

**EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE**

**Internal Audit Summary of Work Completed & Audit Recommendations Not Accepted by Management
January to March 2013/14**

1.0 Internal Audit Summary of Work Completed

Audit Area	Summary
<p>Income Management</p> <p>Assurance rating: Some improvement required ★★★</p>	<p>The objective of the Income Management audit was to check that monies received from customers are dealt with in a safe, secure and prompt manner and that controls are in place to ensure that the relevant records are up dated with the payments. Many services in the council receive payments in some form, for example, Council Tax, National Domestic Rates, Car Parking, Housing and Commercial Rents, bulky waste collection service (Cleaving), selling items of local interest (Exeter Visitor Information and Tickets), running food hygiene courses (Environmental Health), entertainment (Corn Exchange) etc.</p> <p>Recommendations were made in respect of 2 high risks, 3 medium risks and 3 low risks identified as a result of the audit, all of which were accepted by management. The high risk findings were in respect of ICT not being compliant with the payment card industry data security standard (PCI DSS) and some document retention not always being in accordance with HMRC requirements. The medium risk findings were in respect of the refund process, checking of the bank reconciliation and some system errors in the till reports from RAMM.</p>
<p>Corporate Governance</p> <p>Assurance rating: Some improvement required ★★★</p>	<p>The objective of the audit was to ensure that the requirements of good governance are reflected in the Council's local Code of Corporate Governance; consider the extent to which the authority complies with the principles and elements of good governance set out in the framework; identify systems, processes and documentation that provide evidence of compliance; identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified; identify issues that have not been addressed.</p> <p>Recommendations were made in respect of 1 high risk and 9 medium risks identified as a result of the audit. All recommendations were accepted by management with the exception of one, please see below for details. The high risk recommendation relates to the lack of a partnership protocol and this has been highlighted in the Annual Audit Report.</p>
<p>Housing - Voids</p> <p>Assurance rating: Significant improvement required ★★</p>	<p>The Council currently has 5042 properties that are managed and maintained by the Housing service. When a property is vacated by an existing tenant, it is necessary to inspect the property to identify any work that needs to be undertaken in order to bring the property up to the new home property standard operated by the Council. The work required is then undertaken by the Council's third party contractor, Mears Ltd, as part of the repairs contract. The contract commenced in October 2010 for a period of 5 years, with an option to extend the contract by up to a further 5 years on a year by year basis. The contract is due to expire on 30 September 2015.</p> <p>The objectives of the audit were to ensure that controls are in place and operating effectively within the Housing voids process</p>

	<p>and are in accordance with council policy and procedures.</p> <p>Recommendations were made in respect of 2 high risks, 15 medium risks and 3 low risks identified as a result of the audit, all of which have been accepted by management. The high risk findings relate to; asbestos removal at one property in the sample not being carried out as promptly as it should have been; and significant expenditure (e.g. 5% of the annual general maintenance budget) being allocated to Miscellaneous items rather than being coded to a specific item code. The medium risk findings relate to; tenants liable for housing repairs costs are not always being recharged; notable variations (50% of sample) between the pre void conditions survey and the post void list of repairs required; financial impact of higher voids standard on the voids repairs budget; lack of recovery action in respect of repairs recharges; property descriptions not always accurate leading to potential tenants rejecting properties offered to them; property repairs where significant works required are being charged at schedule of rates (designed for reactive repair work) rather than getting a quote for the whole job leading to inflated repair costs; weaknesses in the variation to works procedures; and voids works not being completed within target times.</p>
<p>Council Tax</p> <p>Assurance rating: Some improvement required ★ ★ ★</p>	<p>The objectives of the audit were to test that adequate controls are in place and working effectively within the council tax system. This audit covered valuation, liability, billing, collection, refunds and recovery and was completed in two parts but findings were collated into one report. There was 1 high risk finding, 14 medium risk findings and 11 low risk findings. All recommendations were accepted with the exception of 2, please see below for details. The high risk finding related to reconciliation between Council Tax and EFINS, the Councils financial system, having not been carried out for 4 months. The medium risk findings relate to; determination of liability; amendments to liability; discounts and exemptions; errors in determination of council tax support; bill suppressions not always being promptly reviewed; separation of duties for refunds not always being adhered to; arrangements to pay not always appropriate; and write-off reasons not always being recorded correctly.</p>

2.0 Recommendations not accepted by management:

2.1 Corporate Governance – report issued 26th February 2014 – Medium Risk

The audit found that the Council does not currently maintain Service Development plans or undertake Annual Service Reviews. The creation of service plans are part of a robust performance management and improvement framework and identifies the objectives of the service, how the service will be measured and how it will contribute to the achievement of the purposes and key actions in the corporate plan, ensuring that users receive a high quality of service.

Therefore, a recommendation was made that the objectives of each service should be identified and linked to the Council's purposes and key actions.

The Deputy Chief Executive did not agree with this recommendation. He advised that:

Service objectives are already identified as part of the Corporate Plan and the Initiatives/Project document that is currently in place.

2.2 Council Tax – Valuation, Liability and Billing - report issued 28th February 2014 - Medium Risk

From a sample of 20 exemption/void cases, five cases were found where there was inadequate evidence to support the granting of student exemption. The exemption had been allowed to roll-on from the previous period. Therefore, recommendations were made that:

1. Staff should be reminded that end dates (relating to the end of the students course) should be input on the allowance screen.
2. At the end of the allowance period the owner/occupier of the property should be promptly asked for details of the new student occupiers. These names should be verified against the current university list.
3. The three specific cases identified should be investigated, the names of the student occupiers obtained and verified against the current university list.

The Revenues Collections Manger, did not agree with this recommendation and advised that:

"Approximately 99% of the owner occupied student cases remain totally occupied by students. He does not feel that the risk of a non-student residing in the property is high enough to warrant inputting end dates and diary codes etc."

2.3 Council Tax – Valuation, Liability and Billing - report issued 28th February 2014 - Medium Risk

From a sample of 20 council tax support cases one case was identified where there was insufficient evidence to support the amount of self employed income declared. There was no evidence of a completed self employed declaration form or accounts etc. Therefore, recommendations were made that:

1. Staff should be reminded that adequate evidence of self employed income (e.g. copy of self employed declaration form or accounts) should be maintained on file.
2. The taxpayer for the case above should be requested to provide further evidence of their self employed income (e.g. copy of self employed declaration form).

The Revenues Collections Manger, did not agree with the second recommendation and advised that:

"The Customer Access Training & Support Team Manager, is happy that a valid assessment decision was made and does not feel that additional evidence is required."