons. Increased risk of error or fraud. | 3.2.1 The reasons for refunds are recorded on the refund listing produced from the database and are endorsed by a supervisor. 3.2.2 The possibility of adding an additional field to the booking database is investigated to allow officers to select and record the reason for the refund from a drop down list of valid options. | M | Response; Currently liaising with ICS to look at inserting tab to records reasons for refunds. ICS have advised that it is now possible to refund onto cards and procedure now in place which requires authorisation from H of S or one of two authorised officers. Agreed Action; Refunds procedure included in written Procedures Manual Requirements to complete to be reinforced through e mail and meetings with all staff concerned. Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | ICS/Business Support Manager/Sport & Active Recreation Manager | October 2011 |
| 3.3 For the sample of refunds selected from the refund spreadsheet, the | An insufficient audit trail exists. | 3.3 The system generated cheque requests are checked to the refund spreadsheet and filed with the corresponding refund | L | Response: Currently liaising with ICS to address. The refund spreadsheet and | ICS/Business Support Manager/Sport & Active Recreation Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|---|---|----------|---|--|--------------|
| corresponding cheque requests generated by the database and retained by Leisure could not be located. | | listing. | | <p>the corresponding cheque request are now reconciled now and a filing system has been put in place.</p> <p>Agreed Action; Requirements to complete to be reinforced through e mail and meetings with all staff concerned. Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action.</p> | | |
| 3.4 The refund spreadsheet does not record the system generated unique refund reference. | An insufficient audit trail exists. | 3.4 The possibility of adding the reference to the system generated spreadsheet is investigated. | L | <p>Response; This is currently being addressed with ICS.</p> <p>Agreed Action; The recommendation will be actioned and included in the written procedure.</p> | ICS/Business Support Manager/Sport & Active Recreation Manager | October 2011 |
| 4. Expenditure | | | | | | |
| 4.1 Monthly claim forms submitted to Payroll for processing the payment of instructor/coach timesheets were incorrect in 30% | Instructors / Coaches are paid incorrectly. | 4.1 Those instances whereby Instructors have not received payment for the hours worked, as notified to the Sports & Active Recreation Manager, are investigated and where necessary appropriate payment | M | <p>Response; All timesheets are checked by Line Manager.</p> <p>Agreed Action: To establish procedure for the</p> | Sport & Active Recreation Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|---|----------|---|-----------------------------------|---------------|
| (3/10) of cases tested. | | made. | | processing of time sheets with appropriate counter checks to reduce the likelihood of under/over payments to staff. All staff to be informed of process via e mail and team meetings. Process to be included in Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | | |
| 5. Equipment | | | | | | |
| <p>5.1 The current 2011 inventory is not maintained in the format stipulated in the Council's Financial Procedure Rules in that it provides only a list of equipment.</p> <p>As no values are recorded in the inventory it is inadequate for insurance purposes and therefore the level of contents</p> | <p>Assets are not fully recorded; loss or theft may go unnoticed.</p> <p>The level of insurance cover for contents may be inadequate to cover losses in the</p> | <p>5.1.1 An inventory is produced in the format, and to include such assets, as prescribed in the Council's Financial Procedure Rules. The inventory should be checked on an annual basis to ensure it is complete and up to date.</p> <p>5.1.2 A copy of the inventory is provided to the Council's Insurance Officer when complete and annually thereafter.</p> | M | <p>Response: Inventories have been produced previously and issued to Audit with no issues raised.</p> <p>Procedure never issued to the Sport & Active Recreation team so unaware of procedure. Council's Financial Procedures Rules subsequently been issued to Sport & Active Recreation Manager. Revised inventory currently being developed and amended to the require format. Senior Officers briefed on new</p> | Sport & Active Recreation Manager | November 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|---|----------|---|---|--------------|
| insurance cover in place may not be appropriate. | event of a claim. | | | requirements. Agreed Action: Amended version of inventory to be provided to Council's Insurance Officer and annually thereafter. Procedures for the addition and removal/disposal of inventory items to be established and agreed with Audit | | |
| 5.2 Equipment stored at Limehurst Depot is liable to become damaged due to the storage conditions. | Equipment may be damaged resulting in additional expenditure being incurred for replacement items. | 5.2 Management consider relocating the equipment to a more suitable location to prevent damage. | L | Response: This has been raised on numerous occasions over the past two years with Asset management with no response or action taken. To safe guard less robust equipment it is intended to transfer some equipment to bunker with a separate inventory established for this area. Agreed Action To continue to pursue with appropriate Officer. | Sport & Active Recreation Manager/ Head of Neighbourhood Services. | October 2011 |
| 6. Transportation | | | | | | |
| 6.1 There are no clear, formal written procedures on the | Officers may hire vehicles independently | 6.1.1 A clear, formal written policy is put in place on the hire of vehicles on behalf of the | M | Response; 6.1.1 CMT were made | 6.1.1 Contracts Manager | October 2011 |

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|---|---|----------|---|---|--------------|
| hire of vehicles on behalf of the Council for Officers to follow. | <p>at a greater cost to the Council.</p> <p>No assurance can be given that Hire Vehicles are appropriately insured.</p> | <p>Council and awareness of the new policy is raised to all staff.</p> <p>6.1.2 Leisure Services procure all vehicle hire through Environmental Services in future.</p> | | <p>aware that vehicle hire should be procured through Environmental Services when the fleet contract commenced in 2009, however there is no written procedure in place.</p> <p>6.1.2 Prior to this audit and the current summer activity programme vehicles were procured by officers directly with approved hire firms. No written procedures have been provided by the council Fleet Manager.</p> <p>Agreed Action:</p> <p>6.1.1 A formal written procedure for the hire of vehicles will be produced and made available to staff.</p> <p>6.1.2 To procure hire vehicles through the appropriate council officer adhering to the established procedures.</p> | 6.1.2 Sport & Active Recreation Manager | October 2011 |

Asset Management

Background

Land and Property management of the Council's non-housing property estate portfolio is undertaken by the Asset Management Team, part of Property Services within the Corporate Services Directorate.

Responsibilities include:

- Management and development of the Council's corporate Asset Management Plan;
- Acquisitions and disposals;
- Facilities and estates management: operational and non-operational property estate performance;
- Planned and reactive maintenance: the planning and implementation of capital/revenue schemes/budgets.

The current budget for 2011/12 for buildings repairs and maintenance budgets across all Services is £209,500.

2 Executive Summary

2.1 Overview

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| ASSURANCE RATING: MODERATE | CORPORATE SIGNIFICANCE: MEDIUM |
|---------------------------------------|---|

Assurance

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

There is a backlog of the condition surveys required as part of the 5 year rolling programme that are yet to be carried out due to workload and time pressures faced by the team. It is intended that the outcomes of these 5 yearly surveys will feed into the 5 year capital funding programme for Asset Management Services. The results of these surveys are supposed to be updated on to the Institute of Public Finance database (IPF) via an electronic interface with specifically designed hand-held equipment, taken on site during the survey. However, the survey results are currently being recorded in the

traditional paper format since staff will require further training if they are to use the devices. Also the team have experienced difficulties in uploading the information from the hand-held devices to IPF.

The annual programme of condition surveys for 2011/12 is ready to be rolled out in July and August 2011 in readiness for the budget setting. It is hoped to have these completed by October.

Charnwood has achieved a low ratio of planned repairs to reactive repairs, which per the 2010 benchmarking report was 13.1:86.9 - well below the recommended best practice of 70:30. This shows that resources are largely directed towards responding to works required when problems have arisen rather than being used to address planned works. This could be largely attributable to the limits of the repairs and maintenance budget available across the services. It is understood that discussions have taken place regarding where control of the budget is best placed – remaining with budget holders across the services or being centrally held by Asset Management - and that no changes to the current system have been agreed.

Following the Government Office of East Midland's rating of the Council's 2004 Asset Management Plan (AMP) as 'good' – meeting 23 out of 26 of the assessment criteria – there is no longer a requirement by them for an annual plan to be produced. The Asset Strategy (last revised in 2008) replaced the AMP and the Property Strategy 2009-12 was approved by Cabinet as part of the Corporate Plan's Cross-Cutting Strategies, effectively superseding the requirement for the annual preparation of an AMP as stipulated within the Council's Financial Procedure Rules and Financial Regulations. These strategies are to be reviewed as part of the development of the Corporate Plan 2012-2016. The Land and Property Disposals Policy was last updated in 2005.

Corporate Significance

MEDIUM

- General risk of financial loss between £10,000 and £100,000;
- Potential cases of fraud or corruption up to £10,000;
- Service failures would have moderate impact on customers;
- Risk of moderate reputational damage (local press);
- Moderate health and safety risk (e.g. broken limbs);
- Direct link to identified operational risks.

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There are adequate records maintained of all properties owned by the Council;

- The details on Charnwood’s interactive mapping application - the Geographic Information System, GIS, appear to reflect the current position with regard to assets owned and leased;
- Assets owned and leased appear on the Fixed Asset Register which is used in preparing the Consolidated Balance Sheet at the end of the Financial Year;
- Condition surveys include detailed observations and grade the priorities of any works required;
- Contractors from the frameworks in place are used wherever possible to achieve value for money;
- The filing of orders and associated information allows invoices to be matched easily to orders and goods received notes;
- Orders are raised in advance of contractors being commissioned and payments are only made for completed works.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Staff do not use the specially designed hand-held devices to record details of surveys;
- There have been problems in getting the hand-held devices to interface directly with IPF;
- There is a backlog on the rolling programme of 5 yearly surveys;
- It seems that there may be instances of recharges that NWLDC have not been invoiced for to the value of approximately £8,000;
- The Land and Property Disposals Policy has not been updated since 2005.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|---|--|--|----------|--|---|-----------------|
| <p>I. Officers are still using paper rather than the electronic hand-held devices to record details of surveys.</p> <p>Problems have been encountered in setting up the interface between the</p> | <p>The information regarding the condition of properties/sites is not current on the IPF system.</p> | <p>I. Further training is provided to staff in the use of the hand held devices and the problems with interfacing with IPF are investigated to ensure that it is updated with the results of the 5 yearly surveys carried out.</p> | <p>M</p> | <p>The IPF module for recording surveys was piloted by CBC and the system has not been developed sufficiently by the supplier and therefore does not provide a workable solution.</p> <p>Head of Finance and Property and Property and Asset Manager to review</p> | <p>Head of Finance and Property and Property and Asset Manager.</p> | <p>March 12</p> |

| | | | | | | |
|--|--|---|---|---|--|----------|
| hand-held devices and IPF. | | | | and liaise with IPF. | | |
| 2. There is a backlog on the rolling programme of 5 yearly surveys. | The condition of assets is not formally assessed and the five year capital funding programme is not based on the results of five yearly condition surveys. | 2. Update the 5 year rolling programme of surveys and schedule dates for when the surveys will be carried out. | M | The backlog of surveys will be completed by the end September. | Revised programme available from Property and Asset Manager. Surveys to be carried out by Building Surveyors. | Oct 11 |
| 3. There are at least 5 recharges that NWLDC have not been invoiced for dating from 30/04/10 to 12/04/11 with a value of approximately £8k. There are a further 8 recharges to the value of £13k from June 2011 that have not yet been invoiced. | Not all income due is collected. | 3. Review the invoices raised to NWLDC and ensure that appropriate invoices have been raised for all recharges in accordance with works ordered from CBC suppliers on their behalf. | M | This issue is currently being looked into and will be rectified by the end of October 2011. | Property and Asset Manager/Head of Finance and Property. | Oct 11 |
| 4. The Land and Property Disposals Policy has also not been updated since 2005. | Plans and policies do not reflect the Council's current needs and/or best practice. | 4. Update the Land and Property Disposals Policy. | M | The policy will be reviewed to see if it is still relevant or needs updating. | Property and Asset Manager. | March 12 |

Elections

Background

The Electoral Register and Canvass are the responsibility of the Electoral Registration Officer (ERO). The ERO is appointed independently of the Council. The Returning Officer (RO) is responsible for the Elections function, which is separate from that of the Electoral Register and Canvass. At Charnwood Borough Council, the Chief Executive holds the position of both the ERO and the RO.

The Electoral Services team within Strategic Support manages the daily administration of the rolling registration and the annual canvass and administers all aspects of elections held within the Borough.

2 Executive Summary

2.1 Overview

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|--|---|
| ASSURANCE RATING: SUBSTANTIAL | CORPORATE SIGNIFICANCE: HIGH |
|--|---|

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Overall there are a number of controls in place surrounding Electoral Registration and Elections – the two key but distinct functions of Electoral Services. Reliance can be placed on the Electoral Management System (eXpress) to provide some element of control, although there is a significant amount of manual inputting and checking and the majority of forms used by canvassers and elections staff are completed by hand. Testing identified that the Senior Electoral Services Assistant checked her own input to the system; however, this was addressed during the audit and the system settings have been amended to prevent this occurring in future.

Audit testing also highlighted that prior to the payment of those who have undertaken election duties, the Electoral Services Officer assigns the cheque numbers to the various staff on the Payment Schedules created through eXpress and prepares, prints and signs the cheques resulting in a lack of segregation of duties.

An anomaly was identified in the calculation of recharges to Parish Councils in respect of Returning Officer fees whereby a Parish with several Wards had been charged the Parish fee for each Ward, rather than one Parish fee and an additional fee for each Ward within the Parish as recommended in the Leicestershire Schedule of Fees. This resulted in the Parish having been potentially overcharged by £141 (i.e. actual fee recharged £271 against recommended fee of £130).

Corporate Significance

HIGH

- General risk of financial loss greater than £100,000
- Suspected cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)
- Major health and safety risk (serious injury or death)
- Direct link to identified strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- payments made to elections staff for the May 2011 elections (borough, parish and referendum) were in line with the Leicestershire scale of fees and could be verified to attendance registers and supporting records;
- the recharges to parishes for the costs of the most recent election were apportioned on a reasonable basis;
- Electoral Register updates are processed accurately and timely;
- staff employed to canvass for the compilation of the Electoral Register in 2011 were paid in line with the scale of fees;
- a process of election planning is in place to manage risks associated with the organisation of an election;
- risk assessments and project plans are in place for the Annual Canvass.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- there is a lack of segregation of duties between those responsible for printing and signing cheques from the Returning Officer's bank account to staff for elections duties undertaken;
- clarification is required regarding the calculation of Returning Officer's fees that are recharged to Parishes for Borough and Parish elections.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|---|---|----------|---|----------------------------|-------------|
| 1. There is a lack of segregation of duties between the preparation, printing and signing of cheques from the Returning Officer's bank account to staff for elections duties undertaken. | Increased risk of fraud/error. | 1. The Head of Strategic Support brings to the attention of the Returning Officer the lack of segregation of duties in the preparing, printing and signing cheques from the Returning Officer's bank account. | M | The Head of Strategic Support will bring this issue to the Returning Officer's attention and discuss what action, if any, is required. | Head of Strategic Support | 31/12/2011 |
| 2. Where a Parish has more than one Ward, the recharges for the Returning Officer's fees are not calculated in line with the recommendations of the Leicestershire Scale of Fees. | Parish recharges calculated incorrectly may result in the under/overcharging of income. | 2. The calculation of Returning Officer's fees recharged to Parishes is revisited and clarified. | L | The Leicestershire Scale of Fees is used for guidance only, however its interpretation will be discussed at the next Leicestershire Electoral Services meeting and clarification sought as to how the RO fees are to be calculated in future. The next Leicestershire Electoral Services Group meeting is scheduled for 14 th December 2011. | Electoral Services Officer | 14/12/11 |

Anti Fraud and Corruption (Floats & Petty Cash spot Checks)

Background

Petty cash and floats are issued by Financial Services. Each responsible officer issued with a float and/or petty cash balance must sign and date a certificate confirming the value of the floats and/or petty cash they have been assigned. An annual reconciliation is completed by Financial Services at the end of each financial year to certify the values held by each responsible officer.

It is the responsibility of the officers assigned a float and/or petty cash balance to ensure that appropriate records are kept of expenditure – such as receipts, petty cash vouchers etc - and to carry out regular reconciliations of the float and/or petty cash balances. Where petty cash starts to run low, responsible officers must submit cheque requests to Payments to top up the balance to the value assigned at the start of the year.

2 Executive Summary

2.1 Overview

| | |
|--|--|
| ASSURANCE RATING: SUBSTANTIAL | CORPORATE SIGNIFICANCE: LOW |
|--|--|

Assurance rating

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Cash balances totalling £3,370 were verified through spot checks carried out of floats and petty cash in sixteen different service areas of the Council. In six service areas there was no discrepancy between the cash and receipts counted on site and the value of funds assigned to the service per the records held by Accountancy. Of the remaining ten areas, the combined total counted of £2,780 was found to be in surplus by £6.80, representing 0.2% of the total. Overall, it was identified that the floats and petty cash are kept securely and that appropriate records and documentation are retained to support any expenditure and any reclaims of petty cash made.

Corporate Significance

LOW:

- General risk of financial loss less than £10,000
- Service failures would have limited impact on customers
- Risk of minimal reputational damage (e.g. customer complaints)
- Minimal health and safety risk (e.g. cuts and bruises)
- No direct links to identified operational or strategic risks

2.2 Key Findings

- Cash is held securely; and
- Cash is properly controlled and accounted for.

3. Action Plan

There are no recommendations for management consideration.

Performance Management - Data Quality

Background

The National Indicators (NIs) were announced by the Government in October 2007, as part of the Comprehensive Spending Review, and came into effect in April 2008. The NIs were a single set of indicators which replaced all previous Central Government sets of indicators for local government including Best Value Performance Indicators (BVPIs).

Performance against each of the indicators has been published annually by the Audit Commission in previous years, as part of the Comprehensive Area Assessment, (CAA), for every Local Area Authority, (LAA). However, in May 2010, the Government announced plans to shelve the CAA prior to the publication of the results for 2009/10 and, following this, the NIs were abolished by the Government with effect from 31 March 2011.

The purpose of this review was to assist in identifying the extent to which the NI figures supplied by Directorates for 2010/11 can be relied upon in respect of compliance with the current definitions and guidance issued by the Department for Communities and Local Government (DCLG) and for arithmetical accuracy prior to the external audit.

Whilst the NIs have now been discontinued at a national level, the Council has decided to continue to report on a smaller set of key corporate performance indicators for 2011/12 onwards, some of which are based on previous NIs.

2 Executive Summary

2.1 Overview

| | |
|---------------------------------------|--|
| ASSURANCE RATING: MODERATE | CORPORATE SIGNIFICANCE: LOW |
|---------------------------------------|--|

Assurance rating

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

Of the five indicators reviewed, it was possible to verify the data and supporting documentation in four cases. For the remaining indicator (BV12), it was established that reports to support the quarterly results reported to TEN are not retained but that there are monthly reports showing the number of employees and the number of days lost to sickness absence that can be reviewed. If quarterly reports are re-run at a later date, it was seen that the results will vary as the data is continuously being updated by managers. Comparisons of entries on the reports used to compile the results for TEN against records held by managers regarding sickness absence and Payroll records of sickness absence provide an element of assurance over the completeness and accuracy of the source data.

Corporate Significance

- General risk of financial loss less than £10,000
- Service failures would have limited impact on customers
- Risk of minimal reputational damage (e.g. customer complaints)
- Minimal health and safety risk (e.g. cuts and bruises)
- No direct links to identified operational or strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- the DCLG definitions and guidance in use by key contacts were the correct versions for 2010/11;
- PIs had been calculated arithmetically correctly and in accordance with the appropriate definitions.
- Results had been accurately entered on to the performance management software (TEN).

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Satisfactory supporting data was not made available in respect of one indicator reviewed (BV12) to enable the reported results to be fully verified.

3. Action Plan

| Observation | Risk | Recommendation | Priority | Response/Agreed Action | Officer Responsible | Action Date |
|--|--|--|----------|--|------------------------------------|-------------|
| 1. BV12 - No source data was provided by HR in the form of system reports of recorded sickness absence. | Inaccurate information used to inform decision making. | 1. Officers responsible for collating performance indicator data are reminded of the need to retain source data to support the results reported. | M | Officers notified as per recommendation. Site visit also carried out 31/08/11 to see what audit trail there is and to gain an understanding of the difficulties faced in ensuring the accuracy of the reported results. | Improvement Manager (Data Quality) | N/A |
| 2. BV12 - Quarter 4 results have used the total number of employees at the end of the quarter rather than the average number of employees throughout the quarter as specified in the definition. | Inaccurate information used to inform decision making. | 2. Quarter 4 results for BV12 are re-calculated in accordance with the formula specified in the DCLG definition and the result amended as appropriate. | M | The relevant officer has been notified of the error but as the indicator is focussed on the annual result, and this is calculated independently of the quarterly results, it is not deemed necessary to amend quarter four as this will not have any impact on the annual sickness absence result. | Improvement Manager (Data Quality) | N/A |

Loughborough Eastern Gateway

Background

The Eastern Gateway scheme is the Council's key physical regeneration project and the Council has taken the lead in bring the project forward, securing the involvement and agreement of partners and in attracting outside funding.

The project involves the development of more than 11 acres of vacant and derelict railway siding and other land adjacent to Loughborough Station and the Midland Main Line. The development scheme comprises a number of elements which will be delivered in three successive phases.

In total the value of this development will be nearly £20 million and its successful implementation depends on a complex set of roles and responsibilities across a broad range of partners.

The capital budgets for the Eastern Gateway scheme and the Railway Station Forecourt controlled by Charnwood Borough Council for the last three financial years are as follows:

| Eastern Gateway: | | Railway Station Forecourt: |
|------------------|------------|----------------------------|
| 2009/10 | £1,864,000 | £0 |
| 2010/11 | £1,550,500 | £110,000 |
| 2011/12 | £2,775,400 | £1,185,400 |
| TOTAL | £6,189,900 | £1,295,400 |

2 Executive Summary

2.1 Overview

**ASSURANCE RATING -
SUBSTANTIAL**

**CORPORATE
SIGNIFICANCE: HIGH**

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

This audit has concentrated on the review of receipts of contributions, the reasonableness of expenditure, an overview of the monitoring tools in place and ensuring that, following the procurement of the land, appropriate agreements are in place with third parties. Controls within these areas were found to be satisfactory.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Potential cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)
- Major health and safety risk (serious injury or death)
- Direct link to identified strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- signed agreements are in place with the key parties;
- regular meetings are held to discuss the progress of the scheme and action plans put in place to resolve issues;
- data is kept showing which parties are contributing and how much they are contributing to the scheme;
- funding is being claimed in accordance with agreements;
- contributed funds are being appropriately spent;
- cost trackers are being used to document expenditure incurred against forecasted expenditure.

3. Action Plan

There are no recommendations for management to consider.

Follow Ups: Recommendations Not Implemented By The Agreed Date as at 31.10.11

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|---|--|-----------------|--|--|--|--|
| Procurement 2009/10 | Guidance on the use of framework contracts should be included in the Contract Procedure Rules, including for example the Council's policy on the use of 'further competition' arrangements where allowed for within framework agreements. | Low | The Contract Procedure Rules will be reviewed once the Senior Management Review, and any reviews that cascade from that, are complete | March 2011 | Director of Corporate Services/Procurement Manager | Action not completed. Revised action date set for March 2012. |
| Homeworking incorporating Information Security Management 09/10 | That the Homeworking policy is revised to ensure that there is a fair and reasonable application of a policy that is beneficial to both the Council and its employees; and that improvements to the security of information are made to ensure that data accessed off-site remains secure. | High | The revision of the homeworking procedures form part of the Director of Governance and Procurement's PDR to be met by 31/03/2011. The issues raised in this audit will be taken into consideration by the Director of Governance and Procurement as part of this process, and the implications for ICS, HR, Property and Sustainability will be looked at collectively. Aiming for | Original date Dec 10, revised to March 11 then July 2011. Partly implemented July 2011; revised date for full implementation of Sept 2011, now Dec 2011. | Director of Corporate Services | As at 5/8/11 - The Consultation period ended 29/07/11. LCC HR are devising a re-application process. Aim to take consultation feedback to Joint Consultative Committee Sept 2011. New policy to be implemented from Jan 2012. |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|-------------------------------|---|-----------------|---|--|--|---|
| | | | approval by December 2010 ready for implementation by 01/04/2011. | | | |
| Council Tax 2010/11 | Ensure that during the revision of the Financial Procedure Rules the authorisation levels are in line with current procedure | Low | Financial Procedure Rules will be reviewed once a decision is taken as to who the S.151 Officer is going to be. | March 11, postponed to July 11, now March 12. | S.151 Officer | Financial Procedure Rules still need to be updated. Revised action date March 2012. |
| Council Tax 2010/11 | The Corporate Debt Recovery Policy is reviewed and updated where necessary, and is reviewed on a regular basis thereafter. | Low | The Corporate Debt Recovery Policy involves various areas of the Council and CNH and any update of this policy will need to be put in place by the new Strategic Directors and S.151 Officer. | March 11, postponed to July 11. Partly implemented July 2011. Revised date March 2012. | S.151 & Strategic Directors | Only the sundry debtor's element of the Corporate Debt Policy has been updated. Revised action date March 2012. |
| Allowances & Expenses 2010/11 | 1. The use of the essential car user scheme and the procedures/criteria for designating posts as an essential user are reviewed and a corporate policy developed. | High | To consider options around essential car user scheme in line with County Council existing policy | April 2011, postponed to Sept 11. | Originally Acting Director of Programmes & Resources, now Head of Strategic Support. | This is on the HR work plan but not scheduled. No revised action date provided. |
| Corporate Governance 2010/11 | Consideration is given to reviewing and updating the Consultation and Communication Strategy. | Low | Review is underway for the communications aspects – completion target January 2011. Consultation aspects | May 2011, revised to July 2011 and now Dec 2011. | Originally Director of PACS. To be considered by the Head of | The shared Communications service with NWLDC has been terminated. |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|------------------------|---|-----------------|---|--|---|--|
| | | | are linked to activity at County level to produce an Engagement Strategy, which is progressing but the timescale is uncertain. | | Strategic Support as manager of the communications service. | The Communications Officer has been tasked with reviewing the strategy over the next few months. |
| Health & Safety2010/11 | 1.1 Consideration is given to the inclusion of management's role and responsibilities in health and safety and how the Council proposes to implement practices of health and safety into the policy when next reviewed. | Low | The health and safety policy does not clearly define the roles and responsibilities of management and how the Council intends to implement health and safety practices. | July 2011. Partly implemented July 2011, revised action date Oct 2011, now Dec 2011. | Health & Safety Adviser | The recommendation has been partly implemented in that the responsibilities have been identified and circulated to the appropriate people. However the revised document needs to be agreed with the Health & Safety Committee. |
| Health & Safety2010/11 | 1.2 An up to date version of the health and safety policy is made available on the intranet. | Low | In the interim (to 1.1 being completed) the latest version of the Health and Safety Policy is publicised. | April 2011 not implemented revised to July 2011, then Dec 2011. | Health & Safety Adviser | The health and safety policy on the intranet is dated June 2010 with tracked changes dated April 11 and is not in final format. This recommendation cannot be fully implemented until 1.1 is complete. |
| Health & Safety2010/11 | 6.1 The corporate accident/incident form is reviewed and brought up to date and communicated to staff, | Medium | The form within the Health and Safety document library is updated to the August 2010 version to ensure consistency across the | April 2011, revised to July 2011 (partly implemented) and then Oct | Health & Safety Adviser | Recommendation partly implemented in that there is now only one type of form available on the |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|-------------------------|--|-----------------|---|--|----------------------------|---|
| | the form should include a section for comments by the H&S Advisor as to whether post incident work is required and, if so, the work to be undertaken. Where the incident may potentially lead to a legal claim against the Council the Insurance Officer should be notified of the incident. | | Council. The form will be updated to include the Council's Insurance Officer in the circulation list of further copies. | 2011, now Dec 2011. | | intranet but the Insurance Officer is not included on the circulation list. |
| Health & Safety 2010/11 | 7. Accident reporting forms are filed in an appropriate index together with any further documentation relating to the incident e.g. risks assessment, investigation documents. | Medium | Agreed - Where documents exist already elsewhere a list of where to find them will be appended. | July 2011, not implemented, revised date Oct 2011, now Dec 2011. | Health & Safety Adviser | As per H&S Adviser; documents will be filed with accident reports in future, copies will be circulated electronically to relevant managers for information or where action is required. |
| Breakout Café 2011/12 | 3. Costing exercises for the pricing of food and drinks are undertaken and supporting documentation is retained. | High | Price lists now provided by suppliers should help to monitor costs in future. Agreed - costings will be completed on a quarterly basis and retained commencing 1 st July 2011 | July 2011, revised to Jan 2012. | Breakout Supervisor | A costing exercise is underway but not completed (2011/12-3). This is time consuming and staffing resources in the cafeteria has been considerably reduced in the last few months due to a secondment arrangement. Revised date Jan 2012. |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|--|--|-----------------|---|---------------------------------|-----------------------------------|--|
| Breakout Café 2011/12 | 7. The possibility of an overpayment of £121.10 in management fees is investigated and recovered from the supplier if necessary. | Medium | Agreed that this will be investigated. | Sept 2011, revised to Nov 2011. | Facilities & Estates Manager. | This has not been chased by the Facilities and Estates Manager he intends to discuss it when the vending machine agreement ends on the 10th October and the final invoice is received. |
| Town Hall 2010/11 | 5.15.1 Only one contract should be completed for any single performance. | Low | The introduction of an electronic contract would greatly improve the efficiency of the venue and reduce the risk of dual contracts. This will be investigated with Legal and introduced a.s.a.p. The content of the contract will be reviewed during the same time. | Sept 11, revised to March 2012. | Town Hall Manager | Response 04/10/11: Internal Legal dept have stated that electronic contracts are not classed as legal documents at the current time and so we are unable to pursue this option. The content of the contract is still to be reviewed and this will need a revised date of March 2012. |
| Leisure Activity Programmes 2011-12 | 2.1 Reconciliations are completed on Wildcard income due and received. | High | All wildcards issued to sales venues to be returned with new supply of cards and reissued enduring card numbers and quantities are agreed and signed for. Establish appropriate reconciliation procedure for each venue town hall can | Oct 2011, revised to Dec 2011. | Sport & Active Recreation Manager | All wildcards issued have been returned by sales venues and have been reissued ensuring that card number and quantities have been recorded and issues signed for by the key contact for the venue. |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|-------|----------------|----------|---|-------------|---------------------|---|
| | | | pay directly into appropriate leisure code. | | | <p>All venues have allocated a key contact for wildcards and have received written procedure notes which they have signed to agree that they understand the procedures put in place.</p> <p>Town Hall and Fusion are the only external venues now selling wildcards. Each venue has been provided with a sales form which records each individual sale and is signed by the seller.</p> <p>Sales records will be received monthly by venues but at present there have been none returned as the cards were re-issued with the start of the Fusion Contract on the 1st Nov.</p> <p>Deferred until Dec 2011 to ensure reconciliation procedures have been put in place.</p> |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|-------------------------------------|---|-----------------|---|--------------------------------|--|--|
| Leisure Activity Programmes 2011-12 | 3.1A clear formal written policy is put in place for the refund of payments received in respect of Leisure Activities. | Medium | Refunds procedure included in written Procedures Manual Requirements to complete to be reinforced through e mail and meetings with all staff concerned. Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | Oct 2011, revised to Feb 2012. | Business Support Manager/Sport & Active Recreation Manager | Refunds procedures are still in progress and need to be approved by the Head of Neighbourhood Services. |
| Leisure Activity Programmes 2011-12 | 3.2.1 The reasons for refunds are recorded on the refund listing produced from the database and are endorsed by a supervisor. | Medium | Refunds procedure included in written procedures manual requirement to complete to be reinforced through e-mail and meetings with all staff. Written Procedure Manual to be issued to all staff along with letter, outlining seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | Oct 2011, revised to Feb 2012 | ICS/Business Support Manager/Sport & Active Recreation Manager | A cards refund listing has been requested but is currently in ICS development. |
| Leisure Activity Programmes 2011-12 | 3.3 The system generated cheque requests are checked to the refund spreadsheet and filed with the corresponding refund listing. | Low | Requirements to complete to be reinforced through e mail and meetings with all staff concerned. Written Procedure Manual to be issued to all staff along with letter, outlining | Oct 2011, revised to Feb 2012 | Business Support Manager | Leisure is currently unable to produce the refunds spreadsheet for reconciliation and filing. There is no method to ensure everyone due for a refund has |

| Audit | Recommendation | Priority | Agreed Action | Agreed Date | Responsible Officer | Comments |
|-------------------------------------|--|-----------------|---|--------------------------------|-----------------------------------|--|
| | | | seriousness of failure to adhere to policies and procedures which could lead to disciplinary action. | | | received one but the moto card system has parameters which do not allow those already refunded to receive a further refund so duplication cannot occur. |
| Leisure Activity Programmes 2011-12 | 3.4 The possibility of adding the reference to the system generated spreadsheet is investigated. | Low | Currently being addressed with ICS. The recommendation will be actioned and included in the written procedures. | Oct 2011, revised to Feb 2012 | Business Support Manager | Leisure is unable to produce the spreadsheet at present – request reinstallation by ICS. Refund vouchers can still be produced and weekly card payment reports are run but a request for a card reports report is still with ICS. |
| Leisure Activity Programmes 2011-12 | 5.2 Management consider relocating the equipment, stored at the Depot, to a more suitable location to prevent damage | Low | To continue to pursue with appropriate Officer | Oct 2011, revised to Nov 2011. | Sport & Active Recreation Manager | No action taken at time of follow up. |