

## Summary of Audit Work April – September 2007

### Chief Executives Department

Analysis of Mandays

#### **Regularity & Systems Audits**

Human Resources System	7.25
Civic Cars	2.25
Training and Employment Services	9.25
Local Land Searches	<u>4.50</u>
	<u>23.25</u>

#### **Economic Development**

Business Centres	1.50
Industrial Estates	2.00
Industrial Promotions	0.50
Regeneration Initiatives	1.75
Enterprise Investment Scheme	<u>10.50</u>
	<u>16.25</u>

**TOTAL** **39.50**

#### **Formal Reports Issued**

Civic Cars
Industrial Promotions
Training and Employment Services
Local Land Searches
Enterprise Investment Scheme

#### **Recommendations**

None
Yes
Yes
None
None

#### **Risk Assessment**

Low / medium
N/A
Low / medium
Low / medium
N/A

## Summary of Audit Work April – September 2007

### Chief Executives Department – Issues Reviewed

#### 1 Civic Cars

- The review examined systems of control relating to Civic Cars.
- Information in the Chauffeurs Log Book was satisfactory.
- Fuel usage for the Volvo and Mercedes was broadly consistent with the previous year.
- A sample of Civic Car journeys confirmed that no corresponding mileage claims had been made by Members.

#### 2 Industrial Promotions

- The purpose was to review the financial activity during the year.
- There was a slight under spend against budget in 2006/07 and the budget for 2007/08 was reduced by 51% to £31k.

#### 3 Training & Employment Services

- The systems of control in relation to contracts, budgets and inventories were examined.
- Supporting and monitoring evidence was verified to amounts claimed.
- The budget was being effectively monitored by the section.
- It was agreed that the inventory will be reviewed within the next 3 months.

#### 4 Local Land Searches

- The review involved examining the systems of control for land searches.
- Payments were verified as received and recorded appropriately.
- The Durham County Council invoice was accurately calculated and paid.
- The performance targets for the service were being achieved.

#### 5 Enterprise Investment Scheme

- The audit involved examining systems of control in respect of the scheme.
- Payments were agreed to control records, bank statements and the General Ledger.
- Grants are awarded in line with approved regulations and are promptly paid over.

## Summary of Audit Work April – September 2007

### Housing Services

Analysis of Mandays

#### **Property Services**

Central Heating Contract	2.00
Contractors' Final Accounts	9.25
Fire & Security Alarms Contract	<u>0.25</u>
	<u>11.50</u>

#### **Management & Rents**

Disturbance & Redecoration Allowances	3.50
Housing Management	20.00
Portable Data Capture System	<u>2.00</u>
	<u>25.50</u>

**TOTAL** **37.00**

#### **Formal Reports Issued**

	<b>Recommendations</b>	<b>Risk Assessment</b>
Housing Management	Yes	N/A
Voids Management	None	N/A
Portable Data Capture System	None	Medium
Decoration Vouchers & Disturbance Allowances	None	Medium
Housing Rechargeable Repairs	Yes	Medium
Contractors Final Accounts	None	N/A

## Summary of Audit Work April – September 2007

### Housing Services – Issues Reviewed

#### 1 Housing Management

- Controls in respect of rent collection and tenant arrears were assessed during this review.
- Current and Former Tenant Arrears policies are available to all staff and are being updated.
- The Rent Recovery and Rent Accounting services are presently analysing collection.
- Performance Indicators are being monitored and met.

#### 2 Voids Management

- Systems in place to control void management and reconciliation were examined during the review.
- There are procedures in place for managing and monitoring void properties, verifiable to the management of individual properties and tenancies.
- Housing is actively managing and monitoring void properties in accordance with the appropriate regulations and policies.
- Weekly / monthly monitoring reports are produced and forwarded to responsible officers.
- It was noted that Housing are performing well against established targets.

#### 3 Portable Data Capture System

- Controls were examined to ensure income is collected / banked correctly and accounts are updated correctly and in a timely manner.
- No errors were identified and tenants' accounts were updated appropriately.
- Recording of over and under banking is up to date and suspense accounts are reviewed regularly.

#### 4 Decoration Vouchers & Disturbance Allowances

- Controls were examined in respect of stocks of SBC and B&Q vouchers and the timeliness / frequency of redemption.
- Vouchers are held securely and verifiable to the General Ledger.
- The Housing department held appropriate documentation to support vouchers issued.

#### 5 Housing Rechargeable Repairs

- Control systems in place were examined during the review.
- The average number of days from assessment / completion to raise an invoice has not changed significantly since the previous review.
- Following implementation of a new Recharge Policy and Procedure invoices raised had increased.
- Some debtors have defaulted on their agreed payment plans and arrears have increased.
- It is noted that tenants have queried whether jobs are rechargeable and have refused to pay.

#### 6 Contractors Final Accounts

- Examination was carried out in respect of the contractor's final statement of account and working papers for 13 schemes.
- There were no errors identified in respect of the contracts reviewed.

## Summary of Audit Work April – September 2007

### Leisure Services

#### Analysis of Mandays

#### **Leisure Centres & Pools**

Ferryhill Leisure Centre	7.00
Spennymoor Leisure Centre	9.75
Sildon Sunnydale Leisure Centre	6.50
Fishburn Swimming Pool	4.00
Fitness Suites	5.25
Bars & Catering	<u>3.25</u>
	<u>35.75</u>

#### **Other Leisure Activities**

Cyber Cafes	5.25
Gaming Contracts	3.50
Green Lane Catering	2.75
Leisure Partnerships	1.50
Playleadership Schemes	0.25
Torex System	<u>0.25</u>
	<u>13.50</u>

**TOTAL** **49.25**

#### **Formal Reports Issued**

	<b>Recommendations</b>	<b>Risk Assessment</b>
Green Lane Canteen	Yes	Medium
Fishburn Swimming Pool	None	Low / medium
Gaming Machines Contracts	None	Low / medium
Sildon Sunnydale Leisure Centre	Yes	Medium
Leisure Centre Bars	Yes	N/A
Spennymoor Leisure Centre	Yes	Medium / high
Ferryhill Leisure Centre	Yes	Medium

## Summary of Audit Work April – September 2007

### Leisure Services – Issues Reviewed

#### 1 Green Lane Canteen

- Controls systems at the canteen were reviewed.
- Stock checks are undertaken monthly and income is collected and banked daily.
- It was noted that there is still some obsolete equipment in use in the canteen.

#### 2 Fishburn Swimming Pool

- The review assessed the operation of the pool to test key controls to assess how these pool fits into the overall business plan and assess their performance against other pools operated by SBC.
- The system of receipting income was working satisfactorily.
- It was noted that the level of security is low – the main entrance opens directly to the access to changing rooms and there are no lockers available.

#### 3 Gaming Machines Contracts

- The main contract for gaming machines is with Northumbrian Leisure. Machines are provided on a rental basis, with income retained by the Council.
- A spreadsheet is maintained producing details on the year's income and rental charges.
- It was noted that income has decreased due to lack of interest and a decrease in people using the bars where the machines are held.

#### 4 Shildon Sunnydale Leisure Centre

- Review objectives were to ensure that systems in place to control income, expenditure, stock and cash held on site are adequate and adhered to.
- Cash floats were examined and found to be in order.
- Income reconciliation was found to be appropriate although further training is needed on the Torex leisure management system.
- It was noted that lost property is not signed for when collected.
- Cleaning material stock records were not up to date at the time of the review.

#### 5 Leisure Centre Bars

- This review involved examining systems of control for trading performance, reconciliation of income and allowances.
- Trading reports to 31 May 2007 showed Ferryhill, Newton Aycliffe and Spennymoor are operating at a satisfactory level while Shildon is under performing slightly. The position to the end of September has not changed.
- The timeliness at which reconciliations was carried out between bar income sheets, stock-takers reports and the General Ledger is to be improved

#### 6 Spennymoor Leisure Centre

- The objectives of the review were to ensure that systems in place to control income, expenditure, stock and cash held on site are adequate and adhered to.
- Following Torex system downtime, it was noted that all transactions are not input immediately once it is back in operation.
- The inventory was not available during the audit.
- Cash handling, banking and key control procedures were to be issued to all staff to ensure consistency of treatment.

### **Summary of Audit Work April – September 2007**

#### **7 Ferryhill Leisure Centre**

- The purpose of the review was to ensure that the systems in place to control income, expenditure, stock and cash held on site are adequate and adhered to.
- The inventory should be recorded in paper form (i.e. a hard backed book), and be stored securely to ensure items cannot be removed without trace.
- It was noted that staff should ensure that records of stock and stock movements are kept up to date.

## Summary of Audit Work April – September 2007

### Neighbourhood Services

#### Analysis of Mandays

#### **Regularity & Systems Audits**

Building Regulations & Planning Fees	0.50
Carelink	0.50
CCTV	0.25
Community Telemedicine	0.25
Concessionary Fares	4.25
Concessionary TV Licences	4.00
Drain Rodding	0.25
Home Improvement Agency	1.00
Homelessness	7.50
Horticulture	0.75
Licensing	2.25
Shop Improvement Grants	3.50
Supporting People Programme	6.00
Vehicle Maintenance Operation	<u>7.25</u>
<b>TOTAL</b>	<b><u>38.25</u></b>

#### **Formal Reports Issued**

<b>Formal Reports Issued</b>	<b>Recommendations</b>	<b>Risk Assessment</b>
Homelessness Service	Yes	Medium
Vehicle Maintenance Operation	Yes	Medium
Home Improvement Agency	Yes	Medium / high
Shop Improvement Grants	Yes	N/A
Concessionary TV Licences	Yes	Medium
Concessionary Bus Passes	None	Medium



## Summary of Audit Work April – September 2007

### Neighbourhood Services – Issues Reviewed

#### 1 Homelessness Service

- Internal Audit examined the controls in place in respect of the service.
- It was noted that comprehensive income records had not been maintained at all times and staff are to ensure that records are to be completed in a timely manner.
- It was agreed that a collection sheet detailing rent owed and paid, adjusted for housing benefit received and arrears carried forward should be maintained.
- The security of energy cards held in Green Lane needed to be re-examined.
- A full set of procedure notes for the section had not yet been completed.

#### 2 Vehicle Maintenance Operation

- Issues address systems of control in place at the Vehicle Maintenance Operation at Chilton Depot.
- There is a just in time stock ordering system in operation and a stock take identified no discrepancies.
- MOT and vehicle registration documentation was examined and found to be appropriate.
- Staff were reminded that recharges for Hackney Carriage tests should be completed regularly.

#### 3 Home Improvement Agency

- The review looked at records and documentation on file to support claims made and ensure they are being processed in accordance with regulations.
- Grants had been paid for the correct amount and authorised.
- Necessary monitoring and recovery action is being undertaken in respect of the group repair scheme

#### 4 Shop Improvement Grants

- The review looked at controls in relation to applications and funding.
- The Spennymoor Scheme is on going and no business in receipt of a grant had been sold within the claw-back period.

#### 5 Concessionary TV Licences

- Systems of control in respect of the main issue of Television Licences were examined.
- Staff were reminded that the issue dates for licences should be noted.
- The contributions received by the Service were verified to the General Ledger and a number of minor differences were to be investigated.
- Staff were reminded of the importance of ensuring the accuracy of information submitted to the Concessionary Licensing Centre.

#### 6 Concessionary Bus Passes

- The review involved examining the systems of control in respect of passes issued and blank bus passes, Durham County Council (DCC) invoices and budgetary analysis.
- A new scheme was introduced April 2006 and passes had been re-issued appropriately.
- Blank bus passes are held in the Neighbourhood Services department and at reception.
- DCC administers the scheme, and district councils are responsible for issuing passes. Invoices were reviewed, details checked and payments totalling £1.2m were found to be correct.

## Summary of Audit Work April – September 2007

### Resources

Analysis of Mandays

#### **Income Audits**

Cash Office - Green Lane	5.75
Cash Office - Ferry Hill	4.75
Cash Office - Newton Aycliffe	1.50
Emergency Receipts	2.00
Postal Remittances	<u>3.75</u>
	<u>17.75</u>

#### **General Audits**

Bailiff / Debt Collection Services	6.00
Capital Receipts & Accounting	2.00
Car Leasing & Loans	2.25
Charges for Services	2.00
Council Tax Administration	0.25
Financial Checks	5.25
Imprests & Floats	2.75
IT - Procurement	5.50
IT - Mobile Phones	7.25
Parish Recharges	3.50
VAT	<u>3.00</u>
	<u>39.75</u>

#### **Systems Audits**

##### **Information Technology**

IT Audit – General	<u>2.00</u>
	<u>2.00</u>

##### **Accounts Payable**

Emergency Cheques	5.00
System Work	1.25

**Payroll: System Review and Tests** 5.25

**NNDR: System Review and Tests** 17.25

**Council Tax: System Review and Tests** 6.00

**Housing Benefit: System Review and Tests** 6.50

**TOTAL** **100.75**

### Summary of Audit Work April – September 2007

<b>Formal Reports Issued</b>	<b>Recommendations</b>	<b>Risk Assessment</b>
Capital Accounting System	Yes	N/A
Car Leasing Scheme	None	Low / medium
Emergency Cheques	None	Low / medium
Value Added Tax	Yes	Medium
Green Lane Cashiers Office	No	Medium
Mobile Phones	Yes	Low / medium
ICT Procurement	Yes	Low / medium
Postal Remittances	Yes	Low / medium
Bailiff / Debt Collection Services	Yes	Low / medium
Emergency Receipts System	None	Low / medium
Accounts Payable – Duplicate Payments	None	N/A
Imprests & Floats	Yes	Low / medium
Ferryhill Cash Office	None	Medium
Parish Recharges	None	Low / medium

## Summary of Audit Work April – September 2007

### Resources – Issues Reviewed

#### 1 Capital Accounting System

- Capital accounting system controls were examined.
- The main procedures and processes are being documented.
- Capital Receipts balances could be verified to the General Ledger.
- The Accountancy section monitor Capital Payments and Receipts claims and supporting documentation and support the Valuation & Corporate Property in managing the assets of the Council.
- It is expected that during 2007/08 the Capital Asset Register and the Asset Management System will be superseded by one system managed by the Valuation & Corporate Property.

#### 2 Car Leasing Scheme

- Documentation was examined to assess the controls in place for the Car Leasing Scheme.
- Monthly reconciliations were obtained and found to be up to date and accurate
- Performance Indicators were met.

#### 3 Emergency Cheques

- Control systems were examined in respect of requisitioning, issuing, cancelling and posting such cheques.
- Payments were authorised and appropriately coded and supporting documentation was held.
- The use of emergency cheques has declined significantly over the period reviewed.

#### 4 Value Added Tax

- Controls in relation to VAT were assessed during the review.
- VAT returns held supporting documents and invoices were coded appropriately with all creditors sampled having a valid registration number.
- At present the de minimums level is being recalculated and monitored.

#### 5 Green Lane Cash Office

- Controls in place at the Green Lane Cash Office were examined.
- Cash on site was reconciled to the float amount and security of cash was appropriate.
- Collections and banking entries were verified and reconciled to date.
- Cash income has decreased over the last five years and was attributed to the increased use of alternative payment methods.
- Performance indicators are reported to management monthly.

## Summary of Audit Work April – September 2007

### 6 Mobile Phones

- Controls in respect of contract arrangements and mobile phone use were assessed.
- The Policy for Provision of Mobile Communication Equipment has recently been approved.
- Officers are given a copy of the invoice to check for their personal calls and a payment is made at the cash desk although there is no agreed procedure to record and identify payments for personal calls.
- Analysis of the raw data supplied by the ICT Section highlighted the use of mobile phones abroad and some calls and texts to premium rate lines.

### 7 ICT Procurement

- Controls around ICT procurement were examined during the review.
- A major component of the capital programme for 2006/07 and 2007/08 years was the PC Replacement Scheme.
- Appropriate procurement arrangements need to be followed.
- There has been an increase in the level of spend on Application Software and ICT year on year.

### 8 Postal Remittances

- Systems for the receipt and banking of cash and other payments received through the post, and the posting of income to customers' accounts and the General Ledger were examined.
- The Chief Executive and Resources departments have performance indicators although other departments do not.

### 9 Bailiff / Debt Collection Services

- Controls were addressed for services received from 3 providers, returned cases and Bailiff use in respect of Former Tenant Arrears.
- The Senior Business Rates Officer is updating systems notes.
- Examination of postings and charges levied showed no discrepancies with payments from providers.

### 10 Emergency Receipts System

- The review examined systems of control in relation to collections, NNDR, Council Tax and other cash offices.
- Where emergency receipts had been used they were appropriately agreed to Green Lane Cashiers' receipts and individual systems.

### 11 Accounts Payable – Duplicate Payments

- The review involved using IDEA audit software to interrogate all data records extracted from the Accounts Payable System between November 2006 and 5 July 2007.
- Areas of investigation included duplicate creditor and invoice references and amounts to highlight duplicate payments and assess the reasons, eg two-part payments, cancellations, etc.

**Summary of Audit Work April – September 2007****12 Imprests & Floats**

- Controls relating to floats, reconciliations and year-end final accounts certifications were examined.
- New and increased float balances requested and authorised and were agreed to the General Ledger and temporary floats are reconciled quarterly.
- Year-end certifications and reconciliation was checked and procedures were confirmed with Accountancy.
- A certificate had not been produced for the Locomotion Catering float although this has since been resolved.

**13 Ferryhill Cash Office**

- The audit examined systems of control for cash floats, collections and banking, security and emergency receipts.
- Floats and cash receipts were verified to the General Ledger and petty cash was used for valid purchases.
- Income was up to date and a reconciliation spreadsheet is maintained by the Collections section.

**14 Parish Recharges**

- The review examined systems of control for parish recharges, playground maintenance and stock control.
- Recharges for 2006/07 reflected the full cost of providing the service based on time spent on weekly playground maintenance inspections.

## Summary of Audit Work April – September 2007

### Summary of Mandays

#### **Audit Policy & Management**

##### **Chargeable Management Time**

Audit Management & Supervision	3.25
Audit Planning and Administration	20.00
Development & Awareness (research, etc)	36.50
Other Chargeable	<u>1.50</u>
	<u>61.25</u>

##### **Non - Chargeable Management Time**

Time Management System	10.00
Training In - House	8.50
Manager & Other Staff Meetings	8.00
Audit Sub - Groups	<u>1.25</u>
	<u>27.75</u>

**Total** **89.00**

##### **Corporate Studies & Projects**

Corporate Governance	2.50
Energy Management	10.75
KLOE - Use of Resources	0.25
NFI Data Matching Exercise	1.00
Risk Management	4.75
Statement of Internal Control	<u>4.50</u>
<b>Total</b>	<b><u>23.75</u></b>

#### **AUDIT MANDAYS TOTAL**

Chief Executive	39.50
Housing Services	37.00
Leisure Services	49.25
Neighbourhood Services	38.25
Resources Department	100.75
Audit Policy & Management	89.00
Corporate Studies & Projects	<u>23.75</u>
<b><u>TOTAL</u></b>	<b><u>377.50</u></b>

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