

**List of audits completed as part of the 2015/16 Audit Plan
(December 2015 – February 2016)**

Audit	Audit Objective & Opinion															
Main Accounting System	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Journals are authorised, contain reasonable explanation, are limited to input by Financial Services Officers and the Finance Manager reviews all journals over £10,000 on a monthly basis. 2. Suspense and unidentified remitters accounts are reviewed and cleared on a regular basis. 3. Access to the main accounting system is restricted to authorised users only. 4. Feeder systems are balanced to the main accounting system on a monthly basis. <p>Audit opinion</p> <table border="1" data-bbox="406 801 1482 1473"> <thead> <tr> <th data-bbox="406 801 478 902">CO</th> <th data-bbox="478 801 660 902">Assurance Level</th> <th data-bbox="660 801 1482 902">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="406 902 478 1070">1</td> <td data-bbox="478 902 660 1070">Good</td> <td data-bbox="660 902 1482 1070">Journals are submitted by authorised Finance Staff only. Sufficient narrative is included with each Journal to determine reason why Journal was created. All Journals in excess of £10,000 are reviewed by the Finance Manager.</td> </tr> <tr> <td data-bbox="406 1070 478 1238">2</td> <td data-bbox="478 1070 660 1238">Good</td> <td data-bbox="660 1070 1482 1238">The suspense account is cleared on a monthly basis. The unidentified remitters account is reviewed on a monthly basis and amounts that can be identified are cleared to relevant cost centres.</td> </tr> <tr> <td data-bbox="406 1238 478 1339">3</td> <td data-bbox="478 1238 660 1339">Good</td> <td data-bbox="660 1238 1482 1339">Adequate controls exist to ensure that only legitimate users have access to the General Ledger.</td> </tr> <tr> <td data-bbox="406 1339 478 1473">4</td> <td data-bbox="478 1339 660 1473">Good</td> <td data-bbox="660 1339 1482 1473">Feeder systems are balanced to the main accounting system on a monthly basis. All balancing statements prepared are reviewed by the Finance Manager.</td> </tr> </tbody> </table>	CO	Assurance Level	Opinion	1	Good	Journals are submitted by authorised Finance Staff only. Sufficient narrative is included with each Journal to determine reason why Journal was created. All Journals in excess of £10,000 are reviewed by the Finance Manager.	2	Good	The suspense account is cleared on a monthly basis. The unidentified remitters account is reviewed on a monthly basis and amounts that can be identified are cleared to relevant cost centres.	3	Good	Adequate controls exist to ensure that only legitimate users have access to the General Ledger.	4	Good	Feeder systems are balanced to the main accounting system on a monthly basis. All balancing statements prepared are reviewed by the Finance Manager.
CO	Assurance Level	Opinion														
1	Good	Journals are submitted by authorised Finance Staff only. Sufficient narrative is included with each Journal to determine reason why Journal was created. All Journals in excess of £10,000 are reviewed by the Finance Manager.														
2	Good	The suspense account is cleared on a monthly basis. The unidentified remitters account is reviewed on a monthly basis and amounts that can be identified are cleared to relevant cost centres.														
3	Good	Adequate controls exist to ensure that only legitimate users have access to the General Ledger.														
4	Good	Feeder systems are balanced to the main accounting system on a monthly basis. All balancing statements prepared are reviewed by the Finance Manager.														

Cash & Bank

Control Objectives (CO):

1. Income received through the cash office is promptly banked and allocated to the general ledger.
2. Card payments made online or over the phone are controlled and reconciled.
3. Systems transactions are matched promptly to statement transactions.
4. A bank reconciliation is undertaken on a monthly basis.

Audit Opinion

CO	Assurance Level	Opinion
1	Good	Testing of 20 transaction listing reports provided a good level of assurance that income received through the cash office is promptly banked and allocated correctly to the general ledger code INCO/8171. Furthermore, under and over bankings greater than £10 were found to be appropriately investigated.
2	Good	Card payments, including automated telephone payments, are effectively controlled and reconciled. Of the 20 daily transaction totals sampled during the audit, all were found to reconcile to the bank import file (bank statement) and had been correctly allocated within the general ledger.
3	Good	There is a good level of assurance that system transactions are matched promptly to bank statement deposits. Furthermore, cheques with an issue date greater than 6 months old are cancelled as part of the monthly bank reconciliation.
4	Good	A bank reconciliation is carried out on a monthly basis, the statements for which are reviewed and signed by the Finance Manager. The accuracy of these reconciliations was confirmed through a review of reconciliation statements completed for AP8 and AP10.

Payroll

Control Objectives (CO):

1. Key parameters have been correctly input to the system and are applied correctly during the payroll process.
2. Salary adjustment notifications are entered correctly into the payroll system.
3. Reconciliation and assurance checks are undertaken during the processing of the payroll, supported by a monthly reconciliation to the main accounting system.
4. The payment of employees is verified on an annual basis.

CO	Assurance Level	Opinion
1	Good	Key parameters in respect of income tax, national insurance and pension contributions for the current tax year 2014/15, have been input accurately to the payroll system. Audit testing confirmed that these are applied correctly to employees' salaries during the payroll process.
2	Good	A sample of 20 salary adjustment notifications received by the Payroll Officer, concerning starters, leavers, reimbursements, and adjustments, were found to have been applied correctly within the payroll system. Through the sampling of 20 claims in connection with mileage, additional hours and overtime assurance was provided that these salary adjustment notifications had been entered correctly into the payroll system. From a HR perspective, a process needs to be established between payroll services and HR which allows for part-time staff working additional regular hours to be identified so that an assessment to the entitlement of further annual leave can be undertaken. Furthermore, in light of employment tribunal case law, holiday payment instructions to payroll from HR should be performed on at least a 3 monthly basis.
3	Good	A number of assurance checks are carried out during the processing of each payroll run. The total BACS payments processed for the month are reconciled to the monthly posting summary from the payroll system. A payroll calculation error report is also produced and checked by the Payroll Officer and remedial action taken where necessary. Furthermore, monthly reconciliations are carried out between the general ledger and the payroll system which are reviewed by the Finance Manager. Audit testing of reconciliations undertaken for August and September were found to be accurate.
4	Good	A list of employees paid for each service area during 2014/15 has been verified by the relevant managers. This exercise, which is normally preformed at the end of the financial year, has been carried out independently of the Payroll Officer.

Garden Waste

Control Objectives (CO):

1. Garden Waste fees have been formally approved, subscriptions (both new and renewals) have been processed with income collected and banked promptly and where necessary appropriate action has been taken to recover debt

CO	Assurance Level	Opinion
1	Satisfactory	<p>The fee of £39.50, which came into force in June 2014, continues to remain the current charge for the financial year 2015/16 and has been appropriately approved.</p> <p>A comprehensive record of nearly 15,000 residents who subscribe to the garden waste service is held through the customer relationship management system – ‘Achieve’. Renewals are accurately recorded which includes a unique identifier, name, address, start date, payment details and next renewal date. A recommendation has been made to implement a data retention schedule, particularly in relation to ‘non-live’ accounts i.e. cancellations.</p> <p>With regards to payments, 54% are made online, 35% by telephone and 11% by cash/cheque. The audit can confirm there are satisfactory procedures in place for the management of these payments with income promptly and accurately posted to the correct income code. In terms of an overall, regular reconciliation between the garden waste system and the main accounting system a formal reconciliation is not undertaken. The audit confirmed that apart from a couple of identified transactions being miscoded, for example, bulky waste being miscoded to garden waste the overall expected income on the main accounting system aligns to the income generated from the garden waste system. When renewing, terms and conditions of the service could also be more effectively communicated to the customer.</p> <p>With regards to the renewals process, there are prescribed stages built into the system with a number of reminders sent a month before the renewal is due, during the month it is due and the month after the renewal is due. The audit has recommended a review of the renewal process to identify if this could be streamlined and an audit trail of exactly when the stages took place assigned to each account. Any non-renewals are allocated to a ‘do not collect list’ which is generated daily and issued to Ubico operatives.</p> <p>The issuing of this list is a mitigating control but does not give full assurance that unpaid bins will not be collected. The system is reliant upon operatives utilising the list whilst balancing this against the need to ensure bins are emptied promptly. Since April 2015, Ubico has not been instructed to physically pick up unpaid bins. This means unpaid bins could potentially be presented for collection. There are currently 400+ bins on this list. A</p>

		<p>recommendation has been made to review the best way forward to tighten up this control including the retrieval of the bins. This also includes actions to look at the quality of the list such as improving the reporting of addresses within the system and to have the number of bins at each property included.</p> <p>Moving forward, Ubico have an action to improve stock control of bins. This will enable timely procurement to take place that meets customer demands in future once the current stock of bins owned by Cheltenham Borough have deteriorated.</p> <p>Refunds and extensions to customers renewal periods, have been granted, albeit occasionally. A recommendation has been made to establish a clear audit trail of the authorisation and reasoning to support this.</p>
--	--	---

Cascades	Control Objectives (CO):		
	<ol style="list-style-type: none"> 1. Income is collected, accounted for and banked promptly. 2. There is a robust stock control system in place. 3. An inventory is maintained and reviewed on an annual basis. 4. Adequate arrangements exist for the safe and efficient decommissioning of the facility. 		
	CO	Assurance Level	Opinion
	1	Good	<p>The POS system has been accurately updated with the approved charges that came into effect from 01/01/16, ensuring the correct fees are being charged.</p> <p>A VAT code has been applied to each of the product lines set up within the POS system, ensuring the appropriate recording of VAT.</p> <p>Daily takings (expected and actual) are accurately recorded onto shift summary sheets and daily reconciliation sheets. The amounts banked agree to daily totals recorded on the reconciliation sheets.</p> <p>Any discrepancies between expected and actual cash amounts are recorded and subject to supervisory review.</p> <p>Cash collections are in accordance with security procedures and collection schedules. Receipts are obtained to confirm / evidence collections made by Security Plus+.</p> <p>The correct fees have been applied and collected in relation to swimming lesson subscribers and membership types.</p> <p>Accurate sundry debtor accounts have been raised in relation to school swims and hire of facilities by swimming clubs.</p> <p>There is a process for the authorisation and review of refunds and this process is supported with procedure notes. The procedure calls for a quarterly reconciliation of refunds. The audit identified this reconciliation had not been strictly</p>

			undertaken within the prescribed frequency.
	2	Limited	Stock control systems are in place and stock checks could be demonstrated for all resale items with the exception of ice cream stocks and vending machine stock; for which stock control is currently in the process of being introduced. Although not significant; the audit identified variances in the shop and café stock takes and it is acknowledged that improvements can be made in order to ensure they are accurate and complete. It is essential that the end stock at Cascades is accurate at the point of hand over to the new leisure centre.
	3	Good	The inventory represents an accurate list of assets on site. An annual inventory check is conducted. The inventory records the in-year acquisitions and disposals. A spot check was conducted with no concerns identified.
	4	Satisfactory	A high level programme for the decommissioning of the Cascades facility has been produced and includes such activities as the demolition of the existing facility, site security, transfer, disposal or reuse of inventory and stock items. More detailed procedures will be developed as this project formally commences.

Corporate Improvement Work

Cost of Uniform system.	As part of the Council's digital agenda, exploratory work is being undertaken to look at the cost of the Council's legacy systems. These are the core systems used by the likes of Planning, Environmental Health, Revenues and Benefits and which have historically been procured from big traditional suppliers. Internal Audit is currently doing a small piece of work around the cost of the Uniform system which is used by Planning and Environmental Health.
Post procedures	The Corporate Leadership Team has commissioned a small piece of work to review post opening and distribution procedures. This is to ensure post is effectively handled and distributed within the Public Services Centre.

The level of internal control operating within systems will be classified in accordance with the following definitions:-

LEVEL OF CONTROL	DEFINITION
Good	Robust framework of controls – provides substantial assurance.
Satisfactory	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two 'Necessary' (Rank 2) recommendations.
Limited	Some lapses in framework of controls – provides limited assurance. A number of areas identified for improvement. A number of 'Necessary' (Rank 2) recommendations, and one or two 'Essential' (Rank 1) recommendations.
Unsatisfactory	Significant breakdown in framework of controls – provides unsatisfactory assurance. Unacceptable risks identified – fundamental changes required. A number of 'Essential' (Rank 1) recommendations.

Recommendations/Assurance Statement

CATEGORY		DEFINITION
1	Essential	Essential due to statutory obligation, legal requirement, Council policy or major risk of loss or damage to Council assets, information or reputation. Where possible it should be addressed as a matter of urgency.
2	Necessary	Could cause limited loss of assets or information or adverse publicity or embarrassment. Necessary for sound internal control and confidence in the system to exist and should be pursued in the short term, ideally within 6 months.