

**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**Internal Audit Summary of Work Completed  
April to June 2013/14**

Audit Area	Summary
<p><b>Property and Estates</b></p> <p>Assurance rating: Good ★★★★★</p>	<p>The Estates service has responsibility for the management of the Council's commercial property portfolio including residential, commercial and industrial premises and significant City Centre ground leases.</p> <p>The audit included a review of the following areas to ensure that adequate controls were in place and operating effectively: acquisitions, property records, lettings, debt recovery, insurance, lease renewals and void properties.</p> <p>A total of 1 medium priority and 3 low priority recommendations were made as a result of the audit, all of which were accepted by management. The assurance rating reflects the fact that the service was found to be effectively managing voids and debts across the commercial portfolio in a challenging economic climate.</p>
<p><b>Council Tax (Collection and Recovery)</b></p> <p>Assurance rating: Significant improvement required ★★</p>	<p>This audit is undertaken in two parts. Council Tax valuation, liability and billing were reviewed during quarter 3 of 2012/13 the results of which were reported to Scrutiny Resources Committee. This audit included a review of collection, refunds and recovery. A total of 10 medium priority and 10 low priority recommendations were made as a result of the audit, not all of which were accepted by management. Four medium priority and 3 low priority recommendations were not agreed. The reason given by management for not accepting all of these recommendations was due to a lack of staff resources.</p>
<p><b>Insurance</b></p> <p>Assurance rating: Some improvement required ★★★</p>	<p>The Council's insurance cover is currently provided by Zurich Municipal and includes cover for property, casualty (including public liability, employers' liability), motor, engineering and additional covers such as fidelity guarantee and computers.</p> <p>The previous audit (report dated May 2012) made 15 high or medium recommendations, of which 2 were not agreed. Of the remaining 13 recommendations, it was identified that only 3 had been subsequently implemented, leaving 10 recommendations outstanding. As a result, these recommendations were included in the report issued April 2013.</p> <p>The audit included a review of policies, assets, risks and liabilities, claims, accounting and recharges and an additional 4 medium priority recommendations were made. The assurance rating of 'some improvement required' reflects the outcome of both audits. Follow-up is due to take place during Quarter 2.</p>
<p><b>Treasury Management</b></p> <p>Assurance rating: Good ★★★★★</p>	<p>The Council approved the 2012/13 treasury management strategy at its meeting on 21 February 2012. The Council's stated investment strategy is to continue to hold only small surplus funds and to use the Government's Debt Management Office, Local Authorities and to pursue the opening of a Money Market Fund. The Council's stated borrowing strategy was to maintain short-term borrowing as long as rates remained low. The Council is currently borrowing over 1 year periods.</p> <p>The audit included a review of cash flow, lending and borrowing, capital investment, fraud prevention, records and reconciliations. A total of 1 medium priority and 4 low priority recommendations were made as a result of the audit, all of which were accepted by management.</p>

<p><b>Members Allowances</b></p> <p>Assurance rating: Good ★★ ★</p>	<p>The scope of the audit included a review of the following areas: policies and procedures, expense claims, payment of allowances. A total of 1 medium priority and 3 low priority recommendations were made as a result of the audit, all of which were accepted by management. The medium priority finding was in respect of the archiving of expenses claim forms and the resulting recommendation was that Transactional services should ensure scanned documents are archived in a consistent way. Transactional Services Manager advised that the archiving of Councillors expense claims is currently under review and this recommendation will be incorporated into the review.</p>
<p><b>Creditors 2012/13</b></p> <p>Assurance rating: Significant improvement required ★ ★</p>	<p>The audit included a review of ordering, receipt of goods, invoice checks, credit notes, payments and supplier checks. In addition new testing was undertaken on supplier checks carried out and authorisation limits and additional substantive testing was undertaken on the frequency of invoice values by applying Benford's Law. The correct application of VAT on creditor invoices was also included (previously tested as a separate audit).</p> <p>A total of 2 high priority and 8 medium priority recommendations were made as a result of the audit, all but 1 of which were accepted by management. The 1 recommendation not accepted was assessed as 'high priority' and is reported in Section 4.1 of the Internal Audit Progress Report.</p>
<p><b>Allotments</b></p> <p>Assurance rating: Some improvement required ★ ★ ★</p>	<p>It is a legal requirement for the Council to provide a certain number of allotments based on the population of the City. The Council currently has in excess of 1,400 allotment plots which is in excess of the required number. Exeter's allotments are located at 26 sites throughout the city centre. In addition, there is a self-administered allotment site at Trew's Weir.</p> <p>The allotments do not generate enough rental income to cover the costs of providing the service. Members have agreed to increase the rent for the next two years to reduce this shortfall but further savings are necessary. As a result it was agreed that Audit would undertake a walk-through of the current processes, assess the level of controls in place and recommend alternative ways of working to improve both customer service and service efficiency. The outcome of this walk-through will feed into the review of the service to be undertaken in September.</p> <p>Following the review a total of 8 medium priority and 5 low priority recommendations were made, all of which were accepted by management.</p>