

INTERNAL AUDIT – AUDIT UPDATE

**SUMMARY:**

This report describes the work carried out by Internal Audit for quarter 4.

**RECOMMENDATION:**

Members are requested to note the audit work carried out in Q4 2018/19, acknowledging possible slippage into Q1 2019/20

**1 INTRODUCTION**

1.1 This report is to provide Members with:

- An overview of the work completed by Internal Audit to date for Q4 2018/19.
- A schedule of work expected to be delivered Q4 2018/19 and Q1 2019/20.

**2 AUDIT WORK – Q4 18/19**

2.1 The following audit work has been carried out within quarter 4:

Work	Status
<b>Audit findings – Appendix A of this report</b>	
IT access controls	This audit was carried out by the contract auditors. A <b>substantial assurance</b> opinion has been given to this area. Findings are detailed within Appendix A.
Weekly refuse and recycling contract	This audit was carried out by the contract auditors. A <b>substantial assurance</b> opinion has been given to this area. Findings are detailed within Appendix A.
Benefits	This audit was carried out by the contract auditors. A <b>substantial assurance</b> opinion has been given to this area. Findings are detailed within Appendix A.
Sales Ledger	This audit was carried out by the contract auditors. A <b>substantial assurance</b> opinion has been given to this area.

	Findings are detailed within Appendix A.
<b>Work</b>	<b>Status</b>
Recovery	This audit was carried out by the contract auditors. A <b>reasonable assurance</b> opinion has been given to this area. Findings are detailed within Appendix A.
Card payments follow up	A follow up was carried out on the recommendations made from the card payment review carried out in 2017/18. The findings from the follow up has changed the assurance opinion within this area, from reasonable to <b>substantial assurance</b> . Findings are detailed within Appendix A.
Parking Machine Income follow up	A follow up was carried out on the recommendations made from the parking machine income audit carried out in 2017/18. The findings from the follow up has changed the assurance opinion within this area, from reasonable to <b>substantial assurance</b> . Findings are detailed within Appendix A.
<b>Items for the May Committee</b>	
Corporate Governance	Testing is currently underway and the findings will be communicated at the Committee meeting in May.
Purchase of property follow up	
Contract Letting & Tendering follow up	
Portable IT Equipment follow up	
Planning Applications	
Risk Management	
<b>Awaiting information</b>	
Contaminated water review	This review has been completed but the report has yet to be issued, as it will be done in conjunction with the Contaminated soil review.
Contaminated soil review	Currently waiting on information to be provided by the contractors.

## 2.2 Other deliverables:

The audit risk universe has been updated to enable the development of the Audit plan for 2019/20. The audit plan is being communicated to this Committee within report AUD 19/02

### 3 Expected deliverables for Q4 2018/19 and Q1 2019/20

3.1 As previously reported to the committee, a significant element of the 2018/19 Audit Plan was due to be delivered in quarter 4. Whilst there has been progress against the plan since the last update, there are a number of audits that may not be completed in the current financial year. The work was expected to be delivered in Q4 2018/19, but may not be completed until April or May 2019. The outstanding audits are detailed within the table below. As with the previous quarter, these audits can be subject to change due to the changing needs of the organisation or resource availability. An update will be provided at the May meeting.

<b>Service</b>	<b>Audit/ follow up/descriptor</b>	<b>Expected</b>
Finance	Contract Management - <i>A review of how contracts are monitored within the Council to ensure they are delivering the outcomes we require.</i>	Q4 2018/19 Q1 2019/20
CLT	Corporate Governance - <i>Overview of corporate governance arrangements within the Council against CIPFA/SOLACE guidance.</i>	
Legal	Purchase of property follow up - <i>A follow up on the recommendations made within the audit carried out in 2017</i>	
Finance	Contract Letting & Tendering follow up - <i>A follow up on the recommendations made within the audit carried out in 2017</i>	
IT	Portable IT Equipment follow up – <i>A follow up on the recommendations made within the audit carried out in 2018.</i>	
Planning	Planning Applications - <i>A review of adherence to statutory requirements and processes for planning applications</i>	
Housing	Disabled Facilities Grant - <i>A review of processes for granting DFGs and process for the rotation of suppliers.</i>	
Finance	Capital Programme Management - <i>A review of the arrangements in place to manage the capital programme and the projects included.</i>	
CLT	Risk Management - <i>A review of the risk management process and system in place. This is an area that was highlighted within the Annual Governance Statement and by External Audit as having deficiencies.</i>	

3.2 In light of the position outlined above, the 2019/20 Audit Plan will now be presented to the committee in May 2019.

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**HEAD OF SERVICE:** David Stanley, Executive Head of Financial Services

**References:** *Internal Audit – Audit Plan* report, presented to the Committee on the 29<sup>th</sup> January 2018

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=166&MId=459&Ver=4>

*Internal Audit – Audit update* report, presented to the Committee on the 28<sup>th</sup> January 2019

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=166&MId=659&Ver=4>

**AUDIT FINDINGS ON SEVEN ITEMS: IT ACCESS CONTROLS, WEEKLY REFUSE AND RECYCLING CONTRACT, BENEFITS, SALES LEDGER, RECOVERY, CARD PAYMENTS FOLLOW UP AND PARKING MACHINE INCOME FOLLOW UP**

<b>Audit Title 1</b>	<b>IT access controls</b>		
<b>Year of Audit</b>	2018/19		
<b>Assurance given</b>	<i><b>Substantial</b> – Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
<b>Overview of area</b>	<p>This audit review focused on evaluating controls in place at an application/ system level. Although the Council's ICT Service provides overall governance and support, it is the responsibility of administrators of individual applications/ systems to ensure that it is managed securely and safely.</p> <p>In total, there are 37 applications operated by Council services. Each application has its own administrator either within the corporate IT team (28) or within the service (9), who is responsible for granting or revoking user access, ensuring adequate segregation of duties, and maintaining its overall security.</p>		
<b>Priority</b>	<b>Key findings</b>	<b>Management response and agreed action</b>	<b>Action by who and when</b>
Medium	<p><b>Integra Patch Management</b> At the time of the audit, resources are not available to action the patches issued for the Integra 2 finance system. They are approximately 12 months outstanding (c.50 patches)</p> <p><b>Risk:</b> <i>The key finance system is not operating with the most up to date versions and security upgrades.</i></p>	<p>On 2/11/2018 the IT team and the system supplier carried out system maintenance to bring the test system up to date. However, the Finance team (with the exception of Revenues) have been unable to complete testing due to other work pressures.</p> <p>The Head of IT is to discuss a resolution with newly appointed Executive Head of Finance early in the new year.</p>	<p>David Stanley, Executive Head of Finance</p> <p>31<sup>st</sup> March 2019</p>

Medium	<p><b>Regular review of access</b> As identified in the 2017/18 FMS internal audit, the 2017/18 Cyber Security report and with the exceptions highlighted in this audit, there is no regular review of systems access for officers to verify that it is still required and appropriate. There is no requirement for an annual access check by the services for applications/systems.</p> <p><b>Risk:</b> <i>Users may be left with inappropriate access to systems, in particular for the major systems, e.g. Integra, UNI-Form, etc.</i></p>	Head of ICT to review system controls with the respective system administrators.	Nick Harding, Head of ICT  31 <sup>st</sup> March 2019
Low	<p><b>Unauthorised access monitor</b> There is no formal monitoring of attempted access, in particular for those systems holding sensitive data or where payments may be possible.</p> <p><b>Risk:</b> <i>Unauthorised access attempts are not detected for suitable action.</i></p>	The respective system administrators to review the available intrusion detection options available from software vendors.	Nick Harding, Head of ICT  30 <sup>th</sup> June 2019
High	<p><b>360Pay System</b> Card refund payments on the main council tax / business rates payment system do not have to be made back to the originating card number and there is no payment limit.</p> <p><b>Risk:</b> <i>Officers could refund to a personal card number and values are not limited / can be for more than the original transaction value. (Capita may be able to add an additional control).</i></p>	IT Network Administration to discuss with the software vendor (Capita) on available options.	Nigel Swan, IT Technical Services Manager  31 <sup>st</sup> January 2019
Medium	<p><b>Bank Account changes - Integra</b> Monthly checks by Finance on bank account changes were a couple of months outstanding at</p>	A retrospective internal check is currently undertaken to provide assurance that there is a separation	David Stanley, Executive Head of Finance

	<p>the time of the audit, and the sample to check has not been specifically stipulated.</p> <p><b>Risk:</b> <i>This good control is not being as effective as it could be.</i></p>	<p>of duties within the Payments team when bank account details are amended on supplier records.</p> <p>The key controls around supplier bank account changes are working effectively, and it is not considered a priority to undertake a further independent check at this stage as it is considered a low risk.</p> <p>This will be kept under review.</p>	
Medium	<p><b>Cyber Security</b> Staff are required to complete an IT security on-line course once every 12 months, but there is no on-going routine for issuing regular staff e-mails of current breach attempts, recent cyber-security examples, what to do if scenarios, etc, to help maintain awareness.</p> <p><b>Risk:</b> <i>With a constant cyber-security risk, staff are not being regularly reminded to be aware and vigilant.</i></p>	<p>More regular staff-hub awareness items around cyber security are to be developed.</p>	<p>Nick Harding, Head of ICT</p> <p>31<sup>st</sup> March 2019</p>
Low	<p><b>Single Sign-In</b> There is a corporate strategy / roll-out to introduce single-sign / integrated log-on for systems were possible, saving unnecessary password / systems management. This has not been introduced for all systems, e.g. iWorld.</p> <p><b>Risk:</b> <i>IT staff are disrupted for the administration of passwords, e.g. when forgotten, when a more efficient approach is available.</i></p>	<p>Existing legacy systems do not always support this functionality, however, the principle of single sign on (SSO) \ integrated logon will be included in future system specifications.</p>	<p>Nick Harding, Head of ICT</p> <p>On-going</p>

Priority key for way forwards	
High priority	A fundamental weakness in the system/area that puts the Authority at risk. To be addressed as a matter of urgency.
Medium priority	A moderate weakness within the system/area that leaves the system/area open to risk.
Low priority	A minor weakness in the system/area or a desirable improvement to the system/area.

Audit Title 2	Weekly refuse & recycling contract		
Year of Audit	2018/19		
Assurance given	<b>Substantial</b> – Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.		
Overview of area	<p>Serco were awarded and have provided the waste and recycling service on behalf of Rushmoor Borough Council (RBC) in early 2017, the competitive dialogue process having commenced in 2015. Prior to this the contract was managed from April 2002 by Serviceteam until their acquisition by Veolia.</p> <p>The contract was awarded based on a successful bid that offered both a competitive price and demonstrated both high quality and significant added value.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
Medium	<p><b>Documented Procedures</b> There are no formally documented procedures relating to the management of the contract.</p> <p><b>Risk:</b> <i>without fully documented and comprehensive procedures there is a risk that all key contract management tasks and checks may not be undertaken correctly should the experienced Contract Manager be absent or individual roles change.</i></p>	<p>An overview document will be drawn up detailing:</p> <ul style="list-style-type: none"> <li>• Meeting timetable</li> <li>• Standard agenda items</li> <li>• KPI monitoring frequency</li> <li>• Etc.</li> </ul>	<p>Ruth Whaymand, Contracts Manager</p> <p>1<sup>st</sup> April 2019</p>
Medium	<p><b>Documented Procedures</b> There are no formally documented procedures relating to the running of invoicing reports although the Senior Technical Officer does have hand</p>	Notes will be typed up.	<p>Ruth Whaymand, Contracts Manager</p>



	<p>written notes which she follows.</p> <p><b>Risk:</b> <i>without fully documented and comprehensive procedures there is a risk that invoicing information may not be correct leading to inaccurate billing.</i></p>		1 <sup>st</sup> April 2019
Medium	<p><b>Confirmation of Insurance Cover</b> There is no agreed mechanism in place to ensure that RBC receive a copy of the renewed insurance certificates.</p> <p><b>Risk:</b> <i>RBC will not receive assurance that Serco have the appropriate insurance cover as outlined in the contract.</i></p>	<p>RBC are named as an interested part on Serco's insurance policy.</p> <p>Ruth Whaymand, Contracts Manager to add insurance certificate checks to the annual paperwork audit.</p>	<p>Ruth Whaymand, <i>Contracts Manager</i> and Morag McVey, <i>Payments and Insurance Manager</i></p> <p>1<sup>st</sup> April 2019</p>
Medium	<p><b>Contract Wording</b> The contract has not been subject to review to ensure that all of the requirements of the new GDPR have been met.</p> <p><b>Risk:</b> <i>Contract and supplier documentation may not be GDPR compliant.</i></p>	<p>The wording within the contract will be reviewed.</p>	<p>Catriona Herbert, <i>Corporate Legal Services Manager</i></p> <p>To fit with the GDPR project</p>
Medium	<p><b>Annual Monitoring Schedule</b> Health and Safety monitoring activities are not scheduled formally for the year ahead.</p> <p><b>Risk:</b> <i>Unless there is an agreed schedule of inspections there is a risk that the required number/type of inspections will not take place and RBC will be unable to satisfy themselves that Serco are meeting the required Health and Safety standards.</i></p>	<p>A schedule will be developed for all levels of inspection and will be followed.</p>	<p>Ruth Whaymand, <i>Contracts Manager</i></p> <p>1<sup>st</sup> April 2019</p>

<p>Low</p>	<p><b>BCP Distribution List</b>  The RBC Contracts Manager is not on the BCP distribution list.</p> <p><i><b>Risk:</b> Unless the RBC Contracts Manager is on the BCP distribution list there is a risk that an updated copy will not be received as and when it is revised.</i></p>	<p>Key RBC personnel will be added to the distribution list.</p>	<p>Serco</p> <p>1<sup>st</sup> April 2019</p>
<p>Low</p>	<p><b>Roles and Responsibilities</b>  The RBC Communications Department and their Press Officer may not be clear of their responsibilities should the Serco BCP be instigated.</p> <p><i><b>Risk:</b> The Serco BCP will be at risk of failure should all officers with designated responsibilities not be aware of their specific roles.</i></p>	<p>Serco will brief RBC communications team on their responsibility should the Serco BCP be instigated.</p>	<p>Helen Milward &amp; Rob Noble from Serco</p> <p>1<sup>st</sup> June 2019</p>

<b>Audit Title 3</b>	<b>Benefits</b>		
<b>Year of Audit</b>	2018/19		
<b>Assurance given</b>	<i><b>Substantial</b> - Key controls designed to achieve the system/function/process objectives are in place. There are opportunities to enhance/strengthen these controls.</i>		
<b>Overview of area</b>	<p>The benefits system is reviewed biennially, as agreed with the external auditors (Ernst &amp; Young). The previous audit carried out in 2016/17 concluded that the system continues to operate effectively.</p> <p>The Revenues and Benefits team have been under-resourced for some time. It was found that this has generally not had an impact on the day-to-day work of the team, who are currently processing claims as they are received and have no backlog. The team members have been in their positions for a number of years and as such, they are highly experienced and the team works well together.</p> <p>The audit found that the system continues to operate effectively with sound controls in place. Benefit claims are correctly calculated and processed in a timely manner with a sound audit trail to support entitlement. In addition, security controls within the benefits module remain appropriate. Adequate controls are in place to support the BACS payment process.</p>		
<b>Priority</b>	<b>Key findings</b>	<b>Management response and agreed action</b>	<b>Action by who and when</b>
Medium	<p>Hard copy files which include customer's personal sensitive information are held in cabinets but these are not lockable. This risk is recognised within the corporate GDPR Risk Register.</p> <p><b>Risk</b> <i>Employees who are not part of the benefits team have access to personal data and the council is left vulnerable to data breaches.</i></p>	<p>Access to this area is by electronic pass only. Archiving is on-going but live cases will remain albeit with reducing numbers, e.g. there will be a legacy of pensioner claims.</p> <p>We will ensure that staff are aware of the risk and the Executive Head of Finance (David Stanley) is currently discussing this issue with the council's DPO, and it is likely some urgent secure filing will be procured.</p>	<p>Dawn Menzies-Kelly, <i>Revenue &amp; Benefits Manager</i></p> <p>31<sup>st</sup> May 2019</p>

<p>Medium</p>	<p>The routine of independent quality / performance checks has not been carried out on officers' work between September – December 2018 due to resources not being available.</p> <p><b>Risk</b>  <i>Benefit payment errors could be going unnoticed which could lead to a financial and reputational risk.</i></p>	<p>The monthly checks have recommenced since mid-January 2019.  Three officers are sharing the workload for this and to catch up with the checks back to September 2018, missed previously.</p>	<p>Sam Fleming,  <i>Revenue &amp; Benefits – Claims Manager</i></p> <p>In place</p>
<p>Low</p>	<p>Testing identified that the 'Notes' for self-employed calculations on the iWorld system could be more thorough at times to ensure that all actions and reasons behind decisions are captured on a customer's file. This is to explain fully the basis of calculations including what amounts were added / not added and why.</p> <p><b>Risk</b>  <i>Other team members can be left uncertain as to what actions have been done and the basis of calculations applied.</i></p>	<p>An e-mail was sent by the Revenue and Benefits manager at the end of January 2019 as reminder to the team.  Assessors have been told to use clearer notes as to how a Self-Employed income decision has been made and there is an expectation that all Benefit decisions will be fully detailed.</p>	<p>Sam Fleming,  <i>Revenue &amp; Benefits – Claims Manager</i></p> <p>In place</p>

<b>Audit Title 4</b>	<b>Sales Ledger</b>		
<b>Year of Audit</b>	2018/19		
<b>Assurance given</b>	<i><b>Substantial</b> – Key controls are designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
<b>Overview of area</b>	<p>Invoices totalling around £10.1 million were produced for a range of services in 2017/18 with the year to date (end of January 2019) figure standing at £7.8 million.</p> <p>Going forward, the aim is for payment at the point of contact to be introduced where practical in order to free up resources and prevent credit being given to customers or organisations where it is not necessary to do so. To this end, a high proportion of garden waste customers who do not pay by direct debit, now pay via another system, which has already reduced the number of invoices being raised.</p> <p>Currently there is a drive to reduce the number of invoices raised by targeting areas where it is felt payment could be taken at first point of contact. This more commercial approach to take payment at point of sale would reduce invoice numbers and reduce the risk of non-collection of debt.</p>		
<b>Priority</b>	<b>Key findings</b>	<b>Management response and agreed action</b>	<b>Action by who and when</b>
Medium	<p><b>Documented Procedures</b> Documented procedures relating to the Sales Ledger function have not been subject to recent review and require update.</p> <p><i><b>Risk:</b> Without up to date documented and comprehensive procedures there is a risk that not all key Sales Ledger tasks may be undertaken correctly should the experienced officers be absent or individual roles change.</i></p>	<p>Agreed</p> <p>There are currently documented procedures, which do need updating.</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>End of May 2019</p>

<p>Medium</p>	<p><b>System Access Authorisation</b>  The requirement for the need for Head of Service authorisation for the addition of a user to the Sales Ledger module of Integra (which is often view-only) is considered an unnecessary control which does not mitigate any risk and also can cause delay in the process.</p> <p><i><b>Risk:</b> There is unnecessary administration and may be a delay in granting access to the Sales Ledger module of Integra leading to staff being unable to fulfil their duties in a timely manner.</i></p>	<p>Agreed</p> <p>An e-mail will be issued to manager's network and CLT advising that authorisation forms will no longer be required but will need approval from the Principle Revenues and Benefits Officer for individuals to have access to Sales Ledger.</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>March 2019</p>
<p>Low</p>	<p><b>Access Review – Sales Ledger Module</b>  (Linked to 2018/19 IT Systems Control audit)  There is no formal regular review of Integra users to check if their access to the Sales Ledger module is still required.</p> <p><i><b>Risk:</b> Staff whose current role no longer requires them to have access to the Sales Ledger module or staff who have left the authority may still have access to the system.</i></p>	<p>Agreed</p> <p>A review will now be carried out twice a year to ensure those officers still require access.</p>	<p>Cathrine Cleminson, <i>Local Taxation Officer</i></p> <p>April 2019</p>
<p>Medium</p>	<p><b>VAT Coding on Invoices</b>  a) Errors identified in VAT coding on invoices are only addressed and rectified if there is a financial implication.  b) There is an absence of guidance for services in applying VAT, and zero and exempt supplies.</p> <p><i><b>Risk:</b> Reporting requirements may not be met when Making Tax Digital is introduced, financial errors may result and staff may not learn from their coding errors.</i></p>	<p>Agreed</p> <p>We have discussed this with Executive Head of Finance and the Finance team will take the lead on this.</p>	<p>Alan Gregory, <i>Finance Manager</i></p> <p>TBC – live by October</p>

Medium	<p><b>Payment at First Point of Contact</b></p> <p>a) Despite a corporate drive for 'Pay at the Point of Order', invoices are still being raised by services in instances where it would be more cost effective and efficient to take payment at the first point of contact, e.g. AON parking permits and annual licences.</p> <p>b) There is no formal senior management monitoring of exceptions to this policy.</p> <p><i><b>Risk:</b> Resources are not efficiently used and savings not achieved if opportunities for payment to be made at first point of contact rather than an invoice being raised are not identified by the services and taken.</i></p>	<p>Agreed</p> <p>A) We are continue to check all invoices being raised on a daily basis. However there is evidence that some managers are considering the need to raise an invoices.</p> <p>We are going to take a report to CLT on this review to update them and to ask for their cooperation with this policy.</p>	<p>David May, <i>Principal Revenues and Benefits Officer / Dawn Menzies-Kelly, Revenues and Benefits Manager</i></p> <p>May 2019</p>
Low	<p><b>Review of Periodical Payments</b></p> <p>A regular review of periodical payments, where rent relief is being given to voluntary organisations, is not being undertaken.</p> <p><i><b>Risk:</b> If a review of periodical payments is not undertaken regularly, template details may not be updated should the amount of relief given change. As a result invoicing arrangements may be inaccurate and incorrect amounts may be credited on Integra.</i></p>	<p>Agreed</p> <p>A review of those organisation who are in receipt of rent relief will be undertaken</p>	<p>Cathrine Cleminson, <i>Local Taxation Officer</i></p> <p>June 2019</p>
Low	<p><b>Unreconciled Amount</b></p> <p>At the time of the audit there was an unreconciled and unresolved amount of £39 (linked to a Garden Waste transaction) but which has not impacted on any other reconciliation. This arose in June 2018 with over 1,500 transactions that month.</p> <p><i><b>Risk:</b> Unless the discrepancy is resolved there is a risk of accounting errors and inaccurate reporting.</i></p>	<p>Agreed</p> <p>This matter will be referred to Capita as all possible avenues have been explored in internally</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>February 2019</p>

<b>Audit Title 5</b>	<b>Recovery</b>		
<b>Year of Audit</b>	2018/19		
<b>Assurance given</b>	<i><b>Reasonable</b> – Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
<b>Overview of area</b>	<p>The Recovery system is reviewed biennially. This covers the system and processes in place for the recovery of overdue council tax, business rates, housing benefit overpayments and sundry debtors.</p> <p>The average monthly collection rates for Council Tax and NNDR for 2018/19 (up to January 2019) are comparable with the previous year. In addition, the Liability Order stage debt is reducing each month for both Council Tax and NNDR, which also encompasses debts from previous years.</p> <p>The Sundry Debtors collection for current year invoices matched that of 2017/18 (up to December 2018) albeit the number and value of previous years older debts has increased by c.25%. For HB Overpayments, comparing the April 2018 position to December 2018, it is good to note that the debt value and number of accounts have decreased, and of these most are being managed, albeit there is a legacy of older accounts that require review.</p>		
<b>Priority</b>	<b>Key findings</b>	<b>Management response and agreed action</b>	<b>Action by who and when</b>
Medium	<p>Case notes are not always applied to an account each time it is reviewed, even if no action has been taken.</p> <p><b>Risk:</b> <i>Without applying case notes on each review, there is no record to identify that the account is being monitored. This is important to evidence robust account monitoring and would assist quality checks on team performance.</i></p>	<p>Agreed. We have sent an email to staff as follows:</p> <ul style="list-style-type: none"> <li>• Make sure that you put notes on every account that you action.</li> <li>• Make thorough notes and do not use unusual abbreviations.</li> <li>• When you have a diary note, please note the account that you have reviewed it, even if no action is required now.</li> <li>• If you are monitoring an account that you have the details recorded</li> </ul>	<p>Karen Parker, <i>Senior Local Taxation Officer</i></p> <p>28th February 2019</p>



		<p>somewhere other than diary notes, make sure that you include the location where you have recorded this is in the notes.</p>	
Low	<p>Case notes were not always thorough and detailed, with unfamiliar abbreviations sometimes used.</p> <p><b>Risk:</b> <i>If case notes are not clear and transparent as to the steps undertaken when actioned, it is unclear for future reference as to what stage the account is at and the next appropriate action needed.</i></p>	<p>Agreed. Covered by above email.</p>	<p>Karen Parker, <i>Senior Local Taxation Officer</i></p> <p>28th February 2019</p>
Medium	<p>Debt collection processes were not being consistently applied, with next stages recorded not always being actioned.</p> <p><b>Risk:</b> <i>Accounts will fall behind and possibly into arrears should the appropriate next recovery steps not be promptly taken by team members.</i></p>	<p>Agreed. The Revenues and Benefits Management are incorporating Performance Management as a priority in their service work plan for 2019/20. This will involve more detailed quality checking to make sure that the processes are being followed and action taken, to ensure that staff do the work as it should be done.</p>	<p>Dawn Menzies-Kelly, <i>Revenues and Benefits Manager</i></p> <p>30th April 2019</p>
Medium	<p>Diary date events are not always being adhered to / actioned. With team members able to use iWorld diary date facility or their own Outlook diary, monitoring is more difficult.</p> <p><b>Risk:</b> <i>Accounts may fall behind and into arrears when this could have possibly been prevented. Monitoring of compliance with diary dates is not routine (a report via iWorld is available on overdue</i></p>	<p>Agreed. We accept that some staff use the iWorld system event dates as reminders to take future action and some use Outlook diary dates. We feel that staff should choose which is most useful to them but when doing this they need to make sure they take ownership of the case and do the follow up work every time.</p>	<p>Karen Parker, <i>Senior Local Taxation Officer</i> / David May, <i>Principal Revenues and Benefits Officer</i></p> <p>30th April 2019</p>

	<i>diary dates and use of this would also add to quality checking).</i>	This will be monitored as part of the Performance Management work.	
High	<p>There is a legacy of HB Overpayment debts, which requires specific focus and management to ensure that the most effective collection of these monies is applied.</p> <p><b>Risk:</b> <i>Resources may not be effectively utilised in identifying collectable HB Overpayment debts and then working these.</i></p>	<p>Agreed</p> <p>There is an overall recovery rate of 68% which is very encouraging, but we accept that there has not been enough performance management to ensure that we have the focus on being as effective as we can be on collecting this debt.</p> <p>This will now be monitored more carefully as part of the Performance Management work.</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>30th April 2019</p>
Low	<p>The current write off procedure (April 2012) requires review to update the title of authorisers.</p> <p><b>Risk:</b> <i>There is no clarity to managers on authorising write offs.</i></p>	<p>Agreed</p> <p>We will discuss this with the Executive Head of Finance (Section 151 Officer), to review the write-offs values and see if the authorisation amounts can be increased.</p>	<p>Dawn Menzies-Kelly, <i>Revenues and Benefits Manager / David May, Principal Revenues and Benefits Officer</i></p> <p>30th June 2019</p>
Low	<p>All write-offs, even the smallest value, have to be approved by the Executive Head of Finance, and any over £2,000 have to be approved by the Portfolio Holder.</p> <p><b>Risk:</b> <i>Write-offs could be managed more efficiently as those being authorised by the Portfolio Holder can cause a delay for a relatively low value, and the Executive Head of Finance is spending administration time on even the smallest of write-off values.</i></p>	<p>Agreed.</p> <p>We will discuss this with the Executive Head of Finance (Section 151 Officer).</p>	<p>Dawn Menzies-Kelly, <i>Revenues and Benefits Manager</i></p> <p>30th June 2019</p>

High	<p>The iWorld system still allows both 'creating' and 'approval' of write-offs by the Principal Revenues &amp; Benefits Manager and the Senior Local Taxation Officer.</p> <p><b>Risk:</b> <i>The council is vulnerable to fraud.</i></p>	<p>Agreed. We will change the current process and ensure that an officer is either a 'submitter' or an 'approver' for write-offs but not both.</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>31st March 2019</p>
Medium	<p>Testing identified an account in relation to a HB Council Tax Reduction overpayment which was written off due to Local Authority error. This was authorised by the Revenue &amp; Benefits Manager and this has been the process for several years for write-offs of this nature. The RBC Financial Regulations do not clarify the authorising parameters for such transactions.</p> <p><b>Risk:</b> <i>There is an absence of guidance for management within the Rushmoor Financial Regulations for all Revenue &amp; Benefits write-off types.</i></p>	<p>Agreed. Despite discussing this with the previous Section 151 Officer, no action was ever taken to look at the Housing Benefit Write Off policy and the level of authorisation. We will discuss and review this with the Executive Head of Finance (Section 151 Officer).</p>	<p>Dawn Menzies-Kelly, <i>Revenues and Benefits Manager</i></p> <p>30th April 2019</p>
Low	<p>There is currently no audit trail on the iWorld system with regards to the progress of write offs and where they are held.</p> <p><b>Risk</b> <i>With no audit trail being available, any paperwork mislaid, containing sensitive data, which could lead to Governance issues.</i></p>	<p>Agreed. We will carry out an exercise to find out what write-offs are outstanding and complete the process. Anyone dealing with a write-off in the future is required to update the notepad to maintain an audit trail.</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p> <p>30th June 2019</p>
Medium	<p>There are currently no regular quality checks being performed on team members' work which would assist in monitoring issues identified as part of the audit in regard to diary dates, quality of notes,</p>	<p>Agreed. A comprehensive performance management process will be put into</p>	<p>David May, <i>Principal Revenues and Benefits Officer</i></p>

	<p>process steps, etc.</p> <p><b>Risk:</b> <i>Work completed may not adhere to the requirements of quality and effective debt collection.</i></p>	<p>place for monitoring of work across the service. All staff will be advised of the performance monitoring process.</p>	<p>30th April 2019</p>
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<b>Audit Title 6</b>	<b>Card payments - follow up</b>		
<b>Year of Audit</b>	2017/18		
<b>Assurance given at time of the audit</b>	<i><b>Reasonable</b> – Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
<b>Assurance given at time of the follow up</b>	<i><b>Substantial</b> – Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
<b>Overview of area</b>	<p>As a result, of a complaint dealt with by Parking Services, a review of how card payments are processed and training given to officer who take payments, was carried out.</p> <p>The findings from the audit resulted in 1 medium priority recommendation being made which was agreed by management. A follow up was carried out to establish the progress towards implementation of the recommendation.</p>		
<b>Priority</b>	<b>Way forward agreed</b>	<b>Follow up findings</b>	<b>Recommendation status</b>
Medium	There is an option for online training This will ensure that a record is held to demonstrate that staff are aware of processes and furthermore they will be reminded annually.	This form of training is currently being developed in line with the requirements of GDPR. The Data Protection training will give a general overview. However, more specific card payment training may be looked at as part of the Payment Card Industry Data Security Standard (PCI DSS).	Not implemented
	In addition, a 'toolbox talk' document could be completed when specific training on taking card payments is given. This can detail what training was given and all attendees then sign the document to show that they have attended the training.	A standard set of training notes are used in order to train new users. The Customer Services Team Leader holds a record of who has been recently trained by them. A list of do's and don'ts in relation to taking card payments was produced by the Customer Services Team Leader. This was email out to all 'pay.net' users as a reminder.	Implemented

<b>Audit Title 7</b>	<b>Parking Machine Income - follow up</b>		
<b>Year of Audit</b>	2017/18		
<b>Assurance given at time of the audit</b>	<i><b>Reasonable</b> – Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
<b>Assurance given at time of the follow up</b>	<i><b>Substantial</b> – Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
<b>Overview of area</b>	<p>An audit was carried out on parking machine income in June 2017. The audit found that discrepancies existed between the amount of cash collected and the amount recorded on the parking machines. However this was linked to the age of the machines, which were due to be replaced.</p> <p>There was a sound audit trail in place to support the reconciliation of the income. However, with the introduction of the new parking machines, which allow for card payments, the process will require updating in order to correctly reconcile all income.</p> <p>The findings from this audit resulted in 8 recommendations being made, 7 of which were medium priority and 1 low priority. These recommendations were all agreed by management.</p>		
<b>Priority</b>	<b>Way forward agreed</b>	<b>Follow up findings</b>	<b>Recommendation status</b>
Medium	Due to the age of the current parking machines, the introduction of the new machines should reduce the discrepancies between the amount collected and the amount recorded by the parking machine. The Parking Manager will review these discrepancies to ensure that they are reduced.	The new machines were all fully in place by May 2018. The discrepancies between the amount collected and the amount recorded by the parking machine has substantially reduced, with majority of the time a zero discrepancy being recorded.	Implemented
Medium	The bank recounts the amount of cash collected by Contract Security but do not provide the Parking Manager with the details of any discrepancies identified. Therefore,	Details of the discrepancies cannot be provided, as the amount the bank receives is the amount that they record, they do not take into account how much	N/A

	<p>making the reconciliation process lengthy.</p> <p>The Parking Manager will look to obtain details of discrepancies between the amount counted by contract security and the amount counted by the bank, so that clearer reconciliations can be carried out.</p>	<p>contract security say they have collected.</p> <p>Emails are sent to the accountants, which highlight the discrepancies but these amounts are generally low but if significant they would be investigated further.</p>	
Medium	<p>The Leisure Centre parking refund reconciliation is a complex and timely manual process and a full monthly reconciliation is limited to the resourcing available and other work priorities. It was therefore agreed that a random full monthly reconciliation will be carried out by the Parking team on a quarterly basis and any errors will be highlighted. Furthermore, the Parking Manager will notify the Leisure Centre of any discrepancies.</p>	<p>Due to resource constraints, this has not been carried out but it will be carried out once resources are not a constraint.</p>	Not implemented
Medium	<p>The documented agreement with the Leisure Centre requires updating to correctly reflect what parking refunds are applicable. However, due to the complexity of the parking ticket refund process, for both Rushmoor and the Leisure Centre, consideration should be given by the Head of Community and Environment to offering the Leisure centre a fixed annual amount for the refunds.</p>	<p>Next year the Leisure contract is due for renewal/retender. This is something that can be considered within this process as it would not be effective to start looking at this area so close to the retender exercise being carried out.</p> <p>Furthermore, the Parking Manager advised that they are looking to change the parking times within this car park.</p>	Not implemented
Medium	<p>The Parking Manager will review the GP surgery agreement and ensure that the correct expenditure ratio is used.</p>	<p>The GP surgery contract, which was signed on the 18<sup>th</sup> November 2016, shows that the ratio that should have been used was 24:58 rather than 14:58.</p>	Implemented

		<p>The ratio of 14:58 has continued to be used therefore £467.68 of the expenditure has not been passed onto the GP surgery resulting in a shortfall of income for the Council.</p> <p>The Parking Manager is going to use the correct ratio going forward and will liaise with the Head of Operations to determine if they reclaim the shortfall from the GP surgery.</p>	
Medium	Shaftesbury (was Co-op) agreement was not in place and signed. The agreement was due to be signed by Shaftesbury.	The agreement has been back and forth with Shaftesbury in order to get it agreed and signed. The last communication with Shaftesbury was around August 2018. The Property Lawyer will get in contact with them in order to get the agreement signed. Currently the income and expenditure is continuing to be split based on the old agreement with Co-op, which expired in March 2010.	Not implemented
Low	Procedure notes required updating due to the introduction of the new parking machines and changes to current processes. Electronic procedure notes will be developed by September 2017 by the Parking Manager, once the new parking machines and process are in place.	Due to resource constraints the procedure notes have not been made electronic or updated.	Not implemented
Medium	Introduction of the new parking machines means different income streams will be available. The reconciliation process will	The income reconciliation has been updated and carried out by Financial Services. The process has been	Implemented



	<p>require updating.</p> <p>Audit consultancy days have been allocated to assist with the updating of the income reconciliation spreadsheet.</p>	<p>simplified however, there are still some areas which are being looked at with the system providers, 3cs. One area, which cannot currently be reconciled, is the handling fee charged by 3cs.</p>	
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