

**EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE**

Internal Audit Summary of Work Completed 01 July to 30 Sept 2015

Please note that this is a summary of recommendations only, as to include all recommendations made from each audit report in detail would result in a lengthy document. Members may request a full copy of any report once finalised or alternatively meet with the Audit Manager to discuss specific audits further.

Audit Area	Summary
<p>Creditors – First Half Year</p> <p>Assurance rating: Good ★★★★★</p>	<p>Previously, creditors and the corporate credit cards were audited separately. Testing has now been reviewed and the two separate audits have now been combined into the one audit and will be known collectively as a Creditor Audit. Additionally, testing will be undertaken twice a year, whereas testing was previously undertaken each quarter.</p> <p>The scope of this audit included a review of the following areas:</p> <p>Invoice Checks – reviewing invoices to ensure that they quote all of the relevant information, are arithmetically correct, that VAT has been correctly accounted for and that the invoice has not been paid twice</p> <p>Payments - checking that the amount paid agrees to the value of the invoice</p> <p>Other – as part of the pre-audit meeting Finance requested that Internal Audit look at the number of payments made by cheques rather than by BACS and also late payments</p> <p>As a result of the testing undertaken, a total of 5 medium and 5 low recommendations were made, all of which were accepted by management.</p>
<p>Counter Fraud – National Fraud Initiative Data Matching</p> <p>Assurance rating: Good ★★★★★</p>	<p>The National Fraud Initiative (NFI) began in 1993 when District Audit, in conjunction with representatives of 13 London boroughs ran a pilot exercise to detect housing benefit and student award fraud. Since 1993, the NFI has been expanded and now all local authorities and NHS bodies participate in the initiative. The matching exercise has also been expanded and now includes benefit claimants and council tenants who are not entitled to remain in the UK, incorrectly awarded benefits to those in receipt of student loans, Creditors, Right to Buy and those people who are incorrectly claiming the council tax single persons discount by matching the Council Tax system to the Electoral Register.</p> <p>NFI matching is undertaken every two years. The 2012/13 NFI helped trace almost £203m in fraud, error and overpayments across the UK. Since the initiative started, the programme has helped identify £1.17 billion of fraud or error.</p> <p>For 2014/15 the Council provided the NFI with the requested payroll, housing, taxi driver and creditor data. Other matching data, i.e. benefit claimants and insurance claims was provided by the DWP and the Councils' insurers respectively. The scope of this audit report therefore covers payroll, housing tenants, insurance claims, taxi drivers and creditors.</p>

	<p>With the exception of creditors, all referred matches have been investigated and no fraudulent issues or errors have been identified.</p> <p>The creditor data matching exercise 7 duplicate payments (involving 2 suppliers) totalling £21,406.74 that had not been identified either by the supplier concerned or by an ECC officer.</p>
<p>Equalities & Diversity</p> <p>Assurance rating: Good ★★★★★</p>	<p>Under the Equality Act 2010, public sector organisations have an equality duty. The Equality Duty ensures that public bodies consider the needs of all individuals in their day to day work – in shaping policy, in delivering services, and in relation to their own employees.</p> <p>The Equality Duty covers the following protected characteristics:</p> <ul style="list-style-type: none"> • age • disability • gender reassignment • pregnancy and maternity <p>The Equality Duty has three aims. It requires public bodies to have due regard to the need to:</p> <ul style="list-style-type: none"> • eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act; • advance equality of opportunity between people who share a protected characteristic and people who do not share it; and • foster good relations between people who share a protected characteristic and people who do not share it <p>The scope of the audit was to assess the current level of compliance with the Equalities Framework and identify and report on any gaps found.</p> <p>A total of 4 medium and 5 low recommendations were made all of which were agreed by management. A copy of this report was provided to the Scrutiny task and finish group looking at this issue.</p>
<p>Waste Returns and Recycling Income</p> <p>Assurance rating: Good ★★★★★</p>	<p>The Recycling Credit Scheme was introduced by the Government in 1990 through section 52 of the Environmental Protection Act (EPA). Recycling Credits are intended to incentivise the collection and recycling of household waste for Local Authorities and third parties. They are payments made to an Authority or third party (collector) based on the weight collected and recovered household waste delivered to an approved merchant (recycler).</p> <p>The credit payment typically includes a collection and disposal ‘credit’ which reflects the avoided cost of collecting and disposing of the waste (for the local authority) had it not been recovered.</p> <p>The sale of materials collected for recycling generates important income for the Council. The Council’s policy on markets for collected materials is to:</p> <ul style="list-style-type: none"> - find the best price for collected materials - research, develop and support local alternative markets for materials - ensure that all brokers or re-processors are compliant with National, European and international regulations on the handling and shipping of waste

	<p>The objective of the audit was to check that:</p> <ul style="list-style-type: none"> • the Council is complying with waste regulations and the Council's Financial Regulations • waste returns have been completed and submitted on time. • the correct income is received promptly and the best prices have been obtained <p>A total of 1 high risk, 3 medium risk and 2 low risk recommendations were made all of which were agreed by management. The high risk recommendation related to the raising of invoices where it was found that some invoices had not been raised or the income had not been received. From the sample tested a total value £9842.60 worth of invoices had not been raised and £785.40 of income had still not been received.</p>
<p>Trade Waste Transfer Notes</p> <p>Assurance rating: Some Improvement required ★★★</p>	<p>Exeter City Council provides a comprehensive range of waste management services to help local organisations manage their waste, including collection of general waste, clinical waste and recycling. Any business that produces, handles or disposes of controlled waste has a statutory obligation to ensure it is managed correctly under Duty of Care legislation.</p> <p>Every transfer of waste between two parties must be covered by the appropriate documentation for non-hazardous waste this is a Waste Transfer Note (WTN) and for clinical Waste, a Clinical Waste Transfer Note (CWTN).</p> <p>Waste transfer documents are a legal requirement that must contain certain information including a signature from both parties between whom the waste is being transferred. From 28 September 2011, a transfer must conform to the new requirements laid down by the Waste (England and Wales) Regulations 2011.</p> <p>The objectives of the audit were to check that the Council is complying with the regulations and that procedures are in place to ensure that collections are not made unless a valid completed waste transfer note has been received.</p> <p>A total of 6 medium and 4 low recommendations were made all of which were agreed by management.</p>