

**REPORT TO:** Audit and Governance Committee

**MEETING DATE:** 30 April 2013

**BY:** Executive Director (Support Services)

**SUBJECT:** Internal Audit Follow-up Reports

---

## **1 PURPOSE**

- 1.1 To inform the Audit and Governance Committee of the recent follow-up work undertaken by Internal Audit.

## **2 RECOMMENDATION**

- 2.1 That the Audit and Governance Committee note the findings of Internal Audit's follow-up work on Non-Domestic Rates – Valuation and Billing, Procurement, Free School Meals and Clothing Grants, Bank Reconciliations and Frameworks.

## **3 BACKGROUND**

- 3.1 As part of the audit plan for 2012/13 Internal Audit has followed up the recommendations made in previously issued audit reports to ensure that they have been implemented as agreed by Management. Our findings are detailed below.

### **Non-Domestic Rates – Valuation and Billing**

- 3.2 Internal Audit's report on Non-Domestic Rates – Valuation and Billing was issued in June 2011. Our follow-up review has identified that of the 3 recommendations made, 2 have been fully implemented and 1 is currently outstanding. The recommendation that is currently outstanding is detailed in Appendix 1, together with Management's response.

### **Procurement**

- 3.3 Internal Audit's report on Procurement was issued in September 2011. Our follow-up review has identified that of the 9 recommendations made, 7 have been fully implemented and 2 are currently outstanding. The

recommendations that are currently outstanding are detailed in Appendix 1, together with Management responses.

### **Free School Meals and Clothing Grants**

- 3.4 Internal Audit's report on Free School Meals and Clothing Grants was issued in November 2011. Our follow-up review has identified that all 10 recommendations made have been fully implemented.

### **Bank Reconciliations**

- 3.5 Internal Audit's report on Bank Reconciliations was issued in March 2012. Our follow-up review has identified that of the 7 recommendations made, 5 have been fully implemented and 2 have been partly implemented. The recommendations that have been partly implemented are detailed in Appendix 1, together with Management responses.

### **Frameworki**

- 3.6 Internal Audit's report on Frameworki was recently issued in January 2013, however we have followed up 3 of the recommendations where prompt action was required and we note that all 3 recommendations have been implemented. The remaining recommendations will be followed up as part of our 2013/14 audit plan.

## **4 POLICY IMPLICATIONS**

- 4.1 None

## **5 EQUALITIES IMPACT ASSESSMENT**

- 5.1 This report is not applicable to the well being of equalities groups and Equality Impact Assessment is not required.

## **6 RESOURCE IMPLICATIONS**

- 6.1 Financial - None  
6.2 Personnel - None  
6.3 Other - None

## **7 BACKGROUND PAPERS**

- 7.1 None

|                      |                        |
|----------------------|------------------------|
| <b>AUTHOR'S NAME</b> | Mala Garden            |
| <b>DESIGNATION</b>   | Internal Audit Manager |
| <b>CONTACT INFO</b>  | 01620 827326           |
| <b>DATE</b>          | 19 April 2013          |

## Appendix 1

### **NON-DOMESTIC RATES – VALUATION AND BILLING**

Our follow-up review has identified that of the 3 recommendations made, 2 have been fully implemented and 1 is currently outstanding. The recommendation that is currently outstanding is detailed below, together with Management's response.

| <b>PARA REF</b> | <b>RECOMMENDATION</b>  | <b>RESPONSIBLE OFFICER</b> | <b>MANAGEMENT RESPONSE</b> | <b>REVISED DATE OF COMPLETION</b> |
|-----------------|--|----------------------------|----------------------------|-----------------------------------|
| 3.1.1           | Management should ensure that a member of staff independent of processing checks a sample of amendments, suppressions, payments received by telephone and NDR accounts where recovery action is being taken. | Revenues Manager           | Agreed                     | May 2013                          |

### **PROCUREMENT**

Our follow-up review has identified that of the 9 recommendations made, 7 have been fully implemented and 2 are currently outstanding. The recommendations that are currently outstanding are detailed below, together with Management responses.

| <b>PARA REF</b> | <b>RECOMMENDATION</b>   | <b>RESPONSIBLE OFFICER</b>      | <b>MANAGEMENT RESPONSE</b> | <b>REVISED DATE OF COMPLETION</b> |
|-----------------|---|---------------------------------|----------------------------|-----------------------------------|
| 3.3.2           | Management should ensure that all departures from the Council's Corporate Procurement Procedures are properly approved by the relevant Council Officers as required by the Council's Standing Orders. | Head of Housing and Environment | Agreed                     | April 2013                        |

| PARA REF | RECOMMENDATION  | RESPONSIBLE OFFICER           | MANAGEMENT RESPONSE  | REVISED DATE OF COMPLETION |
|----------|---|-------------------------------|--|----------------------------|
| 3.4.2    | Management should review the Corporate Procurement Procedures with respect to the £1.2 million level set for inviting 3 written quotes for works. | Corporate Procurement Manager | A review has been completed and the new level has been set at £100,000 however this is pending approval by Council/Cabinet along with the Standing Orders. | To be confirmed            |

### **BANK RECONCILIATIONS**

Our follow-up review has identified that of the 7 recommendations made, 5 have been fully implemented and 2 have been partly implemented. The recommendations that have been partly implemented are detailed below, together with Management responses.

| PARA REF | RECOMMENDATION  | RESPONSIBLE OFFICER       | MANAGEMENT RESPONSE  | REVISED DATE OF COMPLETION |
|----------|---|---------------------------|--|----------------------------|
| 3.3.2    | <p>Entries recorded on the daily Unmarked Statement Transaction Report should be reviewed and matched timeously.</p> <p>Management should review the current practice of recording income received in the cashbook. Other options for data entry should be explored, which may assist in reducing the number of transactions that require to be manually matched.</p> | Corporate Finance Manager | <p>Partly implemented</p> <p><u>Management response</u> – a review of bank reconciliation processes has been carried out and changes introduced, which have helped to reduce the number of transactions which require to be manually matched. Work is continuing on exploring longer term solutions which require more significant change.</p> | Ongoing                    |

| PARA REF | RECOMMENDATION  | RESPONSIBLE OFFICER       | MANAGEMENT RESPONSE  | REVISED DATE OF COMPLETION |
|----------|---|---------------------------|--|----------------------------|
| 3.3.3    | <p>Management should ensure that monthly bank reconciliations are performed timeously.</p> <p>The bank reconciliation should compare the bank balance and the cashbook balance at the date of the reconciliation – all differences identified should be checked to ensure that they relate to genuine timing differences rather than to error.</p> <p>Only outstanding lodgements or unpresented payments as at the reconciliation date should form part of the reconciliation.</p> | Corporate Finance Manager | <p>Partly implemented</p> <p><u>Management response</u> – progress has been made on completing bank reconciliations more timeously. As the time taken to complete reconciliations reduces, many of the issues regarding timing differences should resolve.</p> | Ongoing                    |