

REPORT TO: Audit and Governance Committee

MEETING DATE: 19 November 2013

BY: Depute Chief Executive – Resources & People Services

SUBJECT: Internal Audit Report – Payments to Scottish Water

1 PURPOSE

- 1.1 To inform the Audit and Governance Committee of the recently issued audit report on Payments to Scottish Water.

2 RECOMMENDATION

- 2.1 That the Audit and Governance Committee note the contents of the Executive Summary and Action Plan for Payments to Scottish Water.

3 BACKGROUND

- 3.1 A review of Payments to Scottish Water was undertaken as part of the audit plan for 2013/14.
- 3.2 The main objective of the audit was to ensure that the internal controls in place for administering Payments to Scottish Water were operating effectively.
- 3.3 The main findings from our audit work are outlined in the attached report.

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

EAST LOTHIAN COUNCIL – INTERNAL AUDIT PAYMENTS TO SCOTTISH WATER

1. EXECUTIVE SUMMARY

1.1 Introduction

A review of the internal controls surrounding the administration of Payments to Scottish Water was carried out as part of the Audit Plan for 2013/14. A summary of our main findings is outlined below.

1.2 Areas where Expected Controls were Met

- Checks are in place to ensure that billing system parameters for water and sewerage charges are correctly entered on the Capita system prior to Council Tax bills being produced.
- Mandatory water charge reductions are correctly applied to taxpayers' accounts in accordance with legislation.
- Systems are in place to ensure that key information from the Capita system is correctly updated for water and sewerage charges to enable payment calculations to be carried out.
- Adequate arrangements are in place to ensure that payments to Scottish Water are properly authorised and submitted by the due date.
- Adequate documentation is in place to support the total number of properties used in the payment calculations.
- Procedures are in place to ensure that the collection fees due to the Council are correctly calculated and are properly deducted from the payments made to Scottish Water.

1.3 Areas with Scope for Improvement

- There was a lack of adequate documentation in place to support the adjustments being made in the payment calculations for costs raised. *Risk – inappropriate adjustments may be made.*
- The current checking arrangements in place to ensure that payments made to Scottish Water are accurate and complete require review. *Risk – errors and irregularities may occur and remain undetected.*

1.4 Summary

Our review of Payments to Scottish Water identified areas with scope for improvement. Detailed recommendations and opportunities for improvement are contained in our main Audit Report.

Mala Garden
Internal Audit Manager

September 2013

**EAST LOTHIAN COUNCIL – INTERNAL AUDIT
PAYMENTS TO SCOTTISH WATER**

ACTION PLAN

PARA REF	RECOMMENDATION	GRADE	RESPONSIBLE OFFICER	AGREED ACTION	RISK ACCEPTED/ MANAGED	AGREED DATE OF COMPLETION
3.4.3	Management should ensure that appropriate documentation is held to support the adjustments being made in the payment calculations for costs raised.	Medium	Revenues Manager	Agreed Formal supportive documentation to be sought.		December 2013
3.4.4	All Scottish Water payment calculations should be checked for accuracy and completeness by a person independent of processing.	Medium	Head of Council Resources	Under discussion		Ongoing

GRADING OF RECOMMENDATIONS

To assist Management in using our reports, our recommendations are categorised according to their level of priority as follows:

Level	Definition
High	Recommendations which are fundamental to the system and upon which Management should take immediate action.
Medium	Recommendations which will improve the efficiency and effectiveness of the existing controls.
Low	Recommendations concerning minor issues that are not critical, but which may prevent attainment of best practice and/or operational efficiency.