

**Slough Borough Council**

**Internal Audit Plan**

**Second Quarter 2011/2012 Progress**

## **SUMMARY**

With the significant changes happening within the Council it has been a difficult two quarters with significant numbers of audits deferred and delayed at the request of Auditees. However, internal audit have worked with management to facilitate changes to the audit plan as well as timings of individual assignments. This has however impacted upon the overall delivery of the internal audit plan and the associated Performance Indicators. However, at this stage we are confident that the PIs will be achieved by the deadlines quoted.

## **PROMOTING INTERNAL CONTROL**

To promote internal control within the Authority, Internal Audit will report to Committee in the following format:

- An overall summary of the control environment operating within the Authority. This will look at the wider picture of all reviews in the year to date, and provide either assurance to Committee that the control systems are working effectively and the interests of the Authority are protected; or act as an early warning of sectors of the Authority where the control system is failing.
- Report back on the specific audits finalised in the quarter, including a brief background, scope and recommendation titles. Audit opinions are either full, substantial, limited or none. Recommendations are graded by Priority. Priority One are major matters for the attention of senior management, Priority Two are recommendations for local management attention and Priority Three are minor matters.
- Update Members on the current situation regarding limited areas previously reported to Committee. This will inform Members of the action taken by Officers to resolve internal audit issues.

Table One lists each area covered in 2011/12 to date where a final report has been issued since the last Audit Committee, together with the assurance level at the time of the audit. Appendix Two of this report provides a detailed overview of the recommendation, priority and management response.

Twelve audit reports have been issued in draft format, awaiting finalisation from the 2011/2012 Internal Audit Plan. Progress against the plan and the draft reports issued are listed in Appendix One and will be included in our next submission to the Audit Committee meeting once the reports have been finalised.

All reviews completed were full in-depth audits of operational systems within the Authority. Members and Management should note that the assurance level is an illustration of the level of control operational at the time of the audit. The auditor will agree with Management a number of recommendations which, when implemented, will result in a more secure system. Each recommendation is given an implementation date, and progress against these will be monitored on a regular basis by the Internal Audit Team via the undertaking of follow-up audits.

## PERFORMANCE INDICATORS

Part of the Head of Internal Audit function is to monitor the performance of Internal Audit. It was agreed at the Cabinet meeting (11<sup>th</sup> April 2011) to report on a quarterly basis against the following key performance indicators.

Ref	Performance Indicators	Target	Q2 Outcome
1	% of deliverables completed by 31/3/2012  (Deliverables include management letters, summary reports and draft audit reports)	95%	There have been significant changes to the timings of many quarter one audits. These have been facilitated and should not at this stage impact upon the delivery of this performance indicator by 31/3/2012.
2	% of agreed audit briefs issued no less than 10 working days before the start of the audit  (This is to allow managers sufficient notice and time to consider the proposed work. Any exemptions due to urgency or management request will be agreed by the HOIA)	95%	90% The PI should be achieved for the year.
3	% of planned audit days delivered by 31/03/2012  (It is intended that as far as possible the audit plan will be delivered evenly through the year.)	95%	Currently behind target with the number of audits delayed and deferred by management. However, this will not impact on the delivery of this PI by 31/12/2012.
4	% of draft reports issued within 10 working days of exit meeting  (This is ensure that management actions can be undertaken on a timely basis)	95%	90%

## PROGRESS AGAINST THE 2011/2012 INTERNAL AUDIT PLAN

As at the 2<sup>nd</sup> November, 96% of the days within the Quarter 1 and Quarter 2 audit plan have been delivered, as detailed within appendix one. There have been a number of deferrals from the quarterly plans, with these audits now scheduled to be undertaken within quarters three and four respectively. Of the nineteen audits undertaken, five (26%) have been issued as final reports, with twelve (63%) at draft report stage. The audit fieldwork has been completed for the remaining two audits (11%).

Audits have been completed in accordance with the timings agreed with the Audit Committee. Appendix One of this report also shows the status of work to date and the number of days delivered.

### AUDIT ACTIVITY

**Table 1 – Final Internal Audit Reports Issued since the last Audit Committee**

Audit	Assurance Rating
Business Continuity	N/A – Management Letter
CRB Checks	Limited
Debtors Management	Limited
Khalsa Primary School	Limited
Housing Rents	Limited

Appendix Two to this report provides a detailed summary of the recommendations, their priority and management responses from these audits.

Internal Audit Plan 2011/12 – Progress to 2 <sup>nd</sup> November 2011 (Quarters 1 and 2)						
Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
<b>ANNUAL ASSURANCES</b>						
Annual Governance Statement	5	4	Q1	Verification	N/A	Audit work completed – to be reported to next committee
Project Management (inc. VfM)	10	9.5	Q2	Risk	High	Draft Report Issued.
<b>Total</b>	<b>15</b>	<b>13.5</b>				
<b>CENTRAL FINANCIAL SYSTEMS</b>						
Housing Rents	10	10	Q1	Key	High	Final Report Issued.
Debtors Management	10	10	Q1	Key	High	Final Report Issued.
<b>Total</b>	<b>20</b>	<b>20</b>				
<b>CORPORATE ISSUES</b>						
Business Continuity	10	10	Q1	Key	High	Final Report Issued.
Quarterly Reconciliation Checks	10	9.5	Q1 & Q2	Key	High	Draft Report Issued.
Virements within Directorate Budgets	15	14.5	Q1	Key	High	Draft Report Issued. Audit originally scheduled for Q1, deferred to Q2 at auditee's request. A further review will now take place in Q3 before a final report is issued.
Performance Indicators	10	9.5	Q1	Verification	Medium	Draft Report Issued
<b>Total</b>	<b>45</b>	<b>43.5</b>				
<b>IT AUDITS</b>						
GIS	12	11.5	Q1	Systems	High	Draft Report Issued 25 <sup>th</sup> July 2011, no

## Internal Audit Plan 2011/12 – Progress to 2<sup>nd</sup> November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
						management response yet received. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
Off Site Working	10	9.5	Q1	Systems	High	Draft Report Issued 29 <sup>th</sup> July 2011, no management response yet received. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
Disaster Recovery and Back-up	10	-	Q1	Systems	High	Deferred to Q4 at auditees request
IT Strategy	8	-	Q1	Systems	High	Deferred to Q4 at auditees request
IT Governance / Programme Management	10	9.5	Q2	Systems		Draft Report Issued.
Telecommunications	10	-	Q2	Systems		Deferred to Q4 at auditees request
Server Virtualisation & Data Centre	12	-	Q2	Systems		Deferred to Q4 at auditees request
<b>Total</b>	<b>72</b>	<b>30.5</b>				
RESOURCES AND REGENERATION DIRECTORATE						
Slough Enterprise	5	4.5	Q1	Key	High	Draft Report Issued. Audit originally scheduled for Q1, deferred to Q2 at auditee's request.
CRB Checks	10	10	Q2	Verification	High	Final Report Issued
Contract Management	20	-	Q2	Verification	Medium	Deferred until quarter 3
Fact Finding Work – Property and Regeneration	20	-	Q2			Capital specialist has been appointed by the Council, and as such no detailed work was undertaken in this area.
<b>Total</b>	<b>55</b>	<b>14.5</b>				

## Internal Audit Plan 2011/12 – Progress to 2<sup>nd</sup> November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
<b>CUSTOMER AND TRANSACTIONAL</b>						
None due to take place in 1 <sup>st</sup> or 2 <sup>nd</sup> quarter	0	0	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0</b>				
<b>EDUCATION &amp; CHILDREN'S SERVICES</b>						
Contingency Budget for high risk schools	5	5	Q1	Schools	Medium	Final Report Issued. A request from Khalsa Primary School Governing Body to undertake an urgent financial review.
Schools Financial Support	15	14.5	Q1	Systems	High	Draft Report Issued.
Review of effectiveness of recruitment appointment procedures of schools where HR support is outsourced and internally by the council.	15	14.5	Q1	System	High	Draft Report Issued.
Iqra Primary School	5	4.5	Q2	Probity	Medium	Draft Report Issued.
Safeguarding – Management Assurance	15	13	Q2	Verification	High	Fieldwork completed, draft report to be issued shortly
<b>Total</b>	<b>55</b>	<b>51.5</b>				
<b>COMMUNITY AND WELL BEING</b>						
None due to take place in 1 <sup>st</sup> or 2 <sup>nd</sup> quarters	0	0	-	-	-	-
<b>Total</b>	<b>0</b>	<b>0</b>				
<b>FOLLOW UPS</b>						

## Internal Audit Plan 2011/12 – Progress to 2<sup>nd</sup> November 2011 (Quarters 1 and 2)

Auditable area	Audit Budget (days)	Days Delivered	Timing	Type of Audit	Risk	Progress
Follow Ups	16	15	Q1 / Q2	Follow Up	Medium	Draft Report Issued. An overview of progress with the implementation of audit recommendations has been included within appendix Three.
Management Days	50	50	Q1/Q2	N/A	-	Quarter 1 and 2 Progress Report delivered.
Other work Delivered : (1) Play Capital Grant (2) Milan Centre (3) Respond – Adult Respite Service	10	10	Q1	Ad-hoc	-	(1) Declaration required from the Chief Executive and the Head of Audit by the Department of Education to confirm grant expenditure (2) Review of financial processes and procedures (3) Imprest account processing and reconciliation issues
<b>TOTAL DAYS</b>	<b>338</b>	<b>We have delivered 96% of Q1 and Q2 plan given the number of deferrals, totalling 80 days, within the quarters.</b>				



## SUMMARY OF FINALISED REPORTS

To enable Management and Members to focus on the areas of concern, we have provided a brief summary below of the finalised reports from the Quarter.

### Business Continuity - 2011/2012

We are not providing an assurance opinion in respect of our work; however, we obtained evidence to support progress made against recommendations previously raised within this area. It was recommended that Business Continuity is subject to a full Internal Audit at a future date following completion of the consultancy exercise provided by KPMG. This management letter was intended to outline the current 'state of play' in order for recommendations raised within the 2009/10 report to be addressed by Management under the ongoing review of business continuity arrangements.

The Director of Customer & Transactional Services detailed that the work to be carried out by KPMG will address the issues raised in the previous Internal Audit Report. However, it was noted that arrangements are currently being made in respect of creating a Business Continuity Working Group, in which members are currently being sought. A draft Terms of Reference for the working group has also been created. It was stated that this working group will also work to address recommendations raised within the previous Internal Audit Report.

### Scope

Audit work was undertaken to cover the following control areas:

- Business Continuity Planning;
- Roles and Responsibilities of Staff;
- Business Continuity Training;
- Infrastructure Assessment;
- Risk Analysis;
- Priorities for Recovery; and
- Testing of Business Continuity Plans.

### **Assurance Rating – N/A – Management Letter Issued**

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>1) Business Continuity Working Group</b></p> <p>A Business Continuity Working Group should be established comprising of management from across the organisation.</p> <p>The function of this group should establish the direction of the program, identify tools to be used, establish metrics, and report to senior management on BCP progress.</p>	2 – Medium	<p>Business Continuity Working Group established with representation from all Directorates plus, IT, HR, Communications, Facilities as well as the Emergency Planning Officer. Terms of reference and action plan have been agreed with meetings to be held monthly.</p> <p><b>Responsibility:</b> Corporate Management Team. Chair of Business Continuity Working Group (CMT representative)</p> <p><b>Timescale:</b> Implemented June 2011</p>
<p><b>2) Responsible Officer for oversight of Business Continuity</b></p> <p>A Chair from the Business Continuity Working Group should be nominated to develop the programme.</p> <p>The assigned Officer will then be able to monitor the completion of BCPs and ensure that the content is of a satisfactory quality.</p>	2 – Medium	<p>Director of Customer &amp; Transactional Services elected as Chair and CMT representative.</p> <p><b>Responsibility:</b> Business Continuity Working Group</p> <p><b>Timescale:</b> Implemented June 2011</p>
<p><b>3) Standardisation of Business Continuity Plans</b></p> <p>The Business Continuity Working Group should make a decision on the standard of BCPs produced and hence amend the current BCP template as appropriate.</p> <p>Each service should have their own BCP which reflects their unique individual requirements relevant to the office space or building occupied and staffing but be produced in a format that is consistent with the rest of the organisation.</p>	2 – Medium	<p>Agreed - this has been included within the action plan</p> <p><b>Responsibility:</b> Business Continuity Working Group Chair</p> <p><b>Timescale:</b> September 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>4) Corporate Business Continuity Plan</b></p> <p>The Business Continuity Working Group should ensure that a Corporate BCP is produced and monitor progress against this objective.</p> <p>This should outline the recovery arrangements with external suppliers; initial responses to be taken in the event of an emergency; procedures to enable timely determination of the extent of problems; instructions set out regarding the engagement of any outside providers and procedures to ensure that employees are kept up to date with the status of the event.</p> <p>There should also be procedures in place to ensure that the plan is regularly reviewed, maintained and approved by an appropriate Officer.</p>	2 – Medium	<p>It proposed to produce a draft corporate BCP to be presented to CMT for approval</p> <p><b>Responsibility:</b> Corporate Management Team</p> <p><b>Timescale:</b> October 2011</p>
<p><b>5) Publication of Business continuity Plans on Staff Intranet</b></p> <p>The Chair of the Business Continuity Working Group should confirm that up to date and completed BCPs are made available to staff on the intranet.</p> <p>Progress against this should be regularly monitored.</p>	2 – Medium	<p>The Group should consider if there is any confidential information that may be contained within BCP's and decide what information can be made available on the intranet.</p> <p><b>Responsibility:</b> Chair of Business Continuity Working Group</p> <p><b>Timescale:</b> Monthly - On going as part of the normal working of the group</p>
<p><b>6) Business Continuity Key Contacts</b></p> <p>A master list of key contacts and their telephone numbers should be maintained.</p>	2 – Medium	<p>The listing of key contacts and their phone numbers from each department can be part of the Corporate BCP. Working group Members requested to review and address issues by next</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
This should be held electronically and a hardcopy stored in a secure location.		meeting <b>Responsibility:</b> BCP working group <b>Timescale:</b> September 2011
<b>7) Infrastructure Assessment</b>  We recommend the Business Continuity Working Group identify and discuss work to be completed as part of the BCP infrastructure assessment.	2 – Medium	Agreed <b>Responsibility:</b> Business Continuity Working Group Chair <b>Timescale:</b> August 2011
<b>8) Business Impact Analysis</b>  The Business Continuity Working Group should review the work done on Business Impact/Risk Assessments to ensure that it is still fit for purpose.  This work should develop a clear picture of what components (people, process, and/or technology) of the operation are critical to it carrying out its mission and to identify how long it can do without or work-around those components if they are to become unavailable.	2 - Medium	Current BIA's to be reviewed and amended as appropriate by each Directorate lead and taken to each SMT for approval <b>Responsibility:</b> Business Continuity Working Group <b>Timescale:</b> September 2011
<b>9) Recovery Procedures</b>  The Business Continuity Working Group should identify and discuss recovery priorities and recovery sites as part of the BCP process.	2 – Medium	Agreed Facilities team to carry out assessments of suitable sites. <b>Responsibility:</b> Business Continuity Working Group Chair <b>Timescale:</b> October 2011
<b>10) BCP Training</b>  The Risk and Insurance Officer should liaise with Chartis (AIG) with regards to the provision of BCP training and report this to the Business Continuity Working Group.	2 – Medium	Agreed <b>Responsibility:</b> Insurance and Risk Officer <b>Timescale:</b> November 2011

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>11) Business Continuity Testing</b></p> <p>The Chair of the Business Continuity Working Group should report to CMT in respect of a BCP testing schedule involving potential scenarios and the possible implications.</p> <p>The outcome of tests successes or failures should be fully documented and used by those in management to modify their BCPs accordingly.</p>	2 - Medium	<p>BC is now a gold project on the CMT project programme. Therefore reports will be produced monthly to CMT</p> <p><b>Responsibility:</b> Business Continuity Working Group Chair</p> <p><b>Timescale:</b> Monthly</p>
<p><b>12) External Business Continuity Plans from Key Suppliers</b></p> <p>The Business Continuity Working Group identifies and discusses the key suppliers to the Council to ensure that they have provided BCPs.</p> <p>As part of the new supplier's process, critical new suppliers should be required to provide the Council with their BCPs as part of the procurement process.</p>	2 – Medium	<p>Part of the proposed action plan and tasked to the group</p> <p><b>Responsibility:</b> Business Continuity Working Group Chair in coordination with Assistant Director Commissioning, Procurement and Shared Services</p> <p><b>Timescale:</b> December 2011</p>

## Criminal Records Bureau (CRB) Checks - 2011/2012

A Criminal Records Bureau (CRB) check provides details of an individual's criminal record and, for certain jobs, information held by the Independent Safeguarding Authority to help you recruit suitable staff. When the CRB check is complete, you will receive a CRB certificate.

### Scope

Audit work was undertaken to cover the following control areas:

- Legislation, Policies, and procedures;
- Governance over compliance with CRB Policies;
- Use of portable CRB checks;
- Recruitment procedures and CRB checks;
- Staff training and information in relation to CRB requirements; and
- Maintenance of and access to CRB records in line with legislative requirements..

### Assurance Rating - Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>1) Review of Policies and Procedures</b></p> <p>The CRB Usage, the Secure Storage, Handling, Use, retention and Disposal Policies and the Disclosure Information – Code of Practice should be reviewed on a regular basis to ensure that they maintain up to date and reflect current practices.</p> <p>This review should be evidenced via documented version control.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>2) Update of CRB Countersignatory Listing</b></p> <p>The Counter-signatory list should be regularly updated and the CRB informed of any changes.</p>	3 – Low	<p>Agreed. Version control will be included on the list to ensure it is regularly reviewed.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 30<sup>th</sup> September 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>3) Escalation process for CRB renewals</b></p> <p>An escalation timetable should be drafted which states the time period given for staff to respond to requests for CRB renewals and when no reply is received escalation to line manager.</p> <p>A quarterly report should be produced for consideration by SMT stating compliance with CRB renewals.</p>	2 – Medium	<p>Agreed. An escalation process will be documented in the new policy.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>4) Portable CRB Checks</b></p> <p>All staff should be reminded that CRB checks issued from other organisations should not be accepted.</p> <p>The CRB no longer supports portable CRB checks and says that any organisation that accepts an existing CRB check does so at its own risk. The CRB want to minimise the risk to children. The CRB says that organisations must check any existing check, see if there was any information held by the police forces provided with the check and make sure that the proper identity checks were done by the organisation that undertook the CRB check.</p>	2 – Medium	<p>Agreed.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>5) Permission to commence employment prior to receipt of CRB</b></p> <p>Signed authorisation from an Assistant Director should be obtained in the event that staff are allowed to commence work prior to receipt of a CRB check.</p> <p>The authorisation should be completed following review of or the undertaken of a risk assessment to service users.</p>	2 – Medium	<p>Agreed. The updated policy will state that Assistant Director authorisation is required in all cases with no exceptions.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>6) ID Checking training</b></p> <p>Staff within all schools responsible for checking ID for CRB applications should be given appropriate training.</p>	<p>2 – Medium</p>	<p>Agreed. The training records will be reviewed with a look to listing all relevant schools to help monitor training received.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>7) CRB Retention</b></p> <p>The retention of CRB disclosure information within the Authority should be reviewed. Unless it is absolutely necessary information should not be retained for longer than six months.</p> <p>Management should consider filing CRB checks in date order to assist with disposing of documentation when required.</p>	<p>1 – High</p>	<p>Agreed.</p> <p><b>Responsibility:</b> Recruitment Team Leader</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>



## Debtors Management - 2011/2012

Debtors are responsible for the collection of miscellaneous income for the Council. The team monitors the recovery of income from clients for a diverse range of departments from Social Services to Commercial Rents. The Debtors team agrees payment plans to ensure effective recovery that meets the needs of both the customers and the Council's business requirements.

### Scope

Audit work was undertaken to cover the following control areas:

- Policies and Procedures including review of processes prior to hub entry;
- Raising of invoices and credit notes;
- New sources of income are identified;
- Reconciliations with key systems;
- Debt recording;
- Debt collection including services input;
- Write-off procedures, including disputes; and
- Adequately and timely management information

### Assurance Rating – Limited

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>1) Corporate Income and Debt Management Policy</b></p> <p>The Corporate Income and Debt Management Policy should be approved by Cabinet.</p>	<p>1 – High</p>	<p>Recommendation accepted. The Council has appointed an interim member of staff to review the draft Corporate Income and Debt Management policy and accounts receivable procedures. An amended policy will be submitted to the Full Council in due course. If the review identifies changes to business practices that would improve performance, these will, where possible, be implemented immediately.</p> <p><b>Responsibility:</b> Accounts Receivable Project Manager</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>2) Oracle Procedures</b></p> <p>The Oracle Receivables User Procedures Manual should be reviewed to confirm that its details are up to date and reflective of the current duties which are required to be performed within the Authority as well as the changes resulting from transformation.</p> <p>Localised procedures should be established to provide guidance on processes in the absence of senior or more experienced staff.</p>	2 - Medium	<p>Recommendation accepted. Procedures will be reviewed as part of the overall review of accounts receivable. Changes will be documented and implemented in consultation with the accounts receivable team</p> <p><b>Responsibility:</b> Accounts Receivable Project Manager</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>3) Date stamping of Notification of Debtors (NOD) forms</b></p> <p>All (NOD) forms are date stamped to confirm when they are received by the Accounts Receivables department.</p>	3 – Low	<p>Recommendation accepted. The accounts receivable team will be reminded of the correct procedure and spot checks will be undertaken to confirm compliance.</p> <p><b>Responsibility:</b> Senior Revenues &amp; Technical Officer</p> <p><b>Timescale:</b> Immediate</p>
<p><b>4) Credit Memo Request</b></p> <p>All Credit Memo's should be supported by a Credit Memo Request Form or an email from the Originating Departmental Officer.</p>	2 – Medium	<p>Recommendation accepted. The accounts receivable team will be reminded of the correct procedure and instructed to reject credit memos that are not accompanied by adequate supporting documentation where available. Spot checks will be undertaken to confirm compliance.</p> <p><b>Responsibility:</b> Senior Revenues &amp; Technical Officer</p> <p><b>Timescale:</b> Immediate</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>5) Debt Recovery</b> Recovery of debt within the Authority should be conducted in accordance with Policy documentation, where appropriate.</p> <p>These actions are conducted promptly so that the Authority allows itself the best possibility in recovering any outstanding debt.</p>	2 – Medium	<p>Recommendation accepted. A review will be undertaken of all aspects of the credit control process. Procedures will be amended where appropriate and monitoring arrangements will be put in place to confirm compliance.</p> <p><b>Responsibility:</b> Accounts Receivable Project Manager</p> <p><b>Timescale:</b> 30<sup>th</sup> November 2011</p>
<p><b>6) Write Offs</b> Periodic write-offs of debt are performed for those debts which are perceived as unrecoverable.</p> <p>These write offs are then reported to the Strategic Director of Resources in accordance with Council Policy and Financial Procedure Rules.</p>	2 – Medium	<p>Recommendation accepted. A review of outstanding debt has been undertaken and a number of potential write offs have been identified. These will be processed in due course. A periodic review procedure will be developed.</p> <p><b>Responsibility:</b> Accounts Receivable Project Manager</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>
<p><b>7) Debt Reporting</b> Outstanding debt should be reported to each responsible Assistant Director to action on a monthly basis.</p> <p>In order to monitor debt at a strategic level an overview of debt per Directorate should be reported to the responsible Directorate Management Team quarterly.</p>	2 – Medium	<p>Recommendation accepted. A review of management information procedures will be undertaken and changes will be implemented where appropriate.</p> <p><b>Responsibility:</b> Accounts Receivable Project Manager</p> <p><b>Timescale:</b> 31<sup>st</sup> December 2011</p>

## Khalsa Primary School - 2011/2012

The internal audit was commissioned by the Governing Body of the School, to provide an updated view of the financial management of the school following the demise of the financial management standards in schools (FMSiS).

### Scope

Audit work was undertaken to cover the following control areas:

- Budget Setting, and Budget Monitoring and Control
- Local Bank Account / Imprest
- School fund accounting
- Payroll, including timesheets
- Procurement; and
- Miscellaneous Income

### Assurance Rating – Limited

36 individual recommendations were raised as a result of this audit. Due to the number of recommendations the key issues arising from this audit are detailed below:

- At the 2010/11 year end, the school had a surplus of £148,212.70, 9.7% of the total budget for the year. A budget monitoring outturn report was produced to explain the year end position; however the differences did not reconcile with the actual difference on the yearend outturn report.
- The school received £28,875 in August 2010 to be used for one to one tuition. As at the end of May 2011, only £13,050 had been used. It could not be confirmed that the grant was being used in accordance with the conditions stipulated.
- The school does not have a separate account to manage its school fund. There is no independent review of the school fund money and no income and expenditure records are presented to the Governing Body.
- At the time of audit there was in excess of £3,000 cash and cheques held on site with very little supporting documentation.
- Staff members appear not to be receiving annual increments in line with payroll expectations.

## Housing Rents - 2011/2012

Housing Rents are the payments made by a tenant for occupancy of a council property. These rents are used to recover the costs associated with the management and maintenance of the council stock, including maintenance and general housing management; whereas Service Charges is the mechanism used to recover costs of services provided to property owners. Service charges are generally a proportion of the costs related to communal facilities, insurance, care and support etc. but may also include direct costs. Housing rents is a set rate per annum, whereas service charges are individually calculated for each property based on actual costs.

The level of rent is determined by how much the council needs to spend on services to its tenants. This is calculated for the Housing Revenue Account (HRA) as a whole and then the rent for each individual rent account is increased until this overall rent target is achieved. This is complicated by a number of factors, which includes capping (each year the government will specify the maximum percentage rent increase per property) and social reform (Quality and Choice: A Decent Home for All - The Way Forward for Housing, published in December 2000 set out the government's objective that rent setting in the social housing sector be brought into a common system based on relative property values and local earnings levels).

### Scope

Audit work was undertaken to cover the following control areas:

- Legislation, policies and procedures;
- Rents calculation, in accordance with government targets;
- Billing;
- Reliability and accuracy of records;
- Payment methods;
- Recording of income;
- Housing Benefit transfers;
- Reconciliations;
- Refunds;
- Rent arrears for both previous and current tenants;
- Write Offs;
- Separation of duties; and
- Previously identified weaknesses have been addressed.

### **Assurance Rating – Limited**

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
<p><b>1) Annual Rent upload reconciliation</b></p> <p>An annual reconciliation should be undertaken and reviewed between the rent figures uploaded to Capita, and the rent charges, as per the rent calculation spreadsheet, for each property.</p> <p>This reconciliation will confirm the integrity, accuracy and validity of the upload.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>2) Reconciliation of Rent Statements produced to posted</b></p> <p>Quarterly reconciliations conducted between the amount of letters and rent statements being posted, to the amount of tenants on the system should be certified by the performing officer and checked by a separate individual to confirm the accuracy of the reconciliation..</p>	3 – Low	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>3) Document Retention</b></p> <p>Staff should be reminded of which documents are required to be retained are uploaded onto DIP.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>4) Target Rent</b></p> <p>New tenancies should be set at target rent.</p> <p>A check should be conducted to confirm that the rent has been appropriately recorded on the tenancy agreement and uploaded to the Capita system.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>5) General Ledger update</b></p> <p>The general ledger should be updated periodically to reflect the information and financial data held on the Capita system.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager and HRA Finance Manager</p>

Recommendation Title	Priority (1 / 2 / 3) (High/Med /Low)	Management Response
		<b>Timescale:</b> Immediate
<p><b>6) Cash Income Reconciliations</b></p> <p>Monthly cash, giro and direct debit Reconciliations between Oracle and Capita should be undertaken promptly after month end to preserve the integrity of records.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>7) Tenant arrears recovery</b></p> <p>All current tenant arrears recovery should be undertaken in line with the Income Management Procedures.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Housings Intervention Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>8) Former Tenant Arrears</b></p> <p>Former Tenants Arrears recovery action and monitoring should be undertaken on former tenants arrears as soon as possible, to minimise the conduction of write offs and financial loss.</p> <p>This recommendation was raised within the 2010/11 audit report and whilst previously agreed has not been fully implemented.</p>	1 – High	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>
<p><b>9) Refund documentation and approval</b></p> <p>All rent refunds should be requested form the tenant with this request maintained on the document imaging processing (DIP) system, Comino.</p> <p>Prior to payment the refund should be approved by the Transactional Service Finance Manager.</p>	2 – Medium	<p>Agreed</p> <p><b>Responsibility:</b> Rent Accounts Manager</p> <p><b>Timescale:</b> Immediate</p>

## Follow up summary

A total of 57 recommendations were followed up as part of the follow-up Internal Audit; it was confirmed that:

- Twenty five recommendations have been fully implemented;
- Seven recommendations have been partially implemented;
- Seven recommendations remain outstanding;
- Six recommendations are no longer deemed relevant; and
- Twelve recommendations were not yet due as the agreed timeframe for implementation had not yet passed.

Further details are included within the tables below.

Area	Assurance Opinion	Status of Recommendations as at October 2011					
		Total	Implemented	Partly Implemented	Not Implemented	No longer applicable	Not yet due
Capital Finance	Limited	5	3	2	-	-	-
Carbon Reduction Commitment (CRC) - Energy Efficiency Scheme	Limited	7	1	-	-	-	6
Emergency Planning	Limited	6	3	-	3	-	-
Gas Safety	Limited	5	4	1	-	-	-
General Ledger	Limited	9	3	2	2	2	-
Governor Services	Limited	11	3	2	2	4	-
Partnerships (Cross Cutting)	Limited	8	2	-	-	-	6
Petty Cash & Imprest Systems	Limited	6	6	-	-	-	-
Safeguarding Arrangements	Limited	8	No response received from Service Manager, Safeguarding & Governance				
Wexham Nursery	Limited	8	Nursery had ceased trading at the time of follow-up				
<b>Total (Excluding Safeguarding and Wexham Nursery)</b>		<b>57</b>	<b>25 (44%)</b>	<b>7 (12%)</b>	<b>7 (12%)</b>	<b>6 (11%)</b>	<b>12 (21%)</b>