Audit and Governance Committee Report

26 September 2012

Report of: **Audit Manager**

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To: Audit and Governance Committee

DATE: 26 September 2012

Wards Affected
All

Comments on internal audit reports reviewed by committee quarter two 2012/2013

Recommendation
That members note the content of the report

Purpose of report

1.   The purpose of this report is to respond to questions raised on internal audit reports not presented to committee from quarter 2 2012/2013.

2.   The contact officer for this report is Adrianna Partridge, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823544 and (VWHDC) 01235 547615.

Strategic objectives

3.   Managing our business effectively.

Background

4.	Internal audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the council's objectives. It assists the council by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, internal audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

Matters arising

5.

1. ICT 3rd Follow Up 2012/2013	Councillor Mike Murray
It is surprising that from April 2011 to August 2012 it has proven so hard to put together 3 job descriptions. Please can you explain the delay?	
Officer Response – Simon Turner, ICT Operations Manager The main focus of IT work over the past two years has been on delivering the IT projects for the service teams to achieve their aims for service delivery for the harmonisation process. This has taken priority over much of the other work. Along with the normal daily IT operation tasks, this has added a large volume of additional workload. Whilst I acknowledge the need to put together revised job descriptions, the level of risk is low in comparison to non-delivery of the IT projects being requested. I have prioritised work and my time to ensure we deliver what the newly harmonised service teams have been requesting. The team, including the two team leaders, are fully aware of their responsibilities and an absence of an updated job description has not impaired their work in any way.	

2. Benefit Fraud 2012/2013	Councillor Mike Murray
Regarding rec 2, and HR stating that only staff members working with vulnerable people should be CRB checked. My understanding is that CRB checks for all criminal records, not just those relating to child protection? It would clearly be inappropriate for an officer with a criminal record to be employed as a fraud officer, for obvious reasons? Please can I have a response from HR as to their standpoint?	
Officer Response – Andrew Down, Head of HR, IT and Customer At the time of recruitment we ask applicants to make a declaration under the Rehabilitation of Offenders Act 1974, stating whether or not they have any unspent convictions. A false statement made here would result in withdrawal of a job offer or dismissal in the case of later discovery. The Police Act 1997 gives us the power to obtain a criminal record certificate from the CRB, but only if the conditions are satisfied for us to ask an "exempted question", that is a question exempt from section 4 of the Rehabilitation of Offenders Act 1974. In practice this means that we are only permitted by law to carry out CRB checks where employees will be working with children or vulnerable adults frequently, intensively or overnight. Most of our CRB checks are carried out on people wishing to work in positions such as sports coaches and taxi drivers where these criteria are met. Given the above limitations, I consider that it would be unlawful for us to request a CRB check for a fraud officer.	

3. Brown Bins Follow Up 2011/2012	Councillor Mike Murray

Please can we have an update on the three recommendations not yet implemented?

Officer Response – Clare Kingston, Head of Corporate Strategy

Recommendation 2 – Customer service specification: We remain on track for completion by the 31 December 2012 deadline.

Recommendation 3 – Contractor records: We now have a system of tracking bins that haven't been paid for, and which we have instructed Biffa to stop emptying and put a hanger on the bin asking the customer to get in touch urgently about their service. The waste technical officers are carrying spot checks on these bins.

Recommendation 6 - Reconciliation: This has been delayed until some queries on a number of accounts have been resolved. This work will be completed by 31 December 2012.

4. Building Control Follow Up 2011/2012	Councillor Mike Murray

The original report in September made only 3 recommendations, and in July 2012 none of them had been fully implemented. Have they been implemented now? How many cases are handled every year? We all know that reconciliations are important to ensure that fees are being collected and to ensure that the proper service is being delivered. Why does it appear so hard to reconcile?

Officer Response – Richard Beel, Building Control Manager

Vale moved to Ocella in March 2012 having previously used Idox (Uniform). In Uniform a monthly report was run to identify payments made against all applications. This was then checked against Agresso total figures. There was always a lag in the amount in Agresso.

Since October 2010 building control applications require full payment on deposit of the application (where previously a plan fee would be paid for Full Plans applications and inspection fee raised post commencement). Where an incorrect payment is made the application is held, although initial details are logged on the system.

A daily remittance sheet is filled in on Ocella and printed off to accompany cheques that are paid into the cash office. Where on-line payments are made this is indicated on the remittance sheet with the method of payment and the amount. The daily remittance sheet can be cross referenced with a report run from Agresso. At present a sample number of Ocella remittance sheets are compared against corresponding entries in Agresso.

It is our intention to run monthly reports from both Ocella and Agresso and cross match the entries. However, at the moment we can only compare amounts paid against dates in the corresponding systems. Both South and Vale building control teams are located on a single site (Abingdon) and we have to operate with two cash receipting systems. I am not clear whether data or a reference number from Vale's Paris system will be recognised by Agresso. We are continuing to look at ways of making the reconciliation less labour intensive, but we have to manage with the systems we have at our disposal.

5. Travel & Subsistence Follow Up 2011/2012	Councillor Mike Murray
Regarding rec 12, the management response was that the exception report should be straightforward to run. Why has it not been done?	
Officer Response – Andrew Down, Head of HR, IT and Customer This finding of the follow-up audit is incorrect. The report in question has in fact been created and I run it myself on a monthly basis. A small number of unapproved claims have been cleared as a result, and this evidence has now been provided to internal audit.	

6. Waste Management and Recycling Follow Up 2011/2012	Councillor Mike Murray
a) Regarding rec 7, has the variable work spreadsheet now been developed? b) Regarding rec 12, stock control is an area of weakness that has been widely recognised. Why is the rolling reconciliation being held up by discussion over overcharging? Please can more detail be provided?	
Officer Response – Ian Matten, Waste and Parks Manager a) Rec 7 has now been implemented. The waste team are using the councils PA database to input variable work requests which is used to produce a report of all such requests. b) Rec 12 has now been implemented. Stock control systems are in place including a stock register, regular monitoring and stock counts and minimum threshold levels identified. The reconciliations had been held up because the information we had contained duplicates which would have led to overcharging. Officers have put systems in place to prevent this duplication reoccurring.	

Financial implications

6.   There are no financial implications attached to this report.

Legal implications

7.   None

Risk implications

8.   Identification of risk is an integral part of all audits.

ADRIANNA PARTRIDGE
AUDIT MANAGER