

List of Audits Completed as Part of the 2016/17 Audit Plan

Audit	Audit Objective & Opinion											
Insurances 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. The information reported within the insurance renewal forms for 2016 is accurate. 2. Warranties and conditions stated within the policy documents are being met. 3. Incidents giving rise to an insurance claim are promptly and properly reported, processed and monitored <p>Audit opinion</p> <table border="1" data-bbox="405 719 1437 2065"> <thead> <tr> <th data-bbox="405 719 480 819">CO</th> <th data-bbox="480 719 743 819">Assurance Level</th> <th data-bbox="743 719 1437 819">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 819 480 1088">1</td> <td data-bbox="480 819 743 1088">Good</td> <td data-bbox="743 819 1437 1088">In respect of the Council's insurers for 2016 (ACE European, Arthur J Gallagher and Zurich Municipal), the insurance cover renewal requests by the authority were found to have been supported by adequate financial information that had also been accurately reflected within the renewal statements.</td> </tr> <tr> <td data-bbox="405 1088 480 2065">2</td> <td data-bbox="480 1088 743 2065">Limited</td> <td data-bbox="743 1088 1437 2065"> <p>It was confirmed with the insurance officer that currently insurance conditions/endorsements in relation to insurance policies are not disseminated to appropriate Council officers such as the Asset Manager and IT Manager. For example the property module lists endorsements, one of which is the requirement to retain detailed record keeping in relation to automated fire alarm systems, the Asset Manager confirmed that he was not aware of the specific conditions although information on fire alarm testing was maintained for properties directly managed by the Council. It was acknowledged that this information will need to be reviewed to ensure it meets insurance requirements. In addition, insurance conditions associated with property insurance policies should be disseminated to the Council's leased properties and, in connection with this, assurance should be obtained that fire risk assessments have been performed and detailed automated fire alarm record keeping is maintained where appropriate.</p> <p>The risk of not disseminating insurance conditions to Council officers could potentially affect the Council's ability to defend a claim where conditions have been attached to a policy; however, this risk is considered minimal based on the limited number of claims received that have resulted in a claim being settled in favour of the claimant.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Good	In respect of the Council's insurers for 2016 (ACE European, Arthur J Gallagher and Zurich Municipal), the insurance cover renewal requests by the authority were found to have been supported by adequate financial information that had also been accurately reflected within the renewal statements.	2	Limited	<p>It was confirmed with the insurance officer that currently insurance conditions/endorsements in relation to insurance policies are not disseminated to appropriate Council officers such as the Asset Manager and IT Manager. For example the property module lists endorsements, one of which is the requirement to retain detailed record keeping in relation to automated fire alarm systems, the Asset Manager confirmed that he was not aware of the specific conditions although information on fire alarm testing was maintained for properties directly managed by the Council. It was acknowledged that this information will need to be reviewed to ensure it meets insurance requirements. In addition, insurance conditions associated with property insurance policies should be disseminated to the Council's leased properties and, in connection with this, assurance should be obtained that fire risk assessments have been performed and detailed automated fire alarm record keeping is maintained where appropriate.</p> <p>The risk of not disseminating insurance conditions to Council officers could potentially affect the Council's ability to defend a claim where conditions have been attached to a policy; however, this risk is considered minimal based on the limited number of claims received that have resulted in a claim being settled in favour of the claimant.</p>
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	3	Good	Claims are notified in a prompt manner to the insurer and there is evidence through the outstanding claims spreadsheet and the insurance folder that claims are monitored.									
Council Tax 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. Council Tax bills have been raised accurately and in accordance with the agreed charges. 2. A regular band reconciliation is undertaken between the Valuation Office and Tewkesbury Borough Council. 3. Procedures are in place to identify new properties at the earliest opportunity and that liability is raised accurately (discounts/ exemptions) <p>Audit opinion</p> <table border="1" data-bbox="405 689 1447 2018"> <thead> <tr> <th data-bbox="405 689 480 757">CO</th> <th data-bbox="485 689 751 757">Assurance Level</th> <th data-bbox="756 689 1447 757">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 763 480 1339">1</td> <td data-bbox="485 763 751 1339">Good</td> <td data-bbox="756 763 1447 1339"> <p>2016/17 Council Tax bills have been raised accurately and in accordance with the agreed charges. Council Tax precepts were appropriately agreed by Council on 18 February 2016 and parameters correctly applied to the Northgate system.</p> <p>The manual recalculation of the gross liability for two Parishes confirmed that this had been calculated correctly, based on the agreed banding values, and that the number of properties in respect of Council Tax 2016/17 on Northgate reconciled to the Valuation Office schedules. In addition, evidence provided reasonable assurance that a random sample of Council Tax bills were checked for accuracy prior to issuing the bills on 11 March 2016.</p> </td> </tr> <tr> <td data-bbox="405 1346 480 2018">2</td> <td data-bbox="485 1346 751 2018">Good</td> <td data-bbox="756 1346 1447 2018"> <p>Band reconciliations are undertaken between the Valuation Office schedules and the Northgate system. Any amendments were found to have been accurately updated within the Northgate system.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Good	<p>2016/17 Council Tax bills have been raised accurately and in accordance with the agreed charges. Council Tax precepts were appropriately agreed by Council on 18 February 2016 and parameters correctly applied to the Northgate system.</p> <p>The manual recalculation of the gross liability for two Parishes confirmed that this had been calculated correctly, based on the agreed banding values, and that the number of properties in respect of Council Tax 2016/17 on Northgate reconciled to the Valuation Office schedules. In addition, evidence provided reasonable assurance that a random sample of Council Tax bills were checked for accuracy prior to issuing the bills on 11 March 2016.</p>	2	Good	<p>Band reconciliations are undertaken between the Valuation Office schedules and the Northgate system. Any amendments were found to have been accurately updated within the Northgate system.</p>
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2	Good	<p>Band reconciliations are undertaken between the Valuation Office schedules and the Northgate system. Any amendments were found to have been accurately updated within the Northgate system.</p>										

	3	Good	<p>Procedures are in place to identify new homes within the borough, via identification of properties applying for Street Naming and Numbering for newly built properties. The progress of these developments is monitored via the inspection process. The current procedure for the recording of these inspections is completed in spreadsheets maintained by the Inspecting Officer. Provisional bandings are also provided to new properties at the time completion notices are issued or upon notification to the Council of occupation of the property. This ensures that income can potentially be gathered before the official banding by the Valuation Office is completed. Whilst it is not a legal requirement for customers to pay at this time, testing identified that of the net liability raised on provisional banding, 70% had been paid.</p> <p>With regard to Council Tax liability, parameters concerning discounts and exemptions were found to have been correctly noted on Northgate. Furthermore, a review of accounts provided assurance that discounts and exemptions had been applied accurately to all sampled accounts and were supported by adequate evidence in 19 of the 20 accounts sampled.</p>
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Tourist
Information
Centres
2016/17

Control Objectives (CO):

1. Income is collected, reconciled, and allocated promptly and correctly to the General Ledger.
2. Expenditure is authorised appropriately, goods/services received, and in respect of goods received, these have been entered into the stock system.

Audit opinion

CO	Assurance Level	Opinion
1	Satisfactory	<p>There is a satisfactory level of assurance that income collected at both the Heritage and Visitor Centre (THVC) and the Winchcombe Information Centre was reconciled, promptly banked and allocated correctly to the general ledger in respect of both income codes and VAT. It was found, however, that method for recording sales in respect of event tickets gave limited assurance that reconciliations of event tickets was completed and that associated commission was being raised correctly in regards to the Winchcombe Festival of Music and Arts.</p> <p>The financial procedure rules require that stock is maintained as reasonable levels and that a regular stock check is undertaken. Although stock at the information centres was found to be maintained in low volumes, stock is kept in ununlockable cupboards and there are infrequent stock checks.</p> <p>Whilst completing the audit two unrelated control issues were identified as follows:-</p> <ul style="list-style-type: none"> - large amounts of data, including personal information from ticket sales, is retained at the THVC office although physical controls in regards to access to this data is in place. However, it is recommended that a data retention policy be established and excess data be removed and destroyed in line with the Data Protection Act. - The information centre at Winchcombe is operated from rented premises owned by Winchcombe Town Trust. The agreement was not made available at the time of audit and it is recommended that this located and updated to outline the conditions and rental fee for the lease.

	2	Satisfactory	Using a sample of invoices, evidence was obtained that demonstrated a good level of assurance that orders were raised appropriately, invoices paid in a timely manner for the correct value, and were allocated correctly to the General Ledger. In addition there was evidence that upon receipt of the goods, these were entered into the stock system. As mentioned above, regular stock checks are not maintained and this has been addressed in a recommendation above.						
Recycling 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. A contract exists for the disposal of recycling waste and key performance data is provided in accordance with the terms of the contract, and expenditure in relation to disposal costs is accurate. 2. Kerbside recycling processes are in place to ensure that recycling credit tonnage is accurate and invoices to the county are raised for the correct amount <p>Audit opinion</p> <table border="1" data-bbox="405 875 1447 2047"> <thead> <tr> <th data-bbox="405 875 480 972">CO</th> <th data-bbox="485 875 724 972">Assurance Level</th> <th data-bbox="729 875 1447 972">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 978 480 2047">1</td> <td data-bbox="485 978 724 2047">Satisfactory</td> <td data-bbox="729 978 1447 2047"> <p>There is evidence that a contract exists for the sorting and disposal of recycling waste and that data regarding the key reporting terms as stated in the Invitation to Tender are provided in the form of Monthly Summary Reports. It is the responsibility of the Joint Waste Team to monitor the recycling element, and whilst the key reporting terms offer this function, further explanation of the expected Joint Waste Team's monitoring functions and activities should be provided in the form of a recycling protocol, including sampling spot check procedures and waste carrier permits.</p> <p>Testing of two monthly invoices confirmed that recycling data recorded on the creditor invoices were accurate to the actual operation of the service and that fees are paid correctly. Whilst testing confirmed that the Grundon invoices for May and October 2016 were accurately stated, on discussion with the Interim Head of Community Services (IHCS) and the Joint Waste Team Officer it was established that currently no verification of the Grundon invoice is completed prior to payment being made. Considering the value of the invoices it is recommended that verification of the invoice be completed prior to payment.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Satisfactory	<p>There is evidence that a contract exists for the sorting and disposal of recycling waste and that data regarding the key reporting terms as stated in the Invitation to Tender are provided in the form of Monthly Summary Reports. It is the responsibility of the Joint Waste Team to monitor the recycling element, and whilst the key reporting terms offer this function, further explanation of the expected Joint Waste Team's monitoring functions and activities should be provided in the form of a recycling protocol, including sampling spot check procedures and waste carrier permits.</p> <p>Testing of two monthly invoices confirmed that recycling data recorded on the creditor invoices were accurate to the actual operation of the service and that fees are paid correctly. Whilst testing confirmed that the Grundon invoices for May and October 2016 were accurately stated, on discussion with the Interim Head of Community Services (IHCS) and the Joint Waste Team Officer it was established that currently no verification of the Grundon invoice is completed prior to payment being made. Considering the value of the invoices it is recommended that verification of the invoice be completed prior to payment.</p>
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	2	Satisfactory	Materials Recycling Facility (MRF) recycled waste is proportioned through sampling testing into various waste stream tonnages and it is these tonnages that monetary credits can be reclaimed from Gloucestershire County Council. Assurance was obtained that waste being collected from households was disseminated to reputable recycling plants. In addition, the appropriate sampling tonnages were being taken in order to identify the waste stream proportion. However, invoices raised in connection with the recycling credits were based on the waste recycling schedule provided by Gloucestershire County Council without any independent verification of the tonnage and sampling values being undertaken by Tewkesbury Borough Council.									
Main Accounting 2016/17	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> All journals over £10,000 are reviewed by an appropriate member of the finance team to ensure that all transactions are appropriately processed and recorded. Suspense and unidentified remitters accounts are reviewed and cleared on a regular basis. Feeder systems are balanced to the main accounting system on a monthly basis. <p>Audit Opinion:</p>											
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	3	Good	The feeder systems to the main accounting system were identified during the audit and a review of the balancing statement file confirmed that these are balanced on a monthly basis and balancing statements are subject to supervisory review by the Finance Manager. A review of the reconciliation statements of two feeder systems was carried out during the audit and these were found to be accurate.						
Creditors 2016/17	<p>Control Objectives (CO):</p> <p>1. Key controls in respect of the creditor's system are in place.</p> <p>Audit opinion:</p> <table border="1" data-bbox="422 622 1444 2076"> <thead> <tr> <th data-bbox="422 622 494 739">CO</th> <th data-bbox="494 622 718 739">Assurance Level</th> <th data-bbox="718 622 1444 739">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="422 739 494 2076">1</td> <td data-bbox="494 739 718 2076">Satisfactory</td> <td data-bbox="718 739 1444 2076"> <p>In compliance with the Council's Financial Procedure Rules, an authorised signatory list is in place This is reviewed on a regular basis and any new signatories appropriately authorised by the S151 Officer.</p> <p>Through reviewing a sample of paid invoices, assurance was obtained that all had been appropriately authorised (within officers' authorisation limits), and the expenditure and any associated VAT amount had been correctly allocated within the general ledger.</p> <p>Tewkesbury Borough Council became a deemed contractor under the Construction Industry Scheme (CIS) with effect from 6 April 2016. Therefore, from this date, all payments made by the council for construction operations falling under the scheme should be subject to CIS rules. Out of a total of £54,862,636.59 of creditor payments processed to date within the current financial year, £1,192,446 of this total relates to CIS payments, with the majority of this amount relating to the build of the new leisure centre.</p> <p>Audit testing of a monthly CIS return, relating to payments made to a total of 7 sub-contractors, concluded that:</p> <ul style="list-style-type: none"> • 4 had been processed correctly and CIS had been applied accurately. • 1 had been incorrectly processed through CIS. • 2 related to mixed contracts whereby not all payments due to the sub-contractor had been processed through CIS and in these cases the council will need to demonstrate that each piece of work, that was either included or excluded, had been separately agreed and commissioned </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1	Satisfactory	<p>In compliance with the Council's Financial Procedure Rules, an authorised signatory list is in place This is reviewed on a regular basis and any new signatories appropriately authorised by the S151 Officer.</p> <p>Through reviewing a sample of paid invoices, assurance was obtained that all had been appropriately authorised (within officers' authorisation limits), and the expenditure and any associated VAT amount had been correctly allocated within the general ledger.</p> <p>Tewkesbury Borough Council became a deemed contractor under the Construction Industry Scheme (CIS) with effect from 6 April 2016. Therefore, from this date, all payments made by the council for construction operations falling under the scheme should be subject to CIS rules. Out of a total of £54,862,636.59 of creditor payments processed to date within the current financial year, £1,192,446 of this total relates to CIS payments, with the majority of this amount relating to the build of the new leisure centre.</p> <p>Audit testing of a monthly CIS return, relating to payments made to a total of 7 sub-contractors, concluded that:</p> <ul style="list-style-type: none"> • 4 had been processed correctly and CIS had been applied accurately. • 1 had been incorrectly processed through CIS. • 2 related to mixed contracts whereby not all payments due to the sub-contractor had been processed through CIS and in these cases the council will need to demonstrate that each piece of work, that was either included or excluded, had been separately agreed and commissioned
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			<ul style="list-style-type: none"> • Accurate deduction statements have been issued to sub-contractors based on the actual deductions made. <p>Given the audit findings, it is recommended that a review of the CIS monthly returns processed to date is carried out in order to ensure that the scheme has been correctly applied. The review should also take into consideration the following aspects of the scheme:</p> <ul style="list-style-type: none"> • Mixed contracts. • Exemption re: expenditure relating to property used by the council itself. <p>Further guidance should be sought from HMRC where required and the appropriate action taken as a result.</p>						
<p>Environmental Health Flood Grants 2016/17</p>	<p>Control Objectives (CO):</p> <ol style="list-style-type: none"> 1. External funding receipted in relation to flood schemes is appropriately spent and monies due in relation to these schemes have been received promptly and for the correct amount. <p>Audit opinion:</p> <table border="1" data-bbox="405 981 1441 2042"> <thead> <tr> <th data-bbox="405 981 480 1128">CO</th> <th data-bbox="480 981 724 1128">Assurance Level</th> <th data-bbox="724 981 1441 1128">Opinion</th> </tr> </thead> <tbody> <tr> <td data-bbox="405 1128 480 2042">1.</td> <td data-bbox="480 1128 724 2042">Satisfactory</td> <td data-bbox="724 1128 1441 2042"> <p>The testing of creditor invoices confirmed that expenditure in relation to flood schemes allocated within the earmarked reserves had been appropriately spent in accordance with the stated scheme. There was a minor non-compliance to the procurement rules in relation to not obtaining a fresh waiver for replacement contractors. In relation to the Gloucestershire County Council flood funding, monies were found to have been received and there was evidence to demonstrate that creditor payments for works had been authorised correctly and paid in a timely manner. Monitoring of flood schemes in progress was undertaken through an inspection regime and progress on these schemes were notified to the Flood Risk Management Group. However, it was noted that the agreement between the Borough Council and the County Council with regards grant payments to undertake flood alleviation schemes still needs to be finalised.</p> </td> </tr> </tbody> </table>			CO	Assurance Level	Opinion	1.	Satisfactory	<p>The testing of creditor invoices confirmed that expenditure in relation to flood schemes allocated within the earmarked reserves had been appropriately spent in accordance with the stated scheme. There was a minor non-compliance to the procurement rules in relation to not obtaining a fresh waiver for replacement contractors. In relation to the Gloucestershire County Council flood funding, monies were found to have been received and there was evidence to demonstrate that creditor payments for works had been authorised correctly and paid in a timely manner. Monitoring of flood schemes in progress was undertaken through an inspection regime and progress on these schemes were notified to the Flood Risk Management Group. However, it was noted that the agreement between the Borough Council and the County Council with regards grant payments to undertake flood alleviation schemes still needs to be finalised.</p>
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			<p>The Borough Council is acting as an accountable body for the Isbourne Catchment Flood Group and currently holds funds for this Group. However, there is no formal agreement in place and as such the liabilities of the Council are not fully known. The funds that have been received in relation to this Group have been monitored, and work carried out to ensure that the Council has an understanding of any VAT implications in the event of spending these funds. It is also understood that work is also under way to ensure the 'best way forward' for the Group to operate in the future.</p>
Corporate Improvement Work	<p>Management of TBC New Vehicles by UBICO</p> <p>An agreement was in the process of being established with UBICO in relation to the new vehicle fleet that the Council has purchased. The Council needs to have assurance that those vehicles are being appropriately maintained and in this connection a series of suggested controls in relation to insurance, service/maintenance, repairs, tyres and general vehicle condition were provided to the interim Head of Community Services for inclusion within the agreement.</p>		

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.