

## List of Audits completed as part of the 2017-18 Audit Plan

Audit	Audit Objective & Opinion															
Cash and Bank	<b>Control Objectives (CO):</b>  <div><div>1. Income receipted through the cash office is promptly banked and allocated to the general ledger.</div><div>2. Card payments made online or over the phone are controlled and reconciled.</div><div>3. Systems transactions are matched promptly to statement transactions.</div><div>4. A bank reconciliation is undertaken on a monthly basis.</div></div>															
	<b>Audit Opinion</b>															
	<table><tr><th>CO</th><th>Assurance Level</th><th>Opinion</th></tr><tr><td>1</td><td>Good</td><td>Testing of 15 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. No cases of under or over banking exceeding £10.00 were found between April 2017 and February 2018 and therefore no investigations had been required to be completed.</td></tr><tr><td>2</td><td>Good</td><td>Card payments, including automated telephone payments, are effectively controlled and reconciled. Of the 15 daily transaction totals sampled during the audit, all were found to reconcile to the bank import file (bank statement) and be correctly allocated within the general ledger.</td></tr><tr><td>3</td><td>Good</td><td>There is a good level of assurance that system transactions are matched promptly to bank statement deposits. A review of the unmatched systems transactions report found that four cheques had been outstanding in excess of six months and therefore required cancellation; this had not been completed as part of the balancing for the previous accounting period but has now been updated.</td></tr><tr><td>4</td><td>Good</td><td>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 AP4 and AP7.</td></tr></table>	CO	Assurance Level	Opinion	1	Good	Testing of 15 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. No cases of under or over banking exceeding £10.00 were found between April 2017 and February 2018 and therefore no investigations had been required to be completed.	2	Good	Card payments, including automated telephone payments, are effectively controlled and reconciled. Of the 15 daily transaction totals sampled during the audit, all were found to reconcile to the bank import file (bank statement) and be 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. A review of the unmatched systems transactions report found that four cheques had been outstanding in excess of six months and therefore required cancellation; this had not been completed as part of the balancing for the previous accounting period but has now been updated.	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 AP4 and AP7.
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Council Tax  
– write offs

**Control Objectives (CO):**

1. A Write Off policy exists and has been appropriately approved. Any write offs made should be completed in line with this policy.

**Audit opinion**

CO	Assurance Level	Opinion
1	Satisfactory	<p>A Write Off Policy was taken to Executive Committee and appropriately approved. Contextual amendments have been made since the restructure within the Revenues and Benefits section, with the policy now making reference to the new Revenues and Benefits Manager (RBM) role. The policy is high level in that it defines the authorisation limits for which officers can sign off write offs. It is recognised that the policy requires further enhancements, particularly in relation to defining the circumstances when a debt can be written off, and in this respect the RBM has been tasked with reviewing the policy.</p> <p>Testing of a sample of 10 write offs found that, in all cases, write offs had been done so with legitimate cause and in line with the policy. Some variances in the value of the write offs were identified due to timing issues from raising the write off to authorisation by the Head of Finance and Asset Management (HFAM). As a result, it is recommended that a review of the current procedure for raising and reporting write offs be completed to ensure that the information provided to the HFAM is accurate at the time of authorising write offs.</p> <p>As part of testing, the audit examined the quarterly return of council tax and business rates completed by the previous Head of Revenues and Benefits for the final outturn relating to 2016/17. It was found that the data entered in relation to write offs could not be reconciled to the Northgate system and there was no supporting documentary evidence. Whilst the return does not have a financial bearing, the return is a public document and, to ensure that the council's reputation is not damaged, information published should be accurate. A recommendation has been made that supporting documentation is retained to support the values entered.</p>

Council Tax  
- Recovery

**Control Objectives (CO):**

1. Effective recovery procedures and policies are in place to ensure non payers are promptly and effectively pursued.
2. Actual recovery is completed in line with the Council's policies and procedures as referenced in CO1.
3. A contract exists between the Council and the external recovery agents (Bristow and Sutor), and recovery action completed on behalf of the council is done so in accordance with this contract.

**Audit opinion**

CO	Assurance Level	Opinion
1	Satisfactory	Procedures are detailed in the Council's Collection Policy that was taken to Executive Committee on 30 March 2011 and subsequently approved, although this now requires updating. The Revenues and Benefits Manager is in the process of reviewing a number of the department's policies. The recommendation has been made that the policy be reviewed to ensure that it remains relevant and is robust enough to support the decisions made within the department. The procedures for recovery are effectively communicated on the Council's dedicated webpage and are standardised in accordance with the Council Tax (Administration and Enforcement) Regulations 1992.
2	Satisfactory	Testing of accounts at numerous stages of recovery found that bills, reminders and summons were raised appropriately in line with the Council's recovery procedures. Processes are in place to actively seek to recover debts, with the Revenues Team Leader producing business objects reports and system generated reports to direct Revenues Officers to contact liable parties and raise the appropriate recovery stage. More complex cases were found to take an extended period of time at recovery stages which included fraud cases and cases in which legal advice was required.  Currently no formal reporting of monitoring figures is undertaken but the Revenues and Benefits Manager gave verbal assurance that this will be implemented.

	3	Satisfactory	<p>A contract is in place between the Council and both the primary (Bristow and Sutor) and secondary (Rossendales) enforcement agents. The contract has been appropriately authorised and signed in November 2016. The contract makes reference to appropriate data processing in line with the Data Protection Act, and steps are in place to vary the contracts with regards the General Data Protection Regulations.</p> <p>Monthly reports are provided to the Revenues Team Leader (RTL) from both enforcement companies, and the Bristow and Sutor's online portal allows the RTL to access individual debtor accounts or run additional ad-hoc reports. Quarterly meetings are maintained between the RTL and representatives of Bristow and Sutor, and bi-annual meetings are held with Rossendales who handle a smaller case load.</p> <p>The contract does not include performance measures such as expected recovery % and time frames for handling cases. The contract makes reference to an Order Form, which should include performance measures, the commencement date and additional information surrounding exit strategies. However, during the course of the audit, the completed Order Form could not be obtained. Without appropriate performance measures, effective contract monitoring and the Council's ability to challenge service delivery is limited. It is therefore recommended that the Order Form be completed as it would have been at the beginning of the contract. This should include appropriate performance indicators, which will enable the council to monitor service delivery and provide groundings for challenging the enforcement companies if and when necessary.</p>
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**Budgetary  
Control**

**Control Objectives (CO):**

1. The budget is formally approved at Council prior to the commencement of the financial year and the general ledger reflects the approved budget.
2. Responsibility for budgetary control is defined.
3. There is adequate budget monitoring.

**Audit Opinion:**

CO	Assurance Level	Opinion
1	Good.	The 2017/18 budget of £9,913,693 was appropriately approved at Council, prior to the commencement of the financial year. The approved budget has successfully been uploaded to the general ledger.
2	Good.	Good assurance was obtained that the scheme of budget delegation is well documented; a folder is created annually to show that each manager has officially signed for the acknowledgment of their budget and is updated each new financial year. Guidelines in respect of budgetary control have been produced and are relevant as at 2017. There is evidence that training for budget managers and Members has been provided for 2017/18 and this was well attended.
3	Good.	<p>Good assurance was obtained that there is adequate budget monitoring taking place. Monitoring reports are produced on a regular basis and are received by the nominated budget holders as depicted by parameters set. Quarterly meetings between the Finance Representative and the budget holder further prove that a regular review of budgets is carried out by Financial Services. Through the sampling of significant budget variances, assurance was also obtained that these are investigated, documented and where appropriate formal actions plans have been established.</p> <p>Budget information was also found to be reported to CLT management at regular intervals and quarterly reporting of the budget position is produced for the Executive Committee.</p>

Land  
Charges

**Control Objectives (CO):**

1. That income in respect of searches has been received and banked in accordance with the agreed scale of fees.
2. That expenditure made to the County in respect of search information received is accurate.
3. Procedures have been put in place to ensure a smooth transfer of Land Charges records to the Land Registry in 2019.

**Audit opinion**

CO	Assurance Level	Opinion
1	Good.	<p>The Local Authorities (England) (Charges for Property Searches) Regulations 2008 require the council to publish information relating to proposed unit charges based on estimates. An annual exercise by the Finance Section is carried out to establish the new unit price; however, this data had not been published since 2015/16. An agreed action to add this instruction to the Land Charges staff calendars before the 30th of June each year as a prompt has been made. The regulations also require a yearly summary of the total income and costs relating to access to property records and answering enquires, these were found to have been published and up to date. All fees that had been established have been appropriately approved, the website shows a document signed by the Asset Manager.</p> <p>Local land charges requests were found through testing, to have been processed with reasonable promptness and upon receipt of a payment. Fees charges are accurately applied and the associated income receipted via card, cheque and BACs was banked promptly and allocated to the appropriate general ledger code. In addition VAT was correctly applied for each payment.</p>
2	Good.	<p>Search requests can include County Council questions. Payment in respect of these questions is taken by the Borough Council and repaid to the County. Testing of two quarterly invoices demonstrated that the Land Charges Clerk has a systematic approach to recording information to be able to reconcile the invoices received. Good assurance was obtained that expenditure made to the County Council has been verified and is accurate.</p>

	3	Good.	Through a review of programme planning documentation and verbal discussions with the Head of Development Services and the Development Manager assurance was obtained that procedures have been put in place to ensure a smooth transfer of land charges records to the Land Registry when a timescale has been agreed. It is clear that this process is ingrained within Development Services and an awareness of the risks and work involved is evident. An official project will be established in due course.
Main Accounting	<b>Control Objectives (CO):</b>		
	1. 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.		
	2. Suspense and unidentified remitters accounts are reviewed and cleared on a regular basis.		
	3. Feeder systems are balanced to the main accounting system on a monthly basis.		
	<b>Audit Opinion</b>		
	<b>CO</b>	<b>Assurance Level</b>	<b>Opinion</b>
	1	Good.	Through reviewing a sample of journals processed within the current financial year to date, assurance was obtained that these have been authorised, processed by an appropriate officer and all had adequate supporting documentation to support their integrity. For journal entries greater than £10,000 evidence was obtained that these are reviewed on a monthly basis by the Finance Manager.
	2	Good.	The suspense and unidentified remitters accounts were found to have been reviewed and cleared on a regular basis. A review of the general ledger during the audit confirmed the balance to be '0' for both detailed suspense accounts and items within the account had been cleared promptly. In respect of unidentified remitters, this identified no significant balances in respect of un-cleared bank, cash and giro transactions.
	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.

Payroll

Control Objectives (CO):

1. Review the effectiveness of the framework in place to ensure compliance to the IR35 legislation.

Audit opinion

CO	Assurance Level	Opinion
1	Good	<p>A robust framework has been established in relation to ensuring compliance to the IR35 legislation. The framework includes:-</p> <ul style="list-style-type: none"><li>• The establishment of documented procedures, guidance and checklists which have been disseminated to relevant officers.</li><li>• The provision of training in relation of off-payroll creditors.</li><li>• An ongoing assessment process of individuals working for the Council (through companies including employment agencies) is undertaken by Financial Services and the establishment of an “off-payroll creditors” list has been created to prevent payments being processed until an informed decision as to the correct mechanism for paying the creditor has been made.</li></ul> <p>A review of the assessment process has confirmed that only one creditor is currently identified as an off-payroll worker and testing of payments to this individual confirmed that payments to HMRC are being made. It was noted that one of the tax deductions had been based on the gross amount of pay and it was confirmed with the Finance Manager that VAT charges should not be included in any calculation of PAYE tax. The Finance Manager provided verbal assurance that the VAT error has been rectified satisfactorily and Frontier have provided evidence to ensure this does not happen again.</p>



Corporate Improvement Work	<p><b><u>ICT Risk Assessment</u></b></p> <p>Further support work has been provided in the production of the ICT risk assessment and risks in relation to IT availability, continuity, security, change, data integrity and outsourcing of services have been incorporated into the assessment. Consideration is now being given to identifying the mitigating controls against these risks and to scoring of these risks.</p> <p><b><u>Tewkesbury Leisure Centre</u></b></p> <p>To support the monitoring of key contract requirements, the team has generated a draft monitoring guide in relation to the leisure centre which provides information on the timing of reports, data to be collected and suggested physical checks to be performed.</p> <p><b><u>Management Commitments – staff engagement</u></b></p> <p>In response to feedback given from staff through a staff engagement survey a set of management commitments were introduced. These were developed in conjunction with staff and promoted through staff briefings. The commitments reinforce fundamental engagement activities that must happen across the corporate piste. These include the regular holding of team meetings, completion of Personal, Professional Development forms (performance reviews) and prompt completion of corporate requests e.g code of conduct forms. Management specifically asked internal audit to undertake a short piece of work to confirm how well embedded the commitments are. This work has commenced and the outcome will be reported at the next Audit Committee meeting.</p>
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**The level of internal control operating within systems will be classified in accordance with the following definitions:-**

<b>LEVEL OF CONTROL</b>	<b>DEFINITION</b>
<b>Good</b>	Robust framework of controls – provides substantial assurance.
<b>Satisfactory</b>	Sufficient framework of controls – provides satisfactory assurance – minimal risk. Probably no more than one or two 'Necessary' (Rank 2) recommendations.
<b>Limited</b>	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.
<b>Unsatisfactory</b>	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**

<b>CATEGORY</b>		<b>DEFINITION</b>
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.