

AUDIT COMMITTEE

26 JUNE 2012

INTERNAL AUDIT END OF YEAR REPORT 2011/12

REPORT OF INTERNAL AUDIT MANAGER

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RECENT REFERENCES:

PS442 – Internal Audit Strategy and Audit Plan 2011/12 to 2013/14 – 7 March 2011

AUD001 – Review of the Effectiveness of Internal Audit (including End of Year Report to 31 March 2011) – 29 June 2011

AUD010 – Internal Audit Progress Report to 31 August 2011 – 26 September 2011

AUD017 – Audit Progress Report to 31 November 2011 – 5 December 2011

AUD018 – Anti-Bribery Report – 5 December 2011

AUD019 – Internal Audit Charter – 5 December 2011

AUD027 – Internal Audit Progress Report to 29 February 2012 – 12 March 2012

EXECUTIVE SUMMARY:

This report includes commentary on Internal Audit compliance with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. It also includes an opinion on the overall adequacy and effectiveness of the organisation's control environment and a summary of the audit work from which the opinion is derived for the financial year ending 31 March 2012.

Tables are provided within the report detailing the work actually undertaken to that planned and a summary of the performance of the internal audit function against its performance measures and targets.

The original Annual Audit Plan had 28 planned audits but due to a reduction in the available audit days that occurred during the year (previously reported to the Audit Committee during 2011/12) the plan was reduced to 26 audits. Seventy nine percent

(22 audits, includes two follow up audits) of the original 28 programmed audits in the audit plan have been completed to final or draft report stage and 85% of the revised (26 audits) have been completed to final or draft report stage.

In addition to this three audits from the 2010/11 plan that were to be finalised as part of the 2011/12 plan were completed.

Two pieces of work have been requested by the S151 Officer (contingency budget) and one special investigation completed.

The Audit Plan for 2011/12 is shown in tabular form at Appendix A of this report and provides details on the progress of this year's audit plan at 31 March 2012.

Appendix B provides a definition of audit opinions.

The Executive Summaries for audits completed since the last Audit Committee meeting, including audit opinion, conclusions and high and medium level management actions are shown in Appendix C. These include the audits of:

- Accountancy (including general ledger, treasury management and VAT)
- Asset Management
- Benefits
- Creditors
- Debtors
- Guildhall
- Housing Finance Reform
- Markets
- National Fraud Initiative (summary update for 2011/12)

The Executive Summary for the audit of Cash Collection is shown as an exempt item in Appendix E.

Appendix D provides a summary of the high risk audit actions outstanding at 31 March 2012.

#### RECOMMENDATIONS:

1. To consider the Internal Audit Annual Report 2011-12, the assurance opinion from the Internal Audit Partnership Manager on the system of internal control and the overall conclusion on the effectiveness of Internal Audit.
2. That the matters raised by Internal Audit and action taken by management are noted.

AUDIT COMMITTEE26 JUNE 2012INTERNAL AUDIT ANNUAL REPORT FOR 2011/12REPORT OF INTERNAL AUDIT MANAGERDETAIL:1 Introduction

- 1.1 The Council's Internal Audit Partnership Manager is required to produce a formal annual report and opinion under the CIPFA Code of Practice for Internal Audit in Local Government 2006. This forms an integral part of the formulation of the Council's Annual Governance Statement, as required under the Accounts and Audit Regulations 2011 and the CIPFA 'Framework for Delivering Good Governance in Local Government'.
- 1.2 To meet this requirement a review of the Internal Audit function was conducted benchmarking the service against the best practice outlined in the CIPFA Code of Practice for Internal Audit in Local Government (2006) in the United Kingdom.

The 11 Standards covered by the Code of Practice are:

Standard 1: Scope of Internal Audit.

Standard 2: Independence.

Standard 3: Ethics for Internal Auditors.

Standard 4: Audit Committees.

Standard 5: Relationships.

Standard 6: Staffing, Training and Continuing Professional Development.

Standard 7: Audit Strategy and Planning.

Standard 8: Undertaking Audit Work.

Standard 9: Due Professional Care:

Standard 10: Reporting

Standard 11: Performance, Quality and Effectiveness

The review shows substantial compliance with the Standards. There are 2 partially compliant activities out of over 200 separate activities that make up the Standards. Areas for improvement are as follows:

Standard 1 for the Scope of Internal Audit – Where services are provided in partnership, has the Head of Internal Audit identified: (a) how assurance will be sought and (b) agreed access rights where appropriate?

***Although the answer is broadly “yes” the Partnership Annual Letter & Performance Agreement for Internal Audit is not yet in place for 2012-13 but is currently in the process of being drawn up by Havant Borough Council.***

Standard 6 Staffing, Training and Continuing Professional Development – One area of partial compliance relating to individual auditors maintaining records of professional training and development activities.

***This will be addressed through implementing a training and development database for individual auditors to record these activities in 2012-13.***

2. Opinion on the Overall Adequacy and Effectiveness of the Council's Internal Control Environment
  - 2.1 The overall opinion of the Internal Audit Partnership Manager is that a substantial level of assurance can be given that there is a generally sound system of internal control, designed to meet the Council's objectives, and that controls are being applied consistently.
  - 2.2 The opinion of the Internal Audit Partnership Manager is based upon, and limited to, the work performed during the year. The opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Council, but is based upon the range of individual opinions arising from risk based audit assignments completed during 2011-12. Three of the substantial opinions are at draft report stage.

These individual opinions are summarised below:

<u>Opinion</u>	<u>No.</u>	<u>%</u>
Full Assurance	0	0
Substantial Assurance	14	74
Limited Assurance	5	21
No Assurance	1	5

2.3 The Audits that received a limited opinion are as follows:

- Asset Management
- Flexible Working
- ICT Security Policy
- Performance and Risk Management
- Markets – follow up of previous audit actions accepted by Management

The Audit of Catering Stock Management received a no assurance opinion.

### 3. Audit Plan Progress

3.1 Appendix A indicates the progress made against the 2011/12 audit plan to 31 March 2012.

3.2 The original Annual Audit Plan had 28 planned audits but due to a reduction in the available audit days that occurred during the year (previously reported to the Audit Committee during 2011/12) the plan was reduced to 26 audits. Seventy nine percent (22 audits, includes two follow up audits) of the original 29 programmed audits in the audit plan have been completed to final or draft report stage and 85% of the revised plan (26 audits) have been completed to final or draft report stage. Two audits due to have been completed in the revised plan are now to be covered as part of the 2012/13 Audit Plan for the audits of the Environmental Services Contract and the ICT Shared Service.

3.3 In addition to the above, two reviews have been requested by the S151 Officer (contingency budget) and one special investigation (contingency budget).

### 4. Outstanding Internal Audit Recommendations

4.1 All Directors and Heads of Team are aware of their outstanding Audit Actions and these are now monitored on Covalent. An update for the Audit Committee on implementation of high risk management actions to 31 October 2011 was reported to the Audit Committee 5 December 2011 and a further update on outstanding high risk audit actions as at 31 March 2012 is shown in Appendix D to this report.

5. Issues Relevant to the Preparation of the Annual Governance Statement

- 5.1 From the risk-based Internal Audit assignment work undertaken during 2011-12, two areas were raised for consideration as to whether they were sufficiently significant to be included as actions in the Council's Annual Governance Statement for 2011-12.

The two areas raised were duly considered by the Council's Corporate Governance Group in full consultation with the Internal Audit Partnership Manager. These have been included in the Annual Governance Statement as emerging issues, classified under Financial Management

6. Partnership Progress

- 6.1 The Audit Manager to date has spent 33.3% of his time on Winchester City Council audit matters and 33.3% at Havant Borough Council and 33.3% at Test Valley Borough Council. The annual target is 33.3% at each site.

7. Other Matters

- 7.1 Internal Audit has an overall productive time (chargeable days) target of 90%. Performance was slightly above target at 90.2%.

OTHER CONSIDERATIONS:

8. SUSTAINABILITY COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 8.1 Internal Audit contributes through the annual audit plan to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Sustainable Community Strategy and Change Plans.

9. RESOURCE IMPLICATIONS:

- 9.1 A shortfall in resources of 114.5 audit days mainly due to a vacancy that arose within the Internal Audit Team was reported to the Audit Committee on 26 September 2011.
- 9.2 The Audit Committee on 26 September 2011 approved procurement of additional audit resources from within existing budgets for the audits of Creditors, Debtors and ICT Security and to postpone the audits of Contracts and the Housing Term Contract. Approval was also given to reduce the scope for the audits of Commissioning, Car Parks, the Guildhall and Markets. In addition the audit titled Appointment of External Auditors has been removed as no longer required. A risk

based approach has been used to ensure the revised Audit Plan is sufficient to provide a robust audit opinion at the year end on the Council's internal control framework whilst managing to deliver a small financial saving on this year's Internal Audit Staffing costs.

- 9.3 The Audit of "Commissioning" as reported to the Audit Committee on 12 March 2012 is to be postponed to 2012/13 due to an additional piece of work undertaken by Internal Audit on the Housing Finance Reform which was considered to be of a higher priority.

## 10 RISK MANAGEMENT ISSUES

- 10.1 The Internal Audit plan for 2011/12 is linked to the Corporate Risk Registers to ensure, where possible and appropriate, Internal Audit review those areas considered to be of the most significant risk. The annual plan was approved by Principal Scrutiny Committee and continues to be reviewed to ensure it is in line with the risk registers and as a consequence the Council has an audit programme closely linked to the Sustainable Community Strategy and Change Plans. This role now rests with the Audit Committee.

### BACKGROUND DOCUMENTS:

Working papers and Audit Reports held within the Governance Group (some exempt).

### APPENDICES:

Appendix A: Provides details on the progress of the 2011/12 audit plan to 31 March 2012.

Appendix B: Definition of Audit Opinions

Appendix C: Executive Summaries for completed audits.

Appendix D: An update on outstanding high risk audit actions as at 31 March 2012.

Appendix E: Executive Summary for the audit of Cash Collection (exempt item)

**APPENDIX A****Progress of 2011/12 Audit Plan to 31 March 2012**

<b><u>Audit Assignment</u></b>	<b><u>Planned Days</u></b>	<b><u>Actual Days</u></b>	<b><u>Stage / Comment</u></b>
<b>CONTINGENCIES</b>			
S151 Requests	10	2.5	1. Fraud Survey completed for the Audit Commission. 2. Grants to Voluntary Organisations
Special Investigation	40	39.5	1. Property Services – reported to the Audit Committee 5 Dec 2011.
<b>CORE AUDIT (COMPULSORY)</b>			
Accounting system	33	33	Completed to draft report stage. Now finalised please see Appendix C Item C1.
Asset Management	18	31	Completed please see Appendix C, Item C2.
Benefits	28	32	Completed please see Appendix C, Item C3.
Car Parks	22.5 12.5	13.75	Scope of audit reduced due to re-alignment of resources.  Completed. Reported to the Audit Committee 12 March 2012.
Cash collection	23	23	Completed please see Appendix E, Exempt Item.
Council tax	12.5	14.5	Completed. Reported to the Audit Committee 12 March 2012.
Creditors	18	18	Completed please see Appendix C, Item C4.
Debtors	7.5	9	Completed please see Appendix C, Item C5.
Housing Rents	13	8.5	Completed. Reported to the Audit Committee 12 March 2012.



<b><u>Audit Assignment</u></b>	<b><u>Planned Days</u></b>	<b><u>Actual Days</u></b>	<b><u>Stage / Comment</u></b>
NNDR	12.5	14.5	Completed. Reported to the Audit Committee 12 March 2012.
Payroll	22.5	11.5	In progress at 31 March 2012. Now at Draft Report Stage.
Follow ups	22.5	15	One review of outstanding high risk actions reported to the Audit Committee (AUD001 – 29 June 2011). Second review of outstanding high risk audit actions to 31 October 2011 reported to the Audit Committee (AUD017 - 5 Dec 2012). Third review of outstanding high risk audit actions to 31 March 2012 shown in Appendix D to this report.
<b>CORPORATE/CROSS SERVICE AUDITS</b>			
<del>Appointment of External Auditors</del>	40		Not now considered relevant. Removed from the Audit Plan.
Commissioning	<del>48</del> 13	0	Commissioning to be undertaken in 2012/13. Replaced by Housing Finance Reform Audit (please see below).
Housing Finance Reform	0	8	Completed please see Appendix C, Item C6.
<del>Contracts</del>	<del>28</del>	0	Removed from Plan due to re-alignment of resources
Corporate Governance	18	21	Completed in Qtr 1
Flexible Working	18	26.5	Completed. Reported to the Audit Committee 12 March 2012.
Fraud Prevention	23	20	In Progress. Being completed as part of the 2012/13 Annual Audit Plan.

<b><u>Audit Assignment</u></b>	<b><u>Planned Days</u></b>	<b><u>Actual Days</u></b>	<b><u>Stage / Comment</u></b>
ICT Security Policy	13	12.25	Completed. Reported to the Audit Committee 12 March 2012.
ICT Shared Service	13	0	Not completed. Now in 2012/13 Annual Audit Plan.
Performance and Risk Management	23	23	Completed. Reported to the Audit Committee 12 March 2012.
<b>ONGOING ACTIVITIES</b>			
Advice and Assurance to Customers as required.	20	22	41 recorded pieces of formal advice and assurance provided during 2011/12 in addition to planned audits.
Anti Fraud and Corruption Policy and Awareness Training	5	5	Anti-Bribery Policy produced and approved by the Audit Committee 5 Dec 2011. Update on the Anti-Bribery action plan presented to the Audit Committee 12 March 2012.
Audit Planning and Reporting	25	28	As at 31 March 2012.
Customer Excellence Project	10	15	Completed. Internal Audit Team now Customer Service Excellence accredited under the successful Financial Services application for accreditation.
External Audit Liaison	6	4	As at 31 March 2012.
NFI Fraud Prevention	10	6	Please see Appendix C, Item C.9 for a summary update.
Role on Governance Group	3	3	As at 31 March 2012.
Role in Major Projects	8	19	1. SELIMA Upgrade 2. ASPIRE

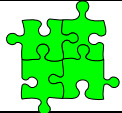
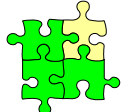
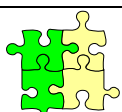
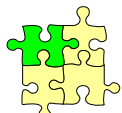
<u>Audit Assignment</u>	<u>Planned Days</u>	<u>Actual Days</u>	<u>Stage / Comment</u>
<b>SERVICE AUDIT</b>			
Environmental Services Contract	17	0	Not completed. Now in 2012/13 Annual Audit Plan.
Guildhall	<del>12</del> 7	9	Please see Appendix C, Item C7.
Housing Term Contract (responsive maintenance and void repairs)	17	1	Removed from Plan due to re-alignment of resources. To be undertaken in 2012/13.
Markets	<del>12</del> 7	4	Please see Appendix C, Item C8.
<b>COMPLETION OF 2010/11 AUDITS TO FINAL REPORT STAGE</b>	15	27	<ol style="list-style-type: none"> <li>1. Accountancy completed – previously reported to the Audit Committee 26 September 2011 (AUD010)</li> <li>2. Housing Rents completed – previously reported to the Audit Committee 26 September 2011 (AUD010)</li> <li>3. Payroll completed – previously reported to the Audit Committee 26 September 2011 (AUD010)</li> </ol>
<b>Total</b>	<b><del>607</del> 527</b>	<b>519.5</b>	

## Assurance Opinions and Action Risk Levels

## APPENDIX B

In order to assist management and members in using our reports:

- a) We categorise our **opinions** according to our assessment of the controls in place and the level of compliance with these controls. For each audit, we arrive at a conclusion that assesses the audit assurance in one of four categories. These arise from:  
 Our evaluation opinion: we assess the system of controls, which are in place to achieve the system of objectives.  
 Our testing opinion: we check whether the controls said to be in place are being consistently applied.

	<b>Full</b>	<b>System Effectiveness opinion</b> - There is a sound system of control designed to achieve the system objectives, and <b>Testing opinion</b> – The controls are being consistently applied.
	<b>Substantial</b>	<b>System Effectiveness opinion</b> – While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or <b>Testing opinion</b> – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
	<b>Limited</b>	<b>System Effectiveness opinion</b> – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or <b>Testing opinion</b> – The level of non-compliance puts the system objectives at risk.
	<b>No Assurance</b>	<b>System Effectiveness opinion</b> – Control is generally weak leaving the system open to significant error or abuse, and/or <b>Testing opinion</b> – Significant non-compliance with basic controls leaves the system open to error or abuse.

- b) We categorise our Actions according to their level of risk.
- High (1)** Major issues for the attention of senior management.  
**Medium (2)** Other recommendations for local management action.  
**Low (3)** Minor matters.

**Item C.1 - Accounting System (including General Ledger, Treasury Management and VAT)**

**Background**

This report covers the internal audit of procedures and controls in place over the accounting system at Winchester City Council. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

**Audit Opinion**



**Substantial**

**System Effectiveness opinion**– While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or

**Testing opinion** – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

**Conclusions**

1. The overall level of control in place over the Accounting System was found to be satisfactory. There is a good system of control to ensure that the ledger contains accurate and timely financial information. These controls include the automatic validation of entries being made to the ledger, the prompt clearance of suspense account items, regular checks undertaken to confirm that key reconciliations are carried out and an effective system for budget setting, monitoring and reporting. Preparations for producing the Final Accounts are also well controlled through the clear allocation of tasks allied with a timetable and progress being monitored.
2. There are however some weaknesses identified. There is a lack of segregation of duties for the administration of temporary treasury investments which is considered a high risk control weakness and needs to be addressed as soon as possible. There are several actions still outstanding from previous audits, some instances where the evidencing of management checks has not been sufficient and also there has been insufficient management review of user access and permission rights to the Finance system.

3. Deadlines for submitting VAT returns are monitored effectively to ensure that submissions are made on time, avoiding potential penalties being imposed by HM Revenues and Customs. Sample checks by Internal Audit, confirmed that all tested submissions in 2011/12 were made by the required date. As the Council consistently receives VAT refunds, there is the potential for submitting the returns as soon as the details are finalised leading to the earlier receipt of the refund, improving the Council's cash flow.
4. The processes for identifying investment opportunities together with the policies and procedures for limiting the Council's exposure to risk from poor investment decisions were found to be satisfactory. Testing by Internal Audit confirmed that the sample investments all complied with the Treasury Management Practices.

### **Previous Recommendation Follow Up**

Three actions from previous audits, noted to be outstanding or to be implemented, at the start of the audit, were checked during the course of the audit and confirmed to be still outstanding or in progress.

### **Acknowledgement**

We would like to thank the management and staff of the Finance team for their assistance during the audit.

**Agreed Action Plan**

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
		<b>High</b>		

<b>No</b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
1	<p>There is a lack of segregation of duties for the administration of temporary treasury investments. This is because:</p> <ul style="list-style-type: none"> <li>• The Treasury Officer also has super user access for administering the Bankline system.</li> <li>• The creation of a CHAPS transfer is made on instruction from the Treasury Officer without confirming that the payment voucher has been authorised.</li> <li>• The Treasury Officer also has responsibility for reconciling the drawings account.</li> </ul>	<p>Misappropriation of significant funds is possible.</p>	<p>The Principal Financial Accountant receives automatic notification of all changes made to Bankline users. However, it is accepted that it may be possible to strengthen these controls possibly by moving the superuser role to a non operational operator and also by arranging for automatic emails of changes to be notified to 2 people (to cover annual leave).</p> <p>The creation of CHAPS transfers will be moved to the Purchase Ledger staff who will follow normal validation procedures before inputting to Bankline.</p> <p>Key reconciliations regarding treasury management transactions will be undertaken by a separate officer to the Treasury Officer.</p> <p>All of these changes will be reflected in the Treasury Management Practices to be considered by Audit Committee in September.</p>	<p>Principal Financial Accountant</p> <p>30 September 2012</p>
		<b>Medium</b>		



<b><u>No</u></b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
2	There is no management check to confirm that changes to access permissions to Financials have been authorised and are set correctly.	Users can access ledger functions to which they are not entitled leading to the potential for the General Ledger to contain incorrect information and therefore produce poor management information.	A review has been commissioned to examine the accesses to Financials, including the mechanisms for interfacing and processing journal entries. It is expected that the review will result in the development and publication of guidance.	Head of Finance  31 October 2012

### **Audit Objectives**

The audit was designed to ensure that management has implemented adequate and effective controls over the accounting and treasury management systems.

### **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;

- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

### **Areas Covered**

Audit work was undertaken to cover the following areas: -

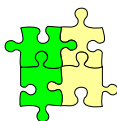
- Budget setting, monitoring and reporting
- Management of the general ledger
- Submission of correct VAT returns on a timely basis
- Investment of surplus cash in compliance with the CIPFA Code of Practice for Treasury Management in the Public Sector

## Item C.2 – Asset Management

### Background

This report covers the internal audit of procedures and controls in place over Asset Management at Winchester City Council. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

### Audit Opinion



#### Limited

**System Effectiveness opinion** – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or

**Testing opinion** – The level of non-compliance puts the system objectives at risk.

### Conclusions

1. Whilst the previous Asset Management Plan (AMP) provided the overall strategic direction for managing assets, this was applied inconsistently. During the course of this Internal Audit review, a new AMP was being developed (subsequently approved) which Internal Audit consider will provide a much improved strategic direction as it includes means of setting standards and measures.
2. Although programmed reviews of asset fitness for purpose and condition have been carried out in line with the AMP at the time, there was a lack of definition of what fit for purpose meant. The new AMP has identified this as a significant issue to be addressed. Internal Audit considers that the intentions outlined in the new AMP is a positive development to help in the management of the Council's properties.
3. Repair and maintenance of the property portfolio has been limited in the past in line with the strategic decisions made at that time. The new AMP sets out a clear vision for investing in the property portfolio to protect the physical condition of the assets and increase the potential rental income. Although there is the risk of failing to recoup costs, especially in the current economic climate, Internal Audit considered that the new AMP provides sufficient safeguards for each investment to be considered on its merits.

4. The acquisition and disposal of assets has been effectively managed with adequate evidence of such transactions being carried out transparently and being completed in a timely manner.
5. Management information about the utilisation of assets is limited to arrears and voids. The new AMP includes the consideration of more key indicators to be developed. Internal Audit considers that the development of such indicators would improve the overall management of the property portfolio.
6. The value of the assets (including depreciation and re-valuations) recorded in the Statement of Accounts is based on reliable, accurate and complete information. However, improvements to the controls over the integrity of the Fixed Asset Register have been agreed in the action plan.
7. The standard of record keeping in relation to rent reviews and lease renewals was found to be poor. This was evident through the sample testing completed by Internal Audit which found significant gaps in documentary evidence which would provide assurance that expected key processes performed as part of the rent review and lease renewal had been completed.
8. The analytical review of rental income on non-operational commercial properties comparing debts raised during the last two financial years indicated a slight decrease in rental income from commercial lettings (non-operational properties). However, there are long term void properties which are known to be taking time to find a tenant (e.g. Avalon House) and do not therefore show up in a trend analysis of actual income.

### **Previous Recommendation Follow Up**

There are no outstanding actions from previous audits that still require attention.

### **Acknowledgement**

We would like to thank the management and staff of the Estates and Finance teams for their assistance during the audit.

### Agreed Action Plan

	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
		<b>High</b>		
1	Officers act outside their delegated authority when entering into lease agreements (as defined in the Scheme of Delegation).	The Council are committed to poor lease terms.	A process is in place for a proforma detailing lease agreements to be approved by Head of Estates or referred to relative level depending on value.	Head of Estates Completed
2	There are no reconciliations between CAPS lease records and the debtor accounts, leading to a failure to raise correct invoices to recover the income.	Loss of income.	A monthly report is now being obtained from the Debtors system which is being used to check that debtor accounts are correct.	Head of Estates Completed
		<b>Medium</b>		
3	No independent checks are made to confirm that the data in the CAPS Lease and Asset registers is correct.	Inaccurate or incomplete data prevents properties being managed effectively.	The next annual reconciliation with the Finance Asset Register will be used to ensure that the data in the CAPS Asset register is correct.	Senior Estates Surveyor 29/03/13

	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
4	No management oversight is carried out on the voids recorded on CAPS compared with the inspections being carried out that would provide assurances that all void properties are inspected as required. Audit testing identified instances where voids were either not being inspected or not at the expected frequency.	Insurance claims are jeopardised.	A process to update the inspection register will be implemented and communicated to all officers making visits to voids and a copy of the register will be copied to the Risk Management and Insurance Advisor as evidence that inspections are being carried out.	Estates Assistant  30/03/12
5	There is no programme to inspect properties during the rental term that would identify whether the tenant complies with their repair and maintenance responsibilities.	Property falls into disrepair.	This is now in place in line with the updated Asset Management Plan	Head of Estates  Completed

	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
6	<p>The integrity of the Fixed Asset Register may be compromised as:</p> <ul style="list-style-type: none"> <li>- No password security is in place that would restrict access to authorised officers</li> <li>- No data quality checks are carried out that would provide assurance that formula and “flags” are being applied correctly.</li> </ul>	<p>Depreciation figures in the Statement of Accounts are incorrect.</p>	<p>Spreadsheet to be password protected</p> <p>The Head of Finance will carry out a high level review on the accuracy of information in preparation for the year end accounts which includes the depreciation figures.</p>	<p>Principal Financial Accountant</p> <p>29/02/12</p> <p>Head of Finance</p> <p>31/05/12</p> <p>Completed</p>
7	<p>A variable standard of documentation was much in evidence, this combined with a lack of clear structure in the files leads to difficulties in locating documentation efficiently.</p>	<p>Ineffective use of time resource in the management of leases.</p>	<p>A new project is to be developed for electronic filing, which will incorporate data quality processes that will address this issue. The details of the project have yet to be determined.</p>	<p>Head of Estates</p> <p>29/03/13</p>

### **Audit Objectives**

The audit was designed to ensure that management has implemented adequate and effective controls over Asset Management.

### **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

### **Areas Covered**

Audit work was undertaken to cover the following areas: -

- the arrangements for the strategic management of assets including Asset Management planning and performance monitoring
- Programmed reviews of asset fitness for purpose and condition
- Recording and prioritisation of repairs and maintenance in line with availability of resources (financial and workforce)
- Utilisation, acquisition and disposal of assets
- Recording values of assets in the statement of accounts (including depreciation and re-valuations)
- the effectiveness of the processes followed for managing lease agreements for non-operational properties. A sample of rent reviews and lease renewals processed during the last year will be reviewed to confirm whether expected processes have been followed.
- an analytical review of rental income on non-operational commercial properties comparing debts raised during the last three financial years – reporting constraints limited the review to the last two financial years.



## Item C.3 – Benefits

### Background

This report covers the internal audit of procedures and controls in place over Housing and Council Tax Benefits function at Winchester City Council. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

### Audit Opinion



#### Substantial

**System Effectiveness opinion**– While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or  
**Testing opinion** – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

### Conclusions

1. The standard of customer service provided by the Benefits Service was found to be good. The service is provided with accessibility in mind. Customers are able to obtain information, advice and forms through the Council Officers and local access points across the district. Customer care standards have been defined and performance against them is regularly monitored through corresponding performance indicators (PIs) on the Covalent system. Customer care training is provided to benefit staff and a robust process ensures that customer complaints are dealt with in an appropriate manner.
2. Internal Audit confirmed that there are robust quality control processes in place which are operating effectively. Benefit claims are managed using the iWorld and the Anite systems and independent sample quality checks are carried out by Team Leaders on the claims assessed by their staff to ensure claims are being processed accurately and based on sufficient information.
3. Discretionary housing payments (DHPs) are assessed and awarded by Assessors on written request by the claimant. The Benefit function is considering setting up a new procedure to control award of DHPs in response to an expected high demand for DHPs in 2012/13 due to a reduction in benefit payouts because of Local Housing Allowance (LHA) rule changes in April 2011.

4. Since April 2011 benefit payments have all been made via the BACS system. The payment runs reviewed were found to be appropriately controlled and independently authorised prior to payment. The value of payments processed through iWorld is reconciled monthly to the general ledger; however this reconciliation is not adequately evidenced through ensuring there a dated signature of the member staff that completed and reviewed the reconciliation.
5. The processes surrounding the recovery of benefit overpayment debts have not been operating effectively during 2011-12, specifically those debts which have reached the 'final' stage of recovery. At the time of the audit the process of capturing debts over £500 on the ARMS system had not been operating regularly for approximately a year (since September 2010). For Benefit overpayment debts previously captured on the ARMS system it was evident that there have been lapses in the recovery action. It was found in three of the cases reviewed that for more than a year no action had been undertaken to attempt to recover the overpayment debt. It is noted that there have been resource issues in the two teams that are involved in these stages of recovery which have resulted in lapses in regular processes being completed.
6. Overpayment debt write-offs are appropriately authorised and all overpayment debts written-off on the IWorld system are reconciled to the write-offs authorisation on a monthly basis.
7. The performance of the Benefit function is regularly monitored and reported upon throughout the year using performance indicators recorded on the Covalent performance management system. A Revenues Business Plan is completed annually which details the actual performance achieved for the Benefits function for the last year along with the targets for the current year. Also, the Benefits function is part of the CIPFA Benefits Administration Benchmarking Club, which allows for its performance and costs of benefits administration to be analysed and reported, in comparison with other members of the Club.
8. The key controls, identified by the Council's External Auditors, have been tested and confirmed to be operating effectively.

### **Previous Recommendation Follow Up**

There are no actions raised in previous audits that still require attention, this is listed in Section 2.

### **Acknowledgement**

We would like to thank the management and staff for their assistance during the audit.

**Agreed Action Plan**

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
		High		
		None		
		Medium		



## **Audit Objectives**

The audit was designed to ensure that management has implemented adequate and effective controls over Housing and Council Tax Benefits function.

## **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

## **Areas Covered**

Audit work was undertaken to cover the following areas: -

- Dealing with customers
- Registration and assessment of claims / Management of ongoing claims
- Payments
- Overpayments and recovery management
- Fraud investigation (NB: this was limited to reviewing a sample of cases investigated by Winchester City Council)
- Information security

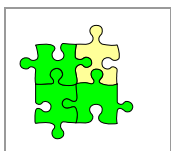
The system documentation held by Internal Audit for the Housing and Council Tax Benefits function was confirmed as accurate or updated accordingly where systems and processes had changed through discussions with key officers and management.

## **Item C.4 – Creditors**

### **Background**

This report covers the internal audit of procedures and controls in place over Creditors at Winchester City Council. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

### **Audit Opinion**

	<b>Substantial</b>	<b>System Effectiveness opinion</b> – While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or <b>Testing opinion</b> – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
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### **Conclusions**

1. Procedural documentation and policies in place relating to the payment of suppliers are considered to be up-to-date, sufficiently detailed, and available to all staff and appropriately followed.
2. The Purchasing module on the Financials system contains approved suppliers and also has the ability to prioritise purchases for users. There is currently a lot of freedom for officers to purchase goods from any supplier they choose which is not conducive to ensuring value for money is achieved for the Council. Plans are in place to improve purchasing arrangements through use of schemes such as the Government Procurement Card.
3. Sample testing confirmed that invoices paid through the Financials system are done so through an appropriate scheme of delegation. The automated controls in place ensure only employees with relevant access have the ability to authorise orders for processing and invoices for payment.

4. Orchard invoices remain authorised for payment outside of the Financials workflow. Sample testing found that one invoice, processed through the Orchard system, was authorised for payment outside of that employee's maximum level. This represents a risk of inappropriate payment of invoices which is isolated to Orchard invoices and an action has been agreed to limit the risk of this re-occurring.
5. The risk of duplicate invoice payment was found to be low due to control restrictions on the Financials system and effective controls being implemented around the matching and payment of invoices.
6. Access to the Creditors module on Financials is up-to-date and appropriate. Sample testing of access to the Purchasing module of Financials found one employee who remained on the access list despite having left the Council a year ago. Further checks confirmed that this posed only a low risk as the network access for this employee had been terminated. The weakness in managing the access list is not limited to the Purchasing and will be reported upon in the Accountancy audit which covers all modules of Financials.
7. Records are maintained of goods received at the Council and security controls around the storage of these goods are considered to be strong.
8. Invoices are checked prior to scanning and securely stored on Financials. During testing it was noted that one invoice was not thoroughly checked leading to the payment being made by BACS when the invoice clearly stated this was not appropriate. Management have been reminded that invoices need to be thoroughly checked when scanning to avoid any inefficiency later in the payment process.
9. Controls surrounding the checking of payment run scanning to Retriever, used specifically for payments processed through Orchard and iWorld, and subsequent destroying of hard copy documents were found not to be operating consistently. A weakness was found in the completeness of records with one invoice not being able to be traced, either on Retriever or the original hard copy.
10. Sample testing has confirmed that the correct supplier was paid in all cases tested. The design of the controls surrounding manual cheque payments was found to be strong. A weakness was found in the application of the controls surrounding the extraction of cheques prior to despatch. However, this weakness was identified in the prior year audit and stated as actioned in November 2011

on Covalent. At the time of this audit there was no evidence available to verify this finding had been remedied and therefore this will be revisited next year.

11. The authorisation and log of cheques sent as part of the payment run process includes the completion and validation of a cheque dispatch control sheet. Five sheets were tested and one was not available for review. Therefore, this control could not be fully validated for one of the weekly payment runs selected. This has been recorded as a finding in this report. Testing on the payment of invoices by BACS demonstrated good controls around the checking of payment detail and the authorisation of payment runs. Access to the electronic payment system was found to be appropriately restricted. Cheques are stored securely in the Cash Office and cheque stationery is appropriately monitored. The controls tested around the issue of cheques were found to be operating effectively. The compensating control put in place to ensure appropriate segregation of duties between the payment of suppliers and access to amend supplier details such as bank account details has operated effectively. However, the ongoing issue that has been raised by External Audit in their management letter was again highlighted as a risk in that the same employee that amends bank account details can authorise these changes too. As the Finance team are fully aware of this issue and will be conducting work in this area no further finding has been raised in this report.
12. Invalid ledger codes will not be accepted by the system for the allocation of expenditure, reducing the likelihood of inappropriate coding of invoices. Checks performed by Council officers around invoice coding were considered effective.
13. Improvements have been noted in the recording of commitments since the introduction of the Financials system. This is limited to those invoices with an order requisition raised which is approximately 30% of all Council orders. In addition, the payment of invoices within set timescales (current policy is 15 days) is monitored appropriately with reports generated regularly and submitted to the Performance Management Team.

### **Previous Recommendation Follow Up**

No previous actions outstanding.

### **Acknowledgement**

We would like to thank the management and staff of the Exchequer team for their assistance during the audit.





## Agreed Action Plan

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
		<b>Medium</b>		
1	<p><b>Cheque Dispatch</b>            During testing on the security of cheques dispatched from the Council it was found that in one out of five payment runs reviewed that a cheque dispatch control sheet was not available. This sheet ensures that the number of cheques sent to the Solutions team for processing agrees to the number of cheques produced and authorised by the Accounts Payable team.</p>	Loss of cheques	An email will be sent to officers in the Solutions Team reminding them of the requirement to evidence the control check of expected number of cheques produced to actual number of cheques despatched for payment runs.	Solutions Team Manager  Target Date: 31 March 2012

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
2	<p><b>Orchard Invoices</b>            During testing of the authorisation of invoices for payment, it was noted that from the sample of 5 Orchard invoices selected that 1 was authorised for payment by an officer above their delegated authorisation limit as per the Council's policy. Upon investigation it was found that no checks are made for Orchard invoices to confirm that the invoice has been approved for payment by an officer with the relevant authorisation limits.</p>	<p>Inappropriate authorisation of Orchard invoices for payment</p> <p>Breach of the Council's policy for authorisation of invoices for payment</p>	<p>To ensure all invoices and payments are authorised within the delegated authorisation limits:-</p> <ul style="list-style-type: none"> <li>• An email will be sent to officers reminding them to only authorise payments within their delegated authorisation limits</li> <li>• The authorised signatory list will be reviewed and updated where required</li> <li>• Spot checks between invoices and the authorised signatory list will be evidenced for each payment run</li> </ul>	<p>Head of Landlord Services</p> <p>Target Date: 31 March 2012</p>

<b>No</b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
3	<p><b>Maintenance of Records</b>            During testing of invoices received, from the sample of 20 selected, one could not be located. This was an Orchard based invoice relating to the creditor Serco Ltd. The invoice reference was 90619093 for £136.61. Due to the unavailability of this invoice in either hard or soft copy conclusions could not be reached in terms of validating the controls around invoice and payment processing.</p>	<p>Incomplete records</p> <p>Invoices paid inappropriately</p> <p>Inability to match invoice to order</p>	<p>The Housing Finance Manger already conducts a check between Orchard reports (CH29) and the batch of invoices to confirm numbers and therefore and gaps should be identified. The additional checks introduced in the scanning process should also enable any future missing documentation to be identified.</p>	<p>Head of Landlord Services</p> <p>Target Date: 31 March 2012</p>

### **Audit Objectives**

The audit was designed to ensure that management has implemented adequate and effective controls over Creditors.

### **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and

- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

### **Areas Covered**

Audit work was undertaken to cover the following areas: -

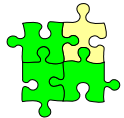
- Legislation requirements
- Policies and procedures
- Raising of orders, Scheme of delegation, authorisation of orders and invoices and payment of invoices
- Security of goods received
- Duplicate invoices
- Cheque and BACS payments
- Cheque stationary
- Changes to supplier details
- General ledger entry relating to payment
- Commitment accounting
- VFM of purchasing system
- Storage of paid invoices
- Public sector payment performance

## **Item C.5 – Debtors**

### **Background**

This report covers a walkthrough review of the system processes and controls in respect of Debtors at the Council. System documentation has been updated and key controls identified and agreed with management. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

### **Audit Opinion**



**Substantial**

**System Effectiveness opinion**– While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or  
**Testing opinion** – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

### **Conclusions**

- 1.1. This audit has found that 23/26 of the key controls as listed in the below table (section 2) were found to be in place as documented. Two of the three key controls not in place are to be reported on in the Accountancy Audit Report 2011/12 as they relate to the management of access controls for Financials; there is one management action to agree in this report for the third control that was not in place.
- 1.2. There have been some changes to the system since the last audit and any changes to the key controls have been agreed with management.
- 1.3. Results from the audit are detailed in the table below .

### **Previous Recommendation Follow Up**

There are eight low risk Internal Audit agreed actions which are detailed in the table below (section 2).

## **Acknowledgement**

We would like to thank the management and staff of the Debtors and Legal teams for their assistance during the audit.

## **Audit Objectives**

This audit was a walkthrough review of the system processes and controls only, as opposed to a full systems review which is conducted every three years. System documentation has been updated and Key controls identified and agreed with management.

## **Audit Approach and Methodology**

The processes and controls were tested choosing 1 example per control to establish that the controls were in place as documented. For any control where this test was not passed a larger sample was tested to establish the extent of any non compliance. The audit testing was selected from transactions to date in the current financial year.

Outstanding recommendations from previous audits and external audit have also been followed up.

## **Areas Covered**

Audit work was undertaken to cover the following areas: -

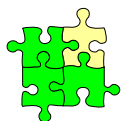
- reviewing the existing system documentation with management
- confirming that the system documentation accurately reflects the system as at the time of the audit
- updating system documentation where appropriate
- identifying where the system/control environment has significantly changed and consulting the Audit Manager/Principal Auditor regarding revised key control testing
- sample testing was taken from the current Financial Year's population of transactions

## Item C.6 – Housing Finance Reform

### Background

This report covers the internal audit of procedures and controls in place for implementing Housing Finance Reform at Winchester City Council. This audit which was not part of the agreed 2011 / 12 audit plan was undertaken at the request of the Section 151 Officer. The audit budget originally allocated to the Commissioning audit has been used for this audit.

### Audit Opinion



#### Substantial

**System Effectiveness opinion**– While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or

**Testing opinion** – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

### Conclusions

1. The project to implement the requirements of Housing Finance Reform has been well managed. The key driver for the initial phase of this project was time and the effective management of the project contributed to the deadline of making the Housing Finance Settlement payment to the Department of Communities and Local Government (DCLG) being met. The next phase of the project will be to deliver a comprehensive and challenging Housing Revenue Account (HRA) Business Plan aimed at, over the next 30 years, to address previous underinvestment in stock to develop a programme of building new council homes. Continuing to maintain an effective control environment in which investments, funding and budgets are managed will contribute to the successful delivery the business plan.
2. The risk assessment produced for the Treasury Management aspects of the project confirmed that risks which may have impacted on the Council's ability to fulfil its requirement to make the Housing Self-Financing Settlement payment had been mitigated. One area of focus for the risk assessment was ensuring systems for borrowing / making payments were fully tested and that adequate back up arrangements were in place; both contributed to the settlement payment being made correctly and within the deadlines set.



3. A timetable of events was produced by the Financial Accountant and listed all stages which needed to be completed in order for the settlement payment to be made. The timetable now provides an effective audit trail as it shows when each stage was completed and who it was completed by.
4. The observational testing by Internal Audit on 28 March 2012 confirmed that the settlement payment to the DCLG had been undertaken in a controlled manner. The testing confirmed that the payment was made with the appropriate level of authority for approval and that the inbuilt system controls within Bankline for setting up and authorising the CHAPS payments ensured a segregation of duties was enforced.
5. The final value of the Housing-Self Financing Settlement payment was calculated by the DCLG as £156,722k. The value was based on assumptions by the DCLG about rental income and expenditure required to maintain housing stock over 30 years and information provided by each local authority through the latest submitted Base Data Returns. A quality control check has been undertaken matching the base data in the Self Financing Model used by the DCLG to certified base data submitted by Winchester City Council. The amounts for stock numbers, rents, lets, tenancy terminations and voids appear to have been used correctly for the calculation.

### **Previous Recommendation Follow Up**

There are no actions raised in previous audits that still require attention.

### **Acknowledgement**

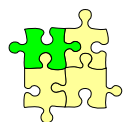
We would like to thank the management and staff of the Landlord Services and Financial Services for their assistance during the audit.

## **Item C.7 – Guildhall**

### **Background**

This report covers the internal audit of procedures and controls in place over the management of catering and bar stock within the Guildhall at Winchester City Council. The internal audit has been undertaken during March 2012 in accordance with the 2011/2012 agreed Internal Audit plan.

### **Audit Opinion**



#### **No Assurance**

**System Effectiveness opinion** – Control is generally weak leaving the system open to significant error or abuse, and/or

**Testing opinion** – Significant non-compliance with basic controls leaves the system open to error or abuse.

### **Conclusions**

1. At the time of the Audit, overall no assurance could be given over the controls in place over the Guildhall stocks. This area was considered to be a high risk. Over the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2012 total purchases were over £260,000 and total sales were over £790,000. Since the completion of the Audit testing, Internal Audit are aware that detailed procedures have been developed and more effective stock control measures are being implemented which allow for a separation of duties, although these had not been able to be reviewed by Internal Audit as part of this Audit.
2. There were a substantial number of weaknesses in the stock control system which exposed the Council to a variety of risks including inaccurate management information, loss of stocks and misstated stock valuations in the statement of accounts. At the time of the audit no arrangements had been put in place for an independent stock check to be completed to enable an accurate valuation of stock at the year end to be calculated.
3. The weaknesses identified covered all aspects of the stock control process reviewed including receipting of goods, issuing of stock, stock recording, stocktaking and valuation processes. Each scope area is concluded below.

4. The controls in place for ordering and receipting goods when delivered were found to be inadequate. Whilst adequate separation of duties between ordering and authorisation is enforced by the purchasing system, this was weakened by the reliance on the Food and Beverage Manager confirming deliveries, as this same Manager initiated orders and carried out the stock counts.
5. The separation of duties control, for authorising payment for goods, was found to be inadequate as there was an over-reliance on the Food and Beverage Manager ordering, receiving and checking stocks.
6. The stock records were found to be inadequate with no record being made of receipts and issues, writes-off. The only stock record consisted of a monthly stock count which prevented any effective reconciliation being made to purchases and usage. The performance of the count and subsequent valuation was predominantly carried out by the Food and Beverage Manager, further eroding any potential control that a greater separation of duties may have afforded. The recording methods also resulted in wastage being absorbed into the cost of sales and stock transfers not being attributed to the correct cost heading. The affect of this can be to distort performance figures from which senior management assessed the success (or otherwise) of this part of the Guildhall's operations.
7. The security and access arrangements were found to be lax, which could have led to losses of stocks with little chance of detection.
8. The controls in place for ensuring issues and receipts of till recognition cards are effectively managed were found to be inadequate with no records to show who had been issued with cards from the general pool of "clerk" cards.
9. The control over stock valuation was insufficient. Although the annual stock valuation is treated in the same way as any other count during the year, these figures are included in the Council's Annual Accounts and are stated to comply with specific accounting practices. Internal Audit confirmed that the Guildhall officers were unaware of these accounting principles and as a consequence there was the potential for the stock valuations to be mis-stated in the accounts.
10. Whilst Senior Management are provided with monthly headline performance figures and commentary from Management Accounts, there was no evidence that the apparently poor levels of performance (especially for bars) had initiated any internal managerial assessment. Although budgets had been modified, actual performance still fell short of expectations especially in the area of bar

sales over both years. It is not possible with any degree of certainty to be able to attribute this to any specific cause; however, it is clear that strong stock control would at least enable stock losses to be identified.

11. Management and staff actively engaged in a Controls Risk Self Assessment (CRSA) exercise in 2010, including stock control. The resulting management document identified the risks and actions already in place to manage them and where these were not being managed effectively additional controls were identified. The results from this Internal Audit review indicate that little progress had been made in implementing these additional controls.

**Previous Recommendation Follow Up**

There are no previous actions outstanding in relation to stock control.

**Acknowledgement**

We would like to thank the management and staff of the Guildhall and Finance teams for their assistance during the audit.

Agreed Action Plan

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
		<b>High</b>		

<b><u>No</u></b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
1	No independent verification of the annual stock count and valuation for the 2011/12 end of year accounts.	Misstatement of stock valuations leading to the potential that Council's Accounts are qualified.	The stock count was carried out by independent stocktakers on 5 April 2012. The Head of Estates ensured that Accountancy were consulted to confirm the exact requirements for valuing stock and confirmed that the valuation complied with the accounting policies. The result of the count at 5 April was emailed to Accountancy and actions to address the discrepancies are being followed up.	Head of Estates  5 April 2012

<b>No</b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
2	<p>Inadequate stock management processes covering the main areas of:</p> <ul style="list-style-type: none"> <li>- reconciling counted with recorded stocks</li> <li>- correct valuation for month end accounts</li> <li>- correct accounting treatment of wastage</li> <li>- independent stock counts</li> </ul>	<p>Stocks can be misappropriated with little fear of detection leading to higher cost of sales/lower profitability.</p> <p>The Council pays for goods not received.</p> <p>Management make poor decisions based on inaccurate figures.</p> <p>Poor stock control practices are "invisible" to management.</p>	<p>Monthly stocktakes will be carried out, augmented by a twice yearly count by an independent stocktaker.</p> <p>The stock valuation method has been confirmed with Accountancy and the method is applied to the monthly stock counts.</p> <p>Wastage records will be reviewed weekly and a report made to the Head of Estates and the Facilities Manager. The Guildhall Finance &amp; Administration Officer will develop a procedure to cover the recording and reporting of wastage, for agreement with the Head of Finance.</p>	<p>Guildhall &amp; Conference Manager</p> <p>23 May 2012</p> <p>Guildhall &amp; Conference Manager</p> <p>5 April 2012</p> <p>Guildhall &amp; Conference Manager</p> <p>29 June 2012</p>

<b>No</b>	<b><u>Control Weakness</u></b>	<b><u>Potential Risk / Rational</u></b>	<b><u>Agreed Action Plan</u></b>	<b><u>Responsible Officer and Deadline</u></b>
3	The reported practice of passing cellar keys to assisting staff (in combination with a lack of stock record system and poor control over stock transfers) enables drinks stocks to be misappropriated.	Stocks can be misappropriated with little fear of detection leading to higher cost of sales/lower profitability.	The Guildhall Finance & Administration Officer is developing a procedure to cover the control of cellar keys to address the control weakness. The Guildhall & Conference Manager will be responsible for implementing and maintaining the procedure.	Guildhall & Conference Manager  29 June 2012
		<b>Medium</b>		
4	Discrepancies in till reconciliations cannot be attributed to a specific operator as inadequate records of the issue of "Pool" Till Recognition Cards are maintained.	Till discrepancies (including misappropriation) are difficult to attribute to a specific operator hiding poor practices.	A check will be carried out on current operational Till Recognition Cards and all non- operational cards will be made invalid to prevent potential misuse. A procedure will be put in place to cover the process for issuing / recovering cards to / from staff to ensure full traceability is maintained.	Guildhall & Conference Manager  31 August 2012

### **Audit Objectives**

The audit was designed to ensure that management has implemented adequate and effective controls over stocks of food and drink in the Guildhall.

### **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

#### **Areas Covered**

Audit work was undertaken to cover all aspects of stock control including the following areas: -

- Ordering and receiving items
- Authorising payments
- Issuing stock
- Stock records
- Stocktaking arrangements
- Valuation of stock
- Write-offs / out of date stock
- Security and access arrangements
- Till recognition cards

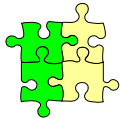


## **Item C.8 – Markets**

### **Background**

This report covers the internal audit follow up of the implementation of actions relating to the management of the market. The internal audit has been undertaken in accordance with the 2011/2012 agreed Internal Audit plan.

### **Audit Opinion**



**Limited**

**System Effectiveness opinion** – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or

**Testing opinion** – The level of non-compliance puts the system objectives at risk.

### **Conclusions**

1. Twelve of the eighteen actions raised in the previous audit have been confirmed by Internal Audit to have been effectively implemented or have been superseded by the revised methods of working at the time of the audit (March 2012). Three actions have subsequently been completed as identified in the Action Table. The remaining three comprise two high risk actions and one medium action which will need to be addressed to address the control weaknesses identified in the Action Table.
2. The controls over charging, collection and banking of income are still weak therefore providing limited assurance that amounts charged are in line with agreed fees, that all income is being banked and banking is carried out in a timely manner.

### **Acknowledgement**

We would like to thank the management and staff for their assistance during the audit.

## Agreed Action Plan

### OUTSTANDING

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
	<b>Actions outstanding from previous audits</b>		
<p><b>AuditInt/EST/021</b>            There is no record of cash collected by the market management company. Estates are not receiving any summary sheets of bookings and money collected. The only evidence of cash collected by Southern Market Traders Co-operative is the receipt books that are returned when completed. Without daily cash sheets reconciliation of cash collected to income banked can not be undertaken.</p>	<p>High            Not all income collected is banked.</p>	<p>The daily summary sheets of all market income collected from stall holders showing day and amount collected are now being sent to Estates by Southern Market Traders Co-operative weekly. Estates should verify all income collected has been banked appropriately and in a timely manner.</p> <p>Status as at 23 April 2012 – still outstanding            Reported as Complete on Covalent. Internal Audit consider this has been partially completed as only sample checks are being made from banking to the summary sheets. The evidencing of these is also unclear.</p>	<p>Original Due Date: 30 June 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Anticipated completion date: 1 July 2012</p>

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
<p><b>AuditInt/EST/022</b>  There are no reconciliations between rent income records to the bank statements. This is due to not receiving the daily rent income sheets from the market management company. This could lead to differences not being identified between income collected and the income shown on the bank statement.</p>	<p>High  Discrepancies between rent received and rent money banked go undetected.</p>	<p>The income collected, as per Southern Market Traders Co-Operative records should be reconciled to bank statements monthly and any discrepancies investigated appropriately.</p> <p>Status as at 23 April 2012 – still outstanding – work in progress  Reported as Complete on Covalent.  Internal Audit consider this is not completed as only sample checks are being carried out.</p>	<p>Original Due Date: 30 June 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Anticipated completion date: 1 July 2012</p>

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
<p><b>AuditInt/EST/030</b>  There are currently no procedure notes outlining the monitoring requirements for the market. In the event of a prolonged absence of officers key control checks of income may not take place increasing the risk of discrepancies in market fee income not being identified.</p>	<p>Medium  Loss of income</p>	<p>Procedure notes will be written providing instructions on all aspects of the market monitoring arrangements.</p> <p>Status as at 23 April 2012 – still outstanding</p>	<p>Original Due Date: 30 September 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Anticipated completion date: 31 August 2012</p>

COMPLETED AFTER THE AUDIT

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
	<b>Actions outstanding from previous audits</b>		
<p><b>AuditInt/EST/016</b>            There is no signed contract between Winchester City Council and the contractor responsible for setting up and clearing down the market, which defines the terms and conditions under which he is employed. This could lead to disputes between the Council and the contractor over areas of responsibility.</p>	<p>High            Dispute over contract details.</p>	<p>The current contractor used for setting up and clearing down the market will be dispensed of as his duties will be taken over by the new Market Management Company. The duties will be included in the contract with Southern Market Traders Co-operative</p> <p>Status as at 23 April 2012 – still outstanding - in progress and nearing completion            Internal Audit are aware that SMTC have taken over the running of the market. A new agreement is in the process of being drawn up and Internal Audit have confirmed that the control weakness is being addressed in the draft agreement.</p>	<p>Original Due Date: 31 July 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Completed date: 25 May 2012</p>

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
<p><b>AuditInt/EST/017</b>  There is no separation of duties in the market bookings and cash collection system. The Market Manager will on occasions take the bookings, collect the cash from the market stall holders as well as reconciling the cash to the daily sheets at the end of the day.</p>	<p>High  Theft of council income.</p>	<p>Stall counts are to be carried out on quarterly basis by the Senior Estates Surveyor or the Estates Assistant. The number of stalls counted will then be compared to the daily sheets submitted by Southern Market Traders Co-operative and any discrepancies reported.</p> <p>Status as at 23 April 2012 – still outstanding  Internal Audit observed that whilst stall counts are being completed, there is no evidence of investigating discrepancies, even where the number of stalls has been over-declared.  Update 23 May 2012 – SMTC have provided an updated format of their lists enabling the checks to be made.</p>	<p>Original Due Date: 30 June 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Completed date: 23 May 2012</p>

<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Agreed Action Plan</u>	<u>Responsible Officer and Deadline</u>
<p><b>AuditInt/EST/028</b>            Surprise cash counts have never been carried out by a member of the Estates team. There is no check by Estates that all income taken on a specific day corresponds with the receipt book and the expected income from the daily sheet for that day.</p>	<p>Medium            Cash receipts not recorded accurately.</p>	<p>Stall counts are to be carried out on quarterly basis by the Senior Estates Surveyor or the Estates Assistant. The number of stalls counted will then be compared to the daily sheets submitted by Southern Market Traders Co-operative and any discrepancies reported.</p> <p>Status as at 2 April 2012 – still outstanding            Internal Audit considers that whilst stall counts are being completed, there is no evidence of reconciling the day's receipted income with the SMTC records.            Update 23 May 2012 – SMTC have provided an updated format of their lists enabling the checks to be made.</p>	<p>Original Due Date: 30 June 2010</p> <p>Responsible Officer: Head of Estates</p> <p>Completed date: 23 May 2012</p>

### **Audit Objectives**

The audit was designed as a follow-up review of the actions that were agreed by management as part of the 2010/11 investigation into the operations at Winchester City Council market. The audit sought to confirm that actions have been effectively implemented and is not exposed to the risk of loss of income which is inherent in cash income systems.

## **Audit Approach and Methodology**

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

## **Areas Covered**

Audit work was undertaken to cover the following areas: -

- checking with the relevant officer the progress made against all actions from the Internal Audit review of Markets in 2010/11.
- sample checks to evidence to confirm that implemented actions have fulfilled the intention for risk minimisation
- confirming progress in implementing actions that are still recorded as outstanding



## **Item C9 – National Fraud Initiative Summary Update**

Annual Report summary – NFI

Internal Audit acts as the Key Contact for the NFI and has been active in the data submission process; monitoring progress and ensuring that required deadlines are met.

Data matches have been reported to the relevant sections for investigation and progress has been monitored throughout the year resulting in the January 2012 deadline for the substantial completion of the first sets of matches being met. Six frauds and 1 error valued at £16,051.42 within the Housing Benefits area had been identified as a result of the data matches.

The exercise encompassed the submission of Council Tax and Electoral Registration data in October 2011 and the subsequent reported matches in February 2012 have been examined and action to address these to meet the NFI timetable is in hand.

## All High Risk Internal Audit Agreed Actions - Outstanding



Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Car Parks Special 2010-11</b>  AuditInt/AIN/017	<b>Risk:</b> Continuity checks on audit ticket sequences are not maintained <b>Control Weakness:</b> Deputising arrangements are not in place to ensure that full sequences of audit ticket numbers are being captured and discrepancies investigated promptly	Procedures need to be developed to cover the data capture process, the reporting and investigating of discrepancies. Deputies need to be in place and trained in the processes. The Assistant Parking Manager is in the process of identifying a suitable deputy to cover the capture of audit ticket data. The current re-organisation of the car parks office is being taken into account in determining where an appropriate resource can be obtained whilst maintaining effective separation of duties.	Andy Hickman	31-Dec-2011	30-Sep-2012	There have been some major changes to operations with the introduction of new paybyphone sites, chip & pin arrangements and most significantly the commencement of a new cash collection contract on the 1st April 2012. This has resulted in a number of processes and procedures in relation to this work having changed. New procedures are being developed and when agreed and settled these will be documented.

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Car Parks 2010-11</b> AuditInt/AIN/021	<b>Risk:</b> Income incorrectly attributed in the ledger <b>Control Weakness:</b> No reconciliation is carried out between the car parks income recorded on the general ledger to the income records held by Car Parks Office	A meeting will be organised with Financial Services to develop and obtain the reports necessary to enable regular reconciliation to be carried out.	Andy Hickman	31-Oct-2011	30-Jun-2012	Significant progress has been made between Finance and Parking and reconciliation documents provided each month by Finance starting 2012-13. Any discrepancies are highlighted for consideration by the Asst Parking Manager. Process has just started and will be reviewed and adapted as required.

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<p><b>Guildhall 2008-09</b></p> <p><b>AuditInt/EST/002</b></p>	<p><b>Risk:</b> Electrical items are unsafe for use.</p> <p><b>Control Weakness:</b> There is no apparent check between the inventory and items checked by the PAT testers. Such a check would provide assurance that all electrical items that need to be checked are identified and suitably checked as required. Annual checks are considered to be appropriate by Property Services. On the evidence observed during the audit, there appeared to be a blanket application of a three year re-inspection programme regardless of whether the item was clearly going to be moved in and out of store areas for events. Connectors and extension leads bore no evidence of having been checked. Such items of equipment are also not asset tagged which makes confirming that they have been tested more difficult and reportedly, are more prone to disappear.</p>	<p>Options for maintaining an accurate inventory using bar code labels and scanner system will be investigated. As well as meeting the comments regarding the accuracy of the inventory (see below), this will provide a means of confirming that all electrical items have been captured for testing purposes and this would include extension cables etc. Cables are able to be checked visually for self evident wear and the system will enable the recording of such checks. The potential for certifying staff to carry out PAT tests will also be examined as the inventory checks would be carried out in any case. Property Services will be contacted for their comments regarding the above.</p>	<p>Wendy Steele; Kevin Warren</p>	<p>04-Apr-2011</p>	<p>31-Dec-2010</p>	<p>In 2010 all items were brought up to date as at April 2010, following the bapsy project stored items were reviewed and where applicable re-introduced / replaced / refurbished. All items are now coming to the end of the first year and as a result the first waive of testing will be due from July 2011, an agreed date for re / and new testing to be set. In June 2010 refurbishment work on some items of AV kit has meant that for the first time individual items can be PAT tested and this will take place once the date is set. A suggested period for all testing to take place is August 2011 a natural trough period for the venue</p>

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Cash Collection (Canteen) 2010-11</b> AuditInt/EST/036	<b>Risk:</b> Loss of income <b>Control Weakness:</b> Over the last 4 years, purchases have consistently exceeded budget and income has consistently fallen short of budget leading to a situation where the canteen only breaks even with a subsidy from the Council (over £12,000 in 2009/10). The general rule of thumb for catering activities is to produce a gross profit (GP) of about 60%. No checks are applied to assess whether this GP is being achieved and from the performance to be able to identify the root cause.	The transfer of the function to the Guildhall will enable greater control over purchases and stock control generally that should improve the GP.	Kevin Warren	29-Jul-2011	30-Sep-2012	Progress delayed by union, completion date amended to 30 September 2012
<b>Cash Collection (Canteen) 2010-11</b> AuditInt/EST/037	<b>Risk:</b> Loss of income and stock <b>Control Weakness:</b> There are no controls over stock, production and wastage in place. Limited controls operate over the purchasing, but only to the extent that expenditure is being confirmed to receipts. No checks are made on stock levels or wastage. In any catering function, effective control needs to be exercised over the whole systems for purchasing, stock, wastage and sales in order to gain full assurance that income is being properly accounted for.	The transfer of the function to the Guildhall will enable stock control to be exercised.	Kevin Warren	29-Jul-2011	30-Sep-2012	Progress delayed by union, completion date amended to 30 September 2012

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Cash Collection (Canteen) 2010-11</b>  AuditInt/EST/038	<b>Risk:</b> Loss of income <b>Control Weakness:</b> Weaknesses in control were observed to range from – <ul style="list-style-type: none"> <li>· lack of independent cash up,</li> <li>· customers unable to confirm that the sales price is correct,</li> <li>· the placement of the till below the counter level where the ring through of sales cannot be observed,</li> <li>· lack of a separation of duties within the income system,</li> <li>· lack of training in use of the till,</li> <li>· lack of independent verification of takings to bankings,</li> <li>· the daily income sheet is not signed by the staff member that fills it in and there is no evidence of a check by someone independent of the system.</li> <li>· lack of reconciliation of income records to the general ledger,</li> <li>· overs and unders not being accounted for correctly.</li> <li>· Surprise cash counts are not carried out</li> </ul>	The transfer of the function to the Guildhall will address the control weaknesses raised by Internal Audit.	Kevin Warren	29-Jul-2011	30-Sep-2012	Progress delayed by union, completion date amended to 30 September 2012

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Accountancy, Treasury Management &amp; VAT 2010-11</b>  AuditInt/FIN/053	<b>Risk:</b> False Payments  <b>Control Weakness:</b> Full access had been given to officers rendering the in-built system access controls for segregation of duties ineffective within the creditors module (NB: This was only a limited number of officers assigned to the 'systems admin' role)	An evidence based change control procedure will be introduced and communicated appropriately. Independent quality checks will be conducted periodically to provide assurance on the effective implementation and compliance with the procedure.	Alexis Garlick	31-Mar-2012	31-Oct-2012	Independent review commenced on 11th June. There will be a review after 3 months to confirm agreed controls are operating effectively.
<b>ICT Security Policy 2011-12</b>  AuditInt/IMT/016	<b>Risk:</b> Access is given to users who do not agree to the Policy, with the potential of damaging or losing Council equipment or data. <b>Control Weakness:</b> All staff are required to sign an ICT Security Policy when they join the Council, however these are not retained sufficiently and therefore many cannot be located. Furthermore, there is no clear indication as to which department or person has the responsibility to collate and monitor signed policies.	A two page document shall be created, showing the key points of the ICT Security Policy. This shall require signing by new starters, with the hiring manager sending a copy to IM&T prior to access to the network being granted.  Current staff will also be required to sign the two page document and return to IM&T. Any forms that are not returned within 30 days of issue will be reported to HR for follow up.	Tony Fawcett	31-Mar-2012	31-Mar-2012	

Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Contracts 2007-08</b>  AuditInt/LEG/004	<p><b>Risk:</b> Lack of control over tendering</p> <p><b>Control Weakness:</b> Corporate Contracts Procedure Rules do not refer to:</p> <ul style="list-style-type: none"> <li>• Late tenders</li> <li>• Accidental opening of tenders</li> <li>• Unsigned or not completed tenders</li> <li>• Treatment of errors in tenders</li> <li>• Confirmation of receipt of Invitation To Tender by the contractors including when alterations are made to the contract</li> <li>• Notification to unsuccessful tenderers</li> <li>• Keeping a record of the pre-contract meeting</li> <li>• Organised record of site visits</li> <li>• Calculation of liquidated damages</li> <li>• Reporting requirements in cases of overspends</li> </ul> <p>Procedures Rules do not state that a full signature should be used on the tender acceptance form.</p>	<p>Either the Corporate Contracts Procedure Rules should be updated and expanded to include all the areas identified in this audit or 'step by step' Contract Management Guidance should be put together and referred to in the Contract Procedure Rules. This will lead to a more structured easier to follow approach, especially for staff that are inexperienced in overseeing contracts.</p> <p>A course of training should be set up for staff involved in Contract Management within the Council.</p> <p>The procedures should state that the tender acceptance documents should be signed by all present at the opening of the tenders. This is because signatures are easier to validate than initials which are currently used.</p>	Howard Bone	31-Mar-2008	31-Oct-2012	Presentation to SMT planned for 03/07/12. Aim to have final draft of Guidance ready for discussion at that meeting, prior to finalising Guidance and training September 2012.



Code	Control Weakness	Agreed Action	Managed By	Original Due Date	Anticipated Due Date	Latest Note
<b>Property Services Review 2011-12</b> <b>AuditInt/OD/052</b>	<b>Risk:</b> Falsification of mileage claims <b>Control Weakness:</b> The instructions for mileage claims have not been effectively communicated to officers and managers.	Senior Management Team should be informed by email that the instructions, including clarification of roles and responsibilities when completing mileage claims have been revised. Core Brief to be used to communicate to all other officers and managers the instructions for mileage claims. The Council's intranet pages should be amended to ensure the links to the instructions for completing claims, the claim forms and all associated guidance can be accessed from one page.	Alison Gavin	30-Nov-2011	30-Nov-2011	