

Summary of Audit Work April 2007 – March 2008

Chief Executives Department

Analysis of Mandays

Regularity & Systems Audits

Human Resources System	7.75
Civic Cars	2.25
Training and Employment Services	9.25
Local Land Searches	<u>4.50</u>
	<u>23.75</u>

Economic Development

Business Centres	1.50
Industrial Estates	7.00
Industrial Promotions	0.50
Regeneration Initiatives	2.00
Enterprise Investment Scheme	<u>10.50</u>
	<u>21.50</u>

TOTAL **45.25**

Formal Reports Issued

Recommendations

Risk Assessment

April 2007 – September 2007

Civic Cars	None	Low / medium
Industrial Promotions	Yes	Low / medium
Training and Employment Services	Yes	Low / medium
Local Land Searches	None	Low / medium
Enterprise Investment Scheme	None	Low / medium

October 2007 – March 2008

Industrial Estates	None	Medium
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Summary of Audit Work October 2007 – March 2008**Chief Executives Department – Issues Reviewed during second half of 2007-08**1 Industrial Estates

- Accounts and records maintained by the Valuations and Business Rates sections were examined during the review which looked at the management of the Council's industrial estates.
- Business Rates and insurance amounts payable were reconciled to actual amounts on the Accounts Receivable System.
- All rent reviews and lease renewals were completed on time in 2007/08 and occupancy levels were above target.

The following work which was planned in the 2007/08 audit plan was not completed primarily due to two staffing vacancies in the Internal Audit section:

- Shildon Business Centre

Summary of Audit Work April 2007 – March 2008

Housing Services

Analysis of Mandays

Property Services

Contractors' Final Accounts	14.75
Central Heating	2.00
Fire & Security Alarm Contracts	0.25
Central Stores and Fuel	14.50
Disabled Persons Adaptations	<u>2.50</u>
	<u>34.00</u>

Management & Rents

Decoration Vouchers & Disturbance Allowances	3.50
Housing Management & Voids	17.50
Housing Rechargeable Repairs	5.00
Housing Rent Arrears	4.50
Portable Data Capture	<u>2.00</u>
	<u>32.50</u>

Total	<u>66.50</u>
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Formal Reports Issued

Recommendations	Risk Assessment
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April 2007 – September 2007

Housing Management	Yes	Medium
Voids Management	None	Medium
Portable Data Capture System	None	Medium
Decoration Vouchers & Disturbance Allowances	None	Medium
Housing Rechargeable Repairs	Yes	Medium
Contractors Final Accounts	None	Low

October 2007 – March 2008

Contractors Final Accounts	None	Low
Disabled Persons Adaptations	Yes	Medium
Central Stores and Fuel	Yes	Medium

Summary of Audit Work October 2007 – March 2008**Housing Services – Issues Reviewed during second half of 2007-08****1 Contractors Final Accounts**

- Examination was carried out in respect of the contractor's final statements of account and working papers.
- There were no errors identified in respect of the 12 contracts reviewed.

2 Disabled Persons Adaptations

- Controls were examined in respect of dealing with disabled persons adaptations.
- No major issues were identified during the review although the service is subject to heavy demand.

3 Central Stores and Fuel

- Controls in place in respect of stocks held in central stores at Chilton Depot, plus stocks on maintenance vans and fuel stocks were examined.
- The system to review outstanding orders was generally satisfactory.
- Requisitions for goods and materials appeared reasonable and were issued correctly.

The following work which was planned in the 2007/08 audit plan was not completed due to the transfer of work to Mears under the Council's Housing Partnering Contract. The Internal Audit Section will be reviewing the contract with Mears in the 2008-09 year:

- Housing Maintenance System
- Contract Management & Monitoring
- Fire & Security Alarms Contract
- Central Heating Contract
- Service Improvement Plan

The following audit work was substantially completed but the formal report will be issued in financial year 2008/09:

- Rent Arrears

Summary of Audit Work April 2007 – March 2008

Leisure Services

Analysis of Mandays

Leisure Centres & Pools

Fishburn Swimming Pool	4.00
Gaming Machines	3.50
Leisure Centre Bars	3.75
Leisure Centre – FLC	7.00
Leisure Centre – NALC	5.75
Leisure Centre – SSLC	6.75
Leisure Centre – SLC	9.75
Leisure Centre - Fitness Suites	7.00
Torex System	<u>5.50</u>
	<u>53.00</u>

Other Leisure Activities

Cyber Cafes	5.25
Green Lane Canteen	3.00
Playleadership Schemes	3.25
Leisure & Arts Events	<u>2.75</u>
	<u>14.25</u>

TOTAL 67.25

Formal Reports Issued**Recommendations Risk Assessment**April 2007 – September 2007

Green Lane Canteen	Yes	Medium
Fishburn Swimming Pool	None	Low / medium
Gaming Machines Contracts	None	Low / medium
Schildon Sunnydale Leisure Centre	Yes	Medium
Leisure Centre Bars	Yes	Medium
Spennymoor Leisure Centre	Yes	Medium / high
Ferryhill Leisure Centre	Yes	Medium

October 2007 – March 2008

Cyber Cafes	None	Medium
Fitness Suites	Yes	Low
Leisure & Arts Events	None	Low
Playleadership Schemes	None	Medium

Summary of Audit Work October 2007 – March 2008**Leisure Services – Issues Reviewed during second half of 2007-08****1 Cyber Cafes**

- A review was carried out of income and banking, security, access and promotion controls.
- Cafes are located in 3 Leisure Centres and bookings and income are receipted through TOREX and banked with Leisure Centre takings.
- It was confirmed that PCs have anti-virus and web blocking software to restrict access and usage detail is received daily.

2 Fitness Suites

- Payments made to Competition Line (UK) Ltd for financial year 2006/07 were examined to ensure the process was appropriate and monies paid over were correct.
- A small overpayment has been identified and this was being reclaimed.

3 Leisure & Arts Events

- The controls in respect of the reconciliation, purchases and security surrounding the Mayor's Golf Tournament charity event were examined.
- Receipts for all items purchased were examined and agreed to the general ledger.

4 Playleadership Schemes

- Controls in place for the schemes were examined during the review.
- Expenditure was agreed to the general ledger.
- All staff were subject to an enhanced CRB check, prior to commencement of employment and held National Governing Body qualifications and are qualified First Aiders.

The following work which was planned in the 2007/08 audit plan was not completed primarily due to two staffing vacancies in the Internal Audit section:

- Grants and Interest Free Loans
- Mobile Skate Park
- Locomotion

The following audit work was substantially completed but the formal report will be issued in financial year 2008/09:

- Newton Aycliffe Leisure Centre

Summary of Audit Work April 2007 – March 2008

Neighbourhood Services

Analysis of Mandays

Regularity & Systems Audits

Carelink System	3.00
CCTV	0.50
Community Telemedicine System	0.25
Concessionary Bus Passes	4.25
Concessionary TV Licences	6.00
Drain Rodding Income	0.25
Home Improvement Agency	1.00
Homelessness Service	7.50
Horticulture	2.00
Improvement Grants System	3.50
Licensing Service	7.00
Planning & Building Fees	8.25
Supporting People	8.25
Vehicle Maintenance Operation and Stores	<u>7.25</u>
TOTAL	<u>59.00</u>

Formal Reports Issued

Recommendations Risk Assessment

April 2007 – September 2007

Homelessness Service	Yes	Medium
Vehicle Maintenance Operation	Yes	Medium
Home Improvement Agency	Yes	Medium / high
Shop Improvement Grants	Yes	Low / medium
Concessionary TV Licences	Yes	Medium
Concessionary Bus Passes	None	Medium

October 2007 – March 2008

Building Regulation Fees	Yes	Medium
Planning Application Fees	Yes	Medium
Carelink (Bus Income)	Yes	Low / medium
Licensing	Yes	Medium

Summary of Audit Work October 2007 – March 2008**Neighbourhood Services – Issues Reviewed during second half of 2007-08****1 Building Regulation Fees**

- Controls in place for building regulation fees were examined during the review.
- The correct fees had been charged from the sample selected for review.

2 Planning Application Fees

- Controls in place for planning application fees were assessed.
- The correct fees had been charged from the sample selected for review.

3 Carelink (Bus Income)

- Examination was carried out to ensure income reported had been received.
- Some recommendations were made to improve reconciliation and income collection procedures.

5 Licensing

- Controls in place for licensing were examined during the review.
- A number of recommendations were made to improve controls relating to income, invoicing, inspections and risk assessments to premises.

The following work which was planned in the 2007/08 audit plan was not completed primarily due to two staffing vacancies in the Internal Audit section:

- Trade Refuse Charges
- Drain Rodding
- Outdoor Markets
- Neighbourhood Wardens
- CCTV
- Home Improvement Agency

The following audit work has been deferred and will be completed in financial year 2008/09:

- Supporting People / Carelink

Summary of Audit Work April 2007 – March 2008

Resources

Analysis of Mandays

Income Audits

Cash Office – Green Lane	5.75
Cash Office – Ferryhill	6.25
Cash Office – Newton Aycliffe	4.25
Cash Office – Shildon	2.75
Collection Section Bank Reconciliation	7.25
Emergency Receipts	2.00
Postal Remittances	<u>3.75</u>
	<u>32.00</u>

General Audits

Bailiff Services	6.00
Capital Receipts & Accounting	2.25
Car Allowances	3.25
Car Leasing Scheme	2.25
Charges for Services	2.50
Council House Sales	3.75
Financial Checks	12.00
Imprests, Floats, Petty Cash	2.75
Insurances	4.50
IT – Procurement	6.00
IT – Mobile Phones	7.25
Members Allowances	3.75
Parish Recharges	3.00
Treasury Management	7.50
VAT	<u>3.25</u>
	<u>70.00</u>

Systems Audits**Information Technology**

IT Audit – General	2.25
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Accounts Payable

Emergency Cheques	5.00
System Work	20.00

Accounts Receivable: System Review and Tests 12.75**Payroll: System Review and Tests** 26.00**NNDR: System Review and Tests** 21.50**Council Tax: System Review and Tests** 23.00**Housing Benefit: System Review and Tests** 19.25**TOTAL** 231.75

Formal Reports Issued	Recommendations	Risk Assessment
<u>April 2007 – September 2007</u>		
Capital Accounting System	Yes	Low / medium
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	Low
Imprests & Floats	Yes	Low / medium
Ferryhill Cash Office	None	Medium
Parish Recharges	None	Low / medium
<u>October 2007 – March 2008</u>		
Petty Cash	None	Low
Car Allowances	Yes	Low / medium
NNDR	Yes	Medium
Treasury Management	None	Medium
Council Tax	None	Medium
Newton Aycliffe Cash Office	Yes	Medium
Housing Benefits	Yes	High
Members Allowances	None	Low / medium
Insurance	Yes	Medium
Shildon Cash Office	Yes	Medium
Accounts Payable	Yes	Medium / high

Summary of Audit Work October 2007 – March 2008**Resources – Issues Reviewed during second half of 2007-08****1 Petty Cash**

- The review examined controls in respect of float reconciliation, the nature and regularity of reimbursements and security.

2 Car Allowances

- Controls around allowance claims were examined during the review.
- Payments were processed and paid in accordance with NJC guidance and internal procedures.
- Claimants are required to complete official forms for reimbursement to which VAT receipts should be added.
- Payroll ensured that adequate insurance documents were checked to support car mileage payments.

3 NNDR

- The purpose of the review was to assess the effectiveness of controls within the NNDR system.
- Audit work confirmed that the overall NNDR liability had been correctly calculated and sample testing also showed that discounts, reliefs and exemptions had been correctly applied.

4 Treasury Management

- The review was carried out to assess Treasury Management activity and ensure the Council policy regarding investment is being followed.
- There is an approved lending list and processes for fixed term investments, and a spreadsheet is maintained showing income and payments.
- Investments made were examined and controls were appropriate.
- Monthly activity transactions are reconciled to the FMS system and a performance report shows investment activity.

5 Council Tax

- The purpose of the review was to examine the effectiveness of controls within the Council Tax system.
- Changes actioned by the Valuation office were found to be appropriate, as were property valuation request forms and information sources.
- Collection and arrears figures are reported to senior management regularly and are closely monitored.
- The suspense account is regularly monitored and items were subsequently posted to the appropriate Council Tax payers' accounts.
- The void inspection programme was satisfactory.

6 Newton Aycliffe Cash Office

- Controls in place at the Newton Aycliffe Cash Office for cash floats, collections and banking, security and emergency receipts were examined.
- Floats and cash receipted were verified to the General Ledger.
- A minor recommendation was made relating to checking of floats within the cash office.
- The Collection and Deposit Book was up to date and the Collections' section reconciliation spreadsheet in relation to this cash office was also up to date.

7 Housing Benefits

- The review examined the effectiveness of controls within the benefits system.
- Claims checking identified no discrepancies and overpayments can be identified.
- Backdated claims were assessed in accordance with benefit regulations and supported by appropriate documentation.

8 Members Allowances

- Controls in place to pay basic, special responsibility and other allowances to members were reviewed.
- Members complete and sign claim forms to receive reimbursement and a sample of these were examined during the audit and found to be completed appropriately.
- Other payments including telephone rental, attendance allowance and advances were examined and paid appropriately.

9 Insurance

- Controls around the level of cover offered and adequacy of dealing with claims were examined during the review and considered to be appropriate.
- The contract with Zurich Municipal is due to end 31 October 2008 and in view of LGR a decision was taken to extend it to March 2009.

10 Shildon Cash Office

- The audit examined systems of control for cash floats, collections and banking, security and emergency receipts at the Cash Office.
- Floats and cash receipted were verified to the General Ledger.
- A minor recommendation was made relating to checking of floats within the cash office.
- The Collection and Deposit Book was up to date and the Collections' section reconciliation spreadsheet in relation to this cash office was also up to date.

11 Accounts Payable

- Controls in place for the accounts payable system were examined.
- Testing was undertaken on supplier invoices, BACS and cheque payments and reconciliation controls. This included use of computer interrogation techniques to query the accounts payable system. Systems and processes were found to be operating satisfactorily.

The following work which was planned in the 2007/08 audit plan was not completed primarily due to two staffing vacancies in the Internal Audit section:

- ICT Strategy & Policies

The following audit work was substantially completed but the formal report will be issued in financial year 2008/09:

- Payroll
- Accounts Receivable
- Collection Section Bank Reconciliation
- Council House Sales

Summary of Mandays**Audit Policy & Management****Chargeable Management Time**

Audit Commission Liaison	4.25
Audit Management & Supervision	19.75
Audit Planning and Administration	45.75
Development & Awareness	42.00
All Departments Miscellaneous	<u>22.00</u>
	<u>133.75</u>

Non – Chargeable Management Time

Time Management System	16.75
Training In House	19.25
Manager & Other Staff Meetings	23.75
Audit Sub – Groups	<u>6.50</u>
	<u>66.25</u>

Total 200.00

Corporate Studies & Projects

CIPFA FM Model	20.00
Chartermark	10.00
Corporate Governance	28.25
Energy Management	20.75
KLOE – Use of Resources	15.25
NFI Data Matching Exercise	1.00
Risk Management	35.50
Statement of Internal Control	<u>4.50</u>
Total	<u>135.25</u>

AUDIT MANDAYS TOTAL

Chief Executive	45.25
Housing Services	66.50
Leisure Services	67.25
Neighbourhood Services	59.00
Resources Department	231.75
Audit Policy & Management	200.00
Corporate Studies & Projects	<u>135.25</u>
<u>TOTAL</u>	<u>805.00</u>

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