

REPORT TO: Audit and Governance Committee

MEETING DATE: 17 September 2013

BY: Depute Chief Executive – Resources & People 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 Pathway Residential Unit for Young People, Prestonpans Infant School, Debtors, Non-Domestic Rates – Liability, Council Tax – Refunds and How Good is Our Council (HGIOC).

3 BACKGROUND

- 3.1 As part of the audit plan for 2013/14 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.

Pathway Residential Unit for Young People

- 3.2 Internal Audit's report on Pathway Residential Unit for Young People was issued in September 2011. Our follow-up review has identified that all 16 recommendations made have been fully implemented.

Prestonpans Infant School

- 3.3 Internal Audit's report on Prestonpans Infant School was issued in September 2012. Our follow-up review has identified that all 9 recommendations made have been fully implemented.

Debtors

- 3.4 Internal Audit's report on Debtors was issued in March 2011. Our follow-up review has identified that of the 21 recommendations made, 17 have been fully implemented, 3 have been partly implemented and 1 is currently outstanding. The recommendations that are partly implemented and the recommendation which is currently outstanding are detailed in Appendix 1, together with Management's response.

Non-Domestic Rates – Liability

- 3.5 Internal Audit's report on Non-Domestic Rates – Liability was issued in June 2012. Our follow-up review has identified that of the 6 recommendations made, 4 have been fully implemented, 1 has been partly implemented and 1 is currently outstanding. The recommendation that is partly implemented and the recommendation that is currently outstanding are detailed in Appendix 1, together with Management's response.

Council Tax – Refunds

- 3.6 Internal Audit's report on Council Tax – Refunds was issued in June 2012. Our follow-up review has identified that of the 12 recommendations accepted by Management, 11 have been fully implemented and 1 has been partly implemented. The recommendation that is partly implemented is detailed in Appendix 1, together with Management's response.

How Good is Our Council (HGIOC)

- 3.7 Internal Audit's report on How Good is Our Council (HGIOC) was issued in November 2011. Our follow-up review has identified that of the 16 recommendations made, progress has been made in implementing 13 recommendations, 1 has been partly implemented and 2 have now been superseded. The recommendation that is partly implemented is detailed in Appendix 1, together with Management's response.

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

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DATE	5 September 2013

Appendix 1

DEBTORS

Our follow-up review has identified that of the 21 recommendations made, 17 have been fully implemented, 3 have been partly implemented and 1 is currently outstanding. The recommendations that are partly implemented and the recommendation that is currently outstanding are detailed below, together with Management's response.

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT RESPONSE	REVISED DATE OF COMPLETION
3.7.1	Periodic reports detailing all cancellations, credit notes, write-offs and suppressions should be produced. The reports should be reviewed by a person independent of processing to ensure that all actions taken are valid.	Corporate Finance Manager	Partly implemented While reports are being produced by staff they are not being reviewed by the Manager. Sample checks will be carried out by senior staff in future.	September 2013
3.11.3	Reports of all approved write-offs below £10,000 should be submitted to the Members' Library on a quarterly basis.	Revenues Manager	Partly implemented Retrospective report required to bring Members' Library up to date. Reports to be submitted to the Members' Library on a quarterly basis, providing approvals have been done within the relevant quarter.	December 2013

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT RESPONSE	REVISED DATE OF COMPLETION
3.11.5	VAT should be reclaimed on bad debts written off in line with HMRC guidance.	Corporate Finance Manager	Not material as most recent write offs have either not had VAT or have been outwith the timescale for reclaiming VAT. In future, write offs will be reviewed to look for opportunities to reclaim VAT.	Ongoing
3.13.1	<p>Departments should be provided with management information on debts outstanding in their area.</p> <p>Departments should be advised to review persistent bad payers – consideration should be given to withdrawing credit facilities and/or making alternative arrangements for payment e.g. payment in advance.</p>	Corporate Finance Manager	<p>Partly implemented</p> <p>Management information is provided to some departments e.g. Estates but agreed that it is not routinely provided to all.</p> <p>Intention to develop regular standard reporting but it has not yet been possible within current resources.</p>	Ongoing

NON-DOMESTIC RATES – LIABILITY

Our follow-up review has identified that of the 6 recommendations made, 4 have been fully implemented, 1 has been partly implemented and 1 is currently outstanding. The recommendation that is partly implemented and the recommendation that is currently outstanding are detailed below, together with Management's response.

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT RESPONSE	REVISED DATE OF COMPLETION
3.4.1	Adequate monitoring arrangements should be put in place to ensure that Small Business Bonus Scheme Relief is properly applied.	Debt Management & Business Rates Team Leader	Bi-annual sample check will be carried out. Checks to be done at the end of March and the end of September.	September 2013
3.4.7	The existing procedures in place for awarding discretionary rates relief should be reviewed.	Revenues Manager	Partly implemented New policy is being drafted.	March 2014

COUNCIL TAX – REFUNDS

Our follow-up review has identified that of the 12 recommendations accepted by Management, 11 have been fully implemented and 1 has been partly implemented. The recommendation that is partly implemented is detailed below, together with Management's response.

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT RESPONSE	REVISED DATE OF COMPLETION
3.1.1	The existing procedures in place should be updated to reflect all key stages in the Council Tax refund process.	Council Tax Team Leader	Partly implemented Additional procedure notes have been issued to staff, however Nimbus has yet to be updated.	November 2013

HOW GOOD IS OUR COUNCIL (HGIOC)

Our follow-up review has identified that of the 16 recommendations made, progress has been made in implementing 13 recommendations, 2 recommendations have been superseded and 1 has been partly implemented. The recommendation that is partly implemented is detailed below, together with Management's response.

PARA REF	RECOMMENDATION	RESPONSIBLE OFFICER	MANAGEMENT RESPONSE	REVISED DATE OF COMPLETION
2.5.4	Management should ensure that all individual questions with a low score lead to appropriate improvement/action points. All improvement/action points should be reflected in the relevant Service or Unit Business Plans.	Board of Directors	<p>Partly implemented</p> <p>The latest review of HGIOC deals with this issue in detail and includes the following recommendations:</p> <ul style="list-style-type: none">• Heads of Service should set expectations with Managers that improvements identified through HGIOC are included in service plans.• Heads of Service should set expectations with Managers that improvement actions are transparent; with outcomes (or otherwise) communicated widely to staff.	March 2014