

Audit and Governance Committee Report



23 September 2013

Report of **Interim Audit Manager**

Wards Affected
All

Author: **Craig Pullen**

Telephone: **01235 547615**

Telephone: **01491 823544**

E-mail: craig.pullen@southandvale.gov.uk

Cabinet member responsible: **Councillor Matthew Barber**

Telephone: **07816 481452**

E-mail: matthew.barber@whitehorsedc.gov.uk

To: Audit and Governance Committee

DATE: 23 September 2013

Internal audit activity report quarter two 2013/2014

Recommendation

That members note the content of the report

Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity for the committee to consider. The committee is asked to review the report and the main issues arising, and seek assurance that action will be/has been taken where necessary.
2. The contact officer for this report is Craig Pullen, Interim 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.

5. Assurance ratings given by internal audit indicate the following:

Full Assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.

Satisfactory Assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

Limited Assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

Nil Assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

6. Each recommendation is given one of the following risk ratings:

High Risk: Fundamental control weakness for senior management action

Medium Risk: Other control weakness for local management action

Low Risk: Recommended best practice to improve overall control

2013/2014 Audit Reports

7. Since the last Audit and Governance Committee meeting, the following audits and follow up reviews have been completed:

Completed Audits

Full Assurance: 0

Satisfactory Assurance: 5

Limited Assurance: 1

Nil Assurance: 0

	Page Ref	Assurance Rating	No. of Recs.	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. Licensing 13/14	34	Limited	15	0	0	7	7	8	8
Lone Worker Working 13/14	N/A	Satisfactory	4	0	0	2	1	2	2
Post Room 13/14	N/A	Satisfactory	4	0	0	0	0	4	4
Env Health Food & Safety 13/14	N/A	Satisfactory	7	0	0	1	1	6	5
Inter-Council Recharges 13/14	N/A	Satisfactory	4	1	1	3	3	0	0
Stock Control 13/14	N/A	Satisfactory	4	0	0	2	2	2	2

Follow Up Reviews

	Page Ref	Original Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
Data Protection 12/13	N/A	Satisfactory	5	1	2	0	2
Mobile Home Parks 12/13	N/A	Satisfactory	11	4	2	4	1

8. Members of the committee are asked to seek assurance from the internal audit report and/or respective managers that the agreed actions have been or will be undertaken where necessary.
9. A copy of each report has been sent to the appropriate service manager, the relevant strategic director, the section 151 officer and the relevant member portfolio holder. In addition to the above arrangements, reports are now published on the council intranet and committee members are alerted by e-mail when reports are published.
10. Internal audit continues to carry out a six month follow up on all non-financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

Systemic Control Weaknesses

11. **Appendix 2** of this report sets out weaknesses which have been identified within planned audits which internal audit consider to be systemic within the council. Every recommendation made by internal audit since April 2010 has been logged within a recommendation register according to an Institute of Internal Auditors control type definition, and a point system has been used - 1 point for a low risk recommendation, 2 points for a medium risk recommendation and 3 points for a high risk recommendation. The points have been totalled against each control type, and the top 10% control weaknesses which occur across a number of operational areas have been listed as a systemic control weakness. The table will be reviewed and updated by the audit manager, head of finance and the strategic director (section 151 officer) on an ongoing basis, and will be used to inform the annual audit plan and the scope of individual reviews

Financial Implications

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

Legal Implications

13. None.

Risks

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

CRAIG PULLEN
INTERIM AUDIT MANAGER

1. LICENSING 2013/2014

1. INTRODUCTION

- 1.1 This report details the internal audit review of procedures, controls and the management of risk in relation to licensing. The audit has been undertaken in accordance with the 2013/2014 audit plan agreed with the audit and governance committee of Vale of White Horse District Council (VWHDC). The audit has a priority score of 17. The audit approach is provided in the audit framework in Appendix 1.
- 1.2 The following areas have been covered during the course of this review to provide assurance that:
- appropriate guidance to new applicants, licensing policies and procedures are in place and are adhered to;
 - applications and appeals for licences are appropriately processed, issued and accurately recorded;
 - invoices are issued and receipted correctly and in a timely manner;
 - there are appropriate performance management measures in place;
 - licence database and renewals are appropriately managed; and
 - adequate controls are in place to detect and prevent individuals and organisations operating without an appropriate licence.

2. BACKGROUND

- 2.1 The council has a role in the licensing of a range of activities (e.g. the issue of personal and premises licences for the sale of alcohol and provision of late night refreshments). The council licensing team is led by a new shared licensing team leader and includes an enforcement team and business support unit. The environmental protection team (e.g. animal welfare) and food & safety team (e.g. skin piercing) also issue licences, a responsibility which was taken on in March 2012. For the financial year 2012/2013 £117,292 was received for hackney carriage licences and £103,697 was received for other licences.

3. PREVIOUS AUDIT REPORTS

- 3.1 Licensing was last subject to an internal audit follow up review in June 2012 and nine recommendations remained outstanding.
- 3.2 Of the nine recommendations outstanding, seven have been restated. The primary reason for a delay in implementing recommendations has been a delay to the procurement of a new licensing database (**Recs 9-15**).

4. 2013/2014 AUDIT ASSURANCE

- 4.1 **Limited assurance:** There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.
- 4.2 15 recommendations have been raised in this review. Seven are medium risk and eight low risk.

5. MAIN FINDINGS

5.1 **Appropriate guidance, policies and procedures**

5.1.1 The licensing web pages on the council website outline guidance on how to apply for licences, relevant policies and legislation (e.g. the licensing and gambling act). The licensing team are currently going through the process of documenting procedure notes for key processes. A recommendation from the previous audit has been restated (**Rec 10**).

5.1.2 There are no process notes for the environmental protection or food & safety team. Internal audit noted the council licensing and environmental health enforcement policy needs to be reviewed. Two further recommendations have been made as a result of our work in this area (**Recs 1 & 2**).

5.2 **Processing of applications**

5.2.1 The application process varies for each of the licences issued by the council. Internal audit have reviewed the application procedures for each licence, and conducted a spot check to check the information requirements had been adequately communicated to prospective applicants. There were no concerns from the testing for this area. Internal audit reviewed the processing of 10 licence applications to check appropriate and timely administration. There were no concerns from the testing for this area. Currently, the Team Leader (Environment Protection) processes and authorises the issue of licenses. Internal audit noted the licensing authority list has to be updated. Two recommendations have been raised as a result of our work in this area (**Recs 3 and 4**).

5.3 **Processing of invoices**

5.3.1 Internal audit reviewed the process of renewing licenses. Invoices need to be processed for the renewal of certain licenses, and are raised via the Agresso Business World system. Debts are managed in accordance with the council debtor management policy. Payments can be made online or via the cash office. From internal audit's sample testing there were no issues of concern raised. Internal audit did note certain fees and requirements are not outlined on the council website. One recommendation has been raised as a result of our work in this area (**Rec 5**).

5.4 **Performance management**

5.4.1 The shared licensing team leader manages performance with the use of Development and Performance Reviews (DPRs), service plans and team meetings (e.g. quarterly reviews and performance points meetings). Internal audit noted there is no performance management statement or policy. Internal audit sampled 10 performance development plan targets and found them to be adequately detailed and specific, measurable, achievable, relevant and time-bound (SMART).

5.4.2 Internal audit queried performance management in environmental protection and food & safety teams who also issue licenses. Environmental protection performance management framework does not include licensing duties. Internal audit identified minutes had not been recorded for quarterly licensing

team meetings. Two recommendations have been raised as a result of our work in this area (**Recs 6 & 7**).

5.5 Renewals

5.5.1 The renewals process differs for the various licences issued by the council. Internal audit reviewed the renewals processes and reviewed a sample of 10 renewals to check whether they had been administered appropriately.

5.5.2 The renewals process is managed by those officers responsible for the initial issue of the licence. For the majority of licences (e.g. taxi and premises), the renewals are recorded on the licensing database (Lalpac). From the testing there was an instance identified where the fee had not been paid however the licence had been issued. One recommendation has been raised as a result of our work in this area (**Rec 8**).

5.6 Detection

5.6.1 The council responsibilities over compliance and detection are outlined in the 2003 Licensing Act, Local Government (Miscellaneous Provisions) Act 1976 and Town Police Clauses Act 1847. Licensing enforcement officers conduct inspections, for example, officers carry out spot checks (e.g. of taxi ranks). Inspections are also carried out by the environmental protection (e.g. riding establishments) and food & safety (e.g. skin piercing outlets) teams. Internal audit checked and reviewed the audit trail for 10 enforcement cases and no concerns were noted.

5.6.2 The council's licensing responsibilities include establishing a licensing register. The council has an online register which is on the council web pages. From a review of the license registers these appears to be sufficiently detailed. No recommendations have been raised as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

GUIDANCE, POLICIES AND PROCEDURES

1. Licensing enforcement policy

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> The licensing enforcement policy is regularly reviewed (e.g. bi-annually) by an appropriate officer.</p> <p><u>Findings</u> Internal audit noted the council licensing and environmental health enforcement policy needs to be reviewed (the licensing enforcement policy was last reviewed in 2006).</p> <p><u>Risk</u> Best practice is not adopted and</p>	Review the licensing enforcement policy.	Shared Licensing Team Leader

the enforcement policy does not reflect current practice.		
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The Licensing team has developed draft enforcement guidance for the assorted licensing legislation. There remains a need for an overarching enforcement policy covering all the key areas of enforcement. This piece of work is being undertaken by the Environmental Health team and as such is not under the control of Licensing. We will continue to work with the EH team as required.</p> <p>Management Response: Shared Licensing Team Leader</p>		30 December 2013

2. Procedure notes

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Procedure notes are established for all key processes.</p> <p><u>Findings</u> There are no procedure notes established for the issue of licenses administered by environmental protection and food & safety teams.</p> <p><u>Risk</u> Best practice is not adopted especially in the absence of key officers.</p>	<p>Establish procedure notes for the issuing of licences:</p> <ul style="list-style-type: none"> - skin piercing - animal welfare - environmental permits - motor salvage and scrap metal and other permits. 	<p>Team Leader (Environmental Protection)</p> <p>Shared Food and Safety Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed (Environmental Protection)</p> <p>Animal welfare work is subject to transitional arrangements having been transferred from the Vale licensing team last July. Procedures are in place for scrap metal and motor salvage operators registrations – but this whole regime is due to change in October 2013.</p> <p>Management response: Team Leader (Environmental Protection)</p>		31 December 2013
<p>Recommendation is Agreed (Food and Safety)</p> <p>Procedure notes for skin piercing are in the process of being produced to coincide with the adoption of new skin piercing byelaws</p> <p>Management response: Shared Food and Safety Manager</p>		30 August 2013

PROCESSING OF APPLICATIONS

3. Delegation of responsibility

(Medium Risk)

Rationale	Recommendation	Responsibility
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<p><u>Best Practice</u> There is a clear delegation of responsibility for the process of authorising and the issue of licences on behalf of the council.</p> <p><u>Findings</u> Licensing officers can approve the issue of licences on behalf of heads of service. This delegation of responsibility is not documented. After discussion with the shared licensing team it was identified the authorisation list needs updating.</p> <p><u>Risk</u> There is a lack of best practice adopted and increased risk of dispute over roles and responsibilities.</p>	<p>Review and update the licensing authorisation lists.</p>	<p>Shared Head Of Legal And Democratic Services</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed This has been identified by the HoS and service manager as an issue. Work is currently underway to produce a clear path of delegation and clarification of roles and responsibilities.</p> <p>Management Response: Shared Licensing Team Leader</p>		<p>30 December 2013</p>

4. Separation of duties

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> There is a separation of duties between the officer who administers and the officer who approves the issue of licences.</p> <p><u>Findings</u> Currently the team leader (environmental protection) administers and issues licences. Internal audit found in one case, a licence was issued but wrongly dated.</p> <p><u>Risk</u> There is a lack of separation of duties which may lead to the inappropriate issue of licences.</p>	<p>Ensure there is a separation of duties from those who process and those who authorise the issue of environmental protection licences.</p>	<p>Team Leader (Environmental Protection)</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed Animal welfare work is subject to transitional arrangements having been transferred from the Vale licensing team last</p>		<p>31 December 2013</p>

<p>July. Inspection work is in the process of being transferred to officers in the team. In the future admin and officer functions will then be split between newly recruited administrator and officers.</p> <p>The single case of an administrative date error (wrong year entered) on one licence had already been noted following a review of a contractors work and the mistake corrected.</p> <p>Management response: Team Leader (Environmental Protection)</p>	
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INVOICES

5. Fees

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Licence fees and requirements are clearly stated on the council website.</p> <p><u>Findings</u> Environmental protection licence fees for 2012/2013 and not 2013/2014 are on the council website. The requirements to apply for animal boarding licenses were not outlined on the council website.</p> <p><u>Risk</u> Best practice is not adopted and unnecessary time is taken establishing fees from customer enquiries. Council budgets may also be hindered.</p>	<p>Ensure the 2013/2014 environmental protection licensing web pages are updated with appropriate licence fees and guidance.</p>	<p>Team Leader (Environmental Protection)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed This change has already been implemented and clarification of fee levels changes in future financial years undertaken to seek to prevent recurrence of any delay.</p> <p>Management response: Team Leader (Environmental Protection)</p>		<p>Implemented</p>

PERFORMANCE

6. Performance management

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> (a) A performance management policy is established and communicated to all necessary officers.</p>	<p>(a) Consider establishing a performance management statement or policy for</p>	<p>(a) and (b) Shared Licensing Team Leader (c) Team Leader</p>

<p>(b) Performance statistics are regularly prepared.</p> <p>(c) Performance evaluations include licensing duties.</p> <p><u>Findings</u> Licensing: Internal audit noted there is no overarching document over how performance is managed. Raw processing data is recorded but not been translated into percentage points.</p> <p>Environmental protection: The processing of applications does not feature in the service area's performance for the environmental protection team.</p> <p>Food and Safety: The shared food & safety manager has stated as part of a review of the licensing process, key performance indicators such as response times will be incorporated in the team's performance points.</p> <p><u>Risk</u> There is a lack of performance management strategy and assessment.</p>	<p>the licensing team.</p> <p>(b) Translate raw data (over the processing of applications by the licensing team) to performance statistics which can be monitored effectively.</p> <p>(c) Consider incorporating the issue of licences within the performance management framework for environmental protection.</p>	<p>(Environmental Protection)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>(a) and (b) In the absence of an integrated licensing software system the team has developed a range of ad-hoc data recording mechanisms both for enforcement and licence processing. The information is displayed on the PP and monitored by managers. The team are also looking at new ways of capturing and recording customer satisfaction levels. The new licensing software will provide accurate performance monitoring and recording for all staff.</p> <p>Management Response: Shared Licensing Team Leader</p>		<p>(a) and (b) Software to be operational by 1 February 2014.</p> <p>Full implementation by 1 April 2014</p>
<p>(c) Animal welfare inspections are incorporated on EP performance point along with other proactive inspections. The value of increasing the profile of this relatively small work further are unclear – consideration will however be given to whether this is appropriate.</p> <p>Management response: Team Leader (Environmental Protection)</p>		<p>31 December 2013</p>

7. Team meeting minutes

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Minutes are recorded for all team meetings.</p> <p><u>Findings</u> The licensing team hold quarterly team meetings. The last meeting was held in March 2013 however the last set of minutes available date back to October 2012.</p> <p><u>Risk</u> There is a lack of audit trail over key decisions.</p>	Ensure minutes are documented for all team meetings.	Shared Licensing Team Leader
Management Response		Implementation Date
<p>Recommendation is Agreed Immediate implementation. Action points (rather than minutes) to be recorded from next team meeting in July 2013</p> <p>Management Response: Shared Licensing Team Leader</p>		30 July 2013

RENEWALS

8. Renewals (environmental protection)

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Fees are collected for licences issued in accordance with procedures.</p> <p><u>Findings</u> Internal audit found two licences were issued before the fee was taken.</p> <p><u>Risk</u> Financial loss to the council.</p>	Ensure the fee is collected for the case identified.	Team Leader (Environmental Protection)
Management Response		Implementation Date
<p>Recommendation is Agreed Animal welfare work is subject to transitional arrangements having been transferred from the VWHDC licensing team last July. The issuing of two licences before fees had been received had already been identified by the team following a review of a contractors work and the mistake corrected. Ongoing arrangements to undertake work within the team, to not use contractors, and to separate out administrative and officer functions will resolve this issue.</p> <p>Management response: Team Leader (Environmental</p>		31 December 2013

Protection)	
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PREVIOUS RECOMMENDATIONS 2011/2012

9. Webpage information

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Licensing information provided on the internet is consistent and comprehensive.</p> <p><u>Previous Findings (2010/2011)</u> Lotteries are defined by the Lotteries and Amusements Act 1976 but this is not stated on the council's website or the application form.</p> <p>An animal boarding license is granted subject to the premises meeting required standards but the website and application does not state what those standards are.</p> <p><u>Current Findings (2013/2014):</u> Internal audit identified: (a) Currently there is insufficient detail on the web pages to meet the requirements of the recommendation. (b) The lotteries web pages and application form do not have a statement to remind applicants of the Lotteries and Amusement Act (1976).</p> <p><u>Risk</u> If the council does not provide comprehensive information on its website then unnecessary delays may occur if applicants are not fully aware of the conditions to be met prior to applying for licenses.</p>	<p>Licensing information provided on the council's web site should be reviewed and updated to include:-</p> <p>(a) conditions for animal boarding licenses (b) lotteries definition details.</p>	<p>(a) Team Leader (Environmental Protection) (b) Shared Food & Safety Manager</p>
Management response 2011/2012		Implementation date
<p>Recommendation is Agreed The new business support supervisor will be responsible for undertaking a review of the Licensing websites in both South and Vale. This review will ensure the updating of information and inclusion of all missing sections as appropriate. Individual business support and licensing technical officers may be allocated specific tasks. These will be incorporated into PDP targets as appropriate.</p>		<p>Commence March 2012 completed end March 2013.</p>

Management Response: Shared Licensing Team Leader	
Management response 2013/2014	Implementation date
<p>Recommendation is Agreed</p> <p>(a) Animal welfare work is subject to transitional arrangements having been transferred from the Vale licensing team last July. I was not aware of the previous recommendation and will add standard conditions to the website.</p> <p>(b) Website to be check and amended as required by BSU supervisor.</p> <p>Management Response: Shared Licensing Team Leader</p>	<p>(a) 31 December 2013</p> <p>(b) Immediately</p>

10. Procedures

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Documented and agreed procedures are in place covering all aspects of the licensing function.</p> <p><u>Previous Findings (2010/2011)</u> Flow chart procedures cover premises license and lottery permit applications but formal documented procedures or checklists are not in place covering all of the licensing functions. A checklist is part of the hackney/private hire vehicle and driver applications form but does not appear on other licensing applications.</p> <p><u>Current Findings (2013/2014)</u> The shared licensing team leader stated the harmonisation of policies and procedures will be introduced during the implementation of the new licensing database which is currently planned for the end of summer 2013.</p> <p><u>Risk</u> If procedures are not in place it may be more difficult to provide cover in cases of absence or when key staff leave.</p>	<p>Establish procedure notes for all key processes.</p>	<p>Shared Licensing Team Leader</p>
Management response 2011/2012		Implementation date
Recommendation is Agreed		Started April 2011 to

<p>The shift to the new Ocella system for both teams during 2012 will require the codification and harmonisation of all procedures. This work will be undertaken by all officers and work has already been incorporated into officers 2011/12 PDP targets.</p> <p>Management Response: Shared Licensing Team Leader</p>	<p>be completed by end December 2012</p>
<p>Management response 2013/2014</p>	<p>Implementation date</p>
<p>Recommendation is Agreed</p> <p>The shift to the new licensing system for both teams during late 2013 will require the codification and harmonisation of all procedures. This work will be undertaken by all officers and work has already been incorporated into officers 2013/14 DPR targets.</p> <p>Management Response: Shared Licensing Team Leader</p>	<p>The intention is to have the new system in place and staff training undertaken by end quarter 4 2013/14</p>

11. Lotteries

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Annual renewal fees for lottery permits should be payable on the anniversary of their registration as opposed to each January.</p> <p>The administration of lottery renewals is in compliance with legislation.</p> <p><u>Previous Findings (2010/2011)</u> The council's webpage relating to society lottery permits states an annual fee is due in January each year. This is also stated within the flow chart procedure for lottery permits. The Small Society Lotteries (Registration of Non-Commercial Societies) Regulations 2007 state the annual fee payable to the registering local authority must be paid within the two months prior to the anniversary of the registration.</p> <p><u>Current Findings (2013/2014):</u> (a) The shared licensing team leader stated the necessary changes will be made when the new licensing software is in place.</p>	<p>(a) Society lottery permit renewals should be due and reminded two months prior to the anniversary of their issue.</p> <p>(b) Clarify and ensure the administration of lottery licenses is in compliance with the Small Society Lotteries (Registration of Non-Commercial Societies) Regulations (2007).</p>	<p>Shared Licensing Team Leader</p>

<p>(b) The Small Society Lotteries (Registration of Non-Commercial Societies) Regulations (2007) state "The annual fee ... must be paid within the period of two months which ends immediately before each anniversary of the registration.". From speaking to the Shared Business Support Supervisor (Licensing) it was identified fees are acceptable two months after the deadline (i.e. March).</p> <p><u>Risk</u> If lottery permits renewal fees are not collected on or prior to the anniversary of the registration then the council are not complying with legislative requirements. There is a risk of non-compliance with legislation.</p>		
Management response 2010/2011		Implementation date
<p>Recommendation is Agreed The new business support supervisor will be responsible for undertaking a review of the Licensing websites in both South and Vale. This review will ensure the updating of information and inclusion of all missing sections as appropriate. Individual business support and licensing technical officers may be allocated specific tasks. These will be incorporated into PDP targets as appropriate. The shift to the new Ocella system will bring automatic renewal reminders.</p> <p>Management Response: Shared Licensing Team Leader</p>		<p>Commence March 2012 completed end March 2013</p>
Management response 2013/2014		Implementation date
<p>Recommendation is Agreed The new licensing system will require a clarification and codification of the invoicing system. The new system will be fully compliant with the legislation.</p> <p>Management Response: Shared Licensing Team Leader</p>		<p>The intention is to have the new system in place and necessary changes by end quarter 4 2013/14</p>

12. Reconciliations

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Income should be regularly reconciled to ensure income is being received as expected and also to identify any coding errors.</p>	<p>(a) Income reconciliation to compare licensing records with general ledger codings should be regularly</p>	<p>(a) Shared Licensing Team Leader (b) Team Leader (Environmental Protection) and Food</p>

<p><u>Previous Findings (2008/2009)</u> The recommendation made following the 2006/2007 audit has not been implemented as a full income reconciliation is not undertaken.</p> <p><u>Current Findings (2013/2014)</u> (a) Whilst payments are taken up front for license applications and renewals that are invoiced are managed through Agresso's debtor module, there is no reconciliation undertaken of the licensing system with the general ledger codings.</p> <p>(b) The recommendation has been extended to the environmental protection and food & safety teams who have taken the responsibility of issuing licences in 2012/2013.</p> <p><u>Risk</u> If income is not reconciled with the general ledger then any miscodings may not be identified.</p>	<p>undertaken by the licensing team.</p> <p>(b) Income reconciliation to compare licensing records with general ledger codings should be regularly undertaken by environmental protection and food & safety team.</p>	<p>& Safety Manager</p>
<p>Management response 2010/2011</p>		<p>Implementation date</p>
<p>Recommendation is Agreed in Principle This work will need to be undertaken with the accountancy team but will support the shift to greater clarity in areas such as fee setting for taxis and the proposed changes to the Licensing Act 2003.</p> <p>Management Response: Shared Licensing Team Leader</p>		<p>January 2012 for completion in April 2013</p>
<p>Management response 2013/2014</p>		<p>Implementation date</p>
<p>(a) Recommendation is Agreed in Principle The Licensing team has already undertaken a substantial amount of work in this area with the accountancy team. Further work will be done as part of the new software installation and the ongoing systems harmonisation.</p> <p>Management Response: Shared Licensing Team Leader</p> <p>(b) Recommendation is Agreed Animal welfare work is subject to transitional arrangements having been transferred from the Vale licensing team last July. A permanent team administrator has been recruited and reconciliations will be undertaken in future.</p> <p>Management response: Team Leader (Environmental Protection)</p>		<p>(a) Ongoing for completion April 2014</p> <p>(b)</p> <p>Environmental Protection: 31 December 2013</p>

<p>Income reconciliation will be carried out on a quarterly basis as part of the quarterly budget monitoring process</p> <p>Management response: Food and Safety Manager</p>	<p>Food and Safety: 30 July 2013</p>
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13. Raise invoices appropriately

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All invoices are raised on the anniversary of the premises licence issue date.</p> <p><u>Previous Findings (2010/2011)</u> Internal audit established that all annual fee invoices are raised in October, even if the original issue date was six months prior. The Technical Licensing Officer stated that they are aware of this and changed the process in March 2010. Internal Audit acknowledged that there are plans to do this, but no invoices have yet been raised in 2010/2011 to determine if they are in place.</p> <p><u>Previous Findings (2011/2012)</u> Six premises license annual invoices were raised in August 2011 for the year 2011 although five of them had anniversary dates, upon which the renewal is due, ranging from May to July.</p> <p><u>Current Findings (2013/2014)</u> After discussion with the shared licensing team leader, it was identified that whilst this remained an issue a policy of adjusting invoices dates to be on the anniversary of the premises licence issue date is being phased in.</p> <p><u>Risk</u> If invoices are not raised on</p>	<p>All annual fee invoices are raised on the anniversary of the premises licence issue date to ensure that the invoices are raised consistently and annually.</p>	<p>Shared Licensing Team Leader</p>

<p>the anniversary of the licence issue date, then there could be risk of licensees paying more or less than required. Furthermore, the council is not complying the Licensing Act 2003 (Fees) Regulations 2005 which states the annual fee shall become due and payable each year on the anniversary of the date of the grant of the premises license.</p>		
Management response 2010/2011		Implementation date
<p>Recommendation is Agreed Need to discuss this with Capita to include a mechanism for updating information such as changes to NNDR property banding which affects the amount due.</p> <p>As above. Facilitation to be planned during 2011 financial year, for implementation no later than 1 April 2012, thus allowing time for processes to be reviewed, fit for the future, procedures to be written and negotiations with Capita, including budgeting for any Capita payments to facilitate this.</p> <p>Management Response: Electoral Services, Licensing and Local Land Charges Service Manager</p>		1 April 2012
Management response 2013/2014		Implementation date
<p>(a) Recommendation is Agreed in Principle The Licensing team has already undertaken a substantial amount of work in this area with the accountancy team. Further work will be done as part of the new software installation and the ongoing systems harmonisation.</p> <p>Management Response: Shared Licensing Team Leader</p>		Ongoing for completion April 2014

14. Direct Debit Payments

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All premises licensees are paying their annual fee by Direct Debit.</p> <p><u>Previous Findings (2010/2011)</u> All annual fee invoices for premises (gambling) licence are paid by cheque.</p> <p><u>Current Findings (2013/2014)</u></p>	<p>The licensing team should encourage and promote direct debit payments to all licensees paying an annual fee as it is most cost effective.</p>	<p>Shared Licensing Team Leader</p>

Due to competing priorities, work on this area has not been actioned.		
<u>Risk</u> Paying by cheques is expensive to the council as they incur a surcharge, so the council is not using the most cost effective and efficient methods of payment.		
Management Response		Implementation Date
Recommendation is Agreed Need to consider this to include a mechanism for updating information. As above. Facilitation to be planned during 2011 financial year, for implementation no later than 1 April 2012, thus allowing time for processes to be reviewed, fit for the future, procedures to be written and negotiations with Capita, including budgeting for any Capita payments to facilitate this. Management Response: Electoral Services, Licensing and Local Land Charges Service Manager		1 April 2012
Management response 2013/2014		Implementation date
Recommendation is Agreed in Principle In discussions with Capita and the accountants the shift to Direct Debits has not been supported. The prevailing view is that the current Agresso invoicing system should be enhanced and consolidated. Management Response: Shared Licensing Team Leader		Discussions on going

15. Test Purchase Procedure

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> Procedures should be available to all staff to ensure clarity with regards to their enforcement duties. <u>Previous Findings (2010/2011)</u> There is no requirement for staff to adhere to written procedures and obtain the appropriate approval when undertaking test purchases with regards to taxi licensing enforcement. <u>Previous Findings (2011/2012)</u> From discussion with the technical officers there are no	Licensing staff should have written procedures to inform them how to conduct robust test purchases; these should include an approval mechanism to ensure management are kept appropriately informed.	Shared Licensing Team Leader

<p>formal procedures in place. The Audit and Governance Committee 9/3/2011 requested that procedures are written.</p> <p><u>Current Findings (2013/2014)</u> Test purchases procedures are not in place.</p> <p><u>Risk</u> Failure to ensure clarity in officer's role and responsibility could jeopardise any enforcement activity being undertaken and may result in officers undertaking functions for which they are not authorise to do.</p>		
Management response 2010/2011		Implementation date
<p>Recommendation is Not Agreed There are no concerns about how to conduct robust test purchases and there is no need for an approval mechanism or indeed for management to be kept informed. Arranging a test purchase is a standard enforcement technique. It is a simple task which the Licensing Technical Officers can undertake as they think necessary without the need for management approval.</p> <p>There are no concerns regarding the issues which the recommendation seeks to remedy. The issue was that in arranging a test purchase, this arrangement might have been "over heard" and leaked to persons. Therefore the issue is about confidentiality or the need to make private phone calls. The Licensing Team Leader has spoken to the team advising of this.</p> <p>Management Response: Head of Legal and Democratic Services</p>		N/A
Management Response – 2011/2012		Implementation Date
<p>Recommendation is Agreed The Licensing team is reviewing its enforcement procedures and such issues will be considered and codified into best practice. This work is already in officers PDP for 2011/12.</p> <p>Management Response: Shared Licensing Team Leader</p>		April 2011 for completion end March 2013.
Management response 2013/2014		Implementation date
<p>(a) Recommendation is Agreed Procedure in place by end June 2013</p> <p>Management Response: Shared Licensing Team Leader</p>		End June 2013