

**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**Internal Audit Summary of Work Completed January 2016 to March 2016**

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><b>Income Management</b></p> <p>Assurance rating: Some improvement required ★★★</p>	<p>The Council collects income from Council Tax, National Domestic Rates, Car Parking and Housing and Commercial Rents. The Council also generates income through providing a wide range of services for example the bulky waste collection service.</p> <p>Customers are able to make payment by all methods, for example direct debit, BACS, internet and telephone payments by credit/debit cards, cheques and cash although the automated payments i.e. internet transactions are preferred as they avoid any manual intervention and enable customers to make an immediate payment at any time of day.</p> <p>The scope of the audit included a review of system access, till floats, in-house banking, automated payments, refunds, reconciliations and security of data.</p> <p>A total of 13 recommendations were made 2 high risk, 3 medium risk and 8 low risk. The high risk findings were:</p> <ul style="list-style-type: none"> <li>• the Council is not PCI DSS compliant This has been reported in the previous two audit reports yet still remains an issue despite recommendations being agreed</li> <li>• that information appears to be being held unnecessarily which is non-compliant with the Data Protection Act</li> </ul> <p>All the high and medium recommendations were agreed by management.</p>
<p><b>Insurance</b></p> <p>Assurance rating: Good ★★★★</p>	<p>The Council previously had insurance cover purely with Zurich Municipal. The Insurance contract was renewed in April 2015 resulting in Insurance cover for motor now being provided by RMP and computer equipment by RSA – the rest of the insurance cover, i.e. property, Public and Employer liability being retained by Zurich Municipal.</p> <p>The scope of the audit included a review of assets, risks and liabilities, third parties, claims and contract tendering.</p> <p>A total of 5 recommendations were made 2 high risk, 2 medium risk and 1 low risk. The high risk findings were:</p> <ul style="list-style-type: none"> <li>• the 'all risks' schedule was not confirmed by managers as accurate at the time of the renewal of the contract</li> <li>• managers are not contacted annually to confirm their insurance requirements</li> </ul> <p>All the recommendations were agreed by management.</p>

<p><b>Creditors (April 2015 – September 2015)</b></p> <p>Assurance rating: Good ★★★★</p>	<p>Creditors are paid either through the purchase ledger system or using one of the Councils' corporate credit cards which are held by designated card holders. Financial Regulations list the responsibilities of staff for processing orders and invoices</p> <p>The scope of the audit included a review of the following areas:</p> <p><b>Invoice Checks</b> – 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 (duplicate payments)</p> <p><b>Payments</b> – checking that the amount paid agrees to the value of the invoice. The scheduled testing for payments this half year was to include identifying those payments made outside of 30 days and to ascertain the reasons why they were paid late. However, the percentage has dropped substantially over the last two quarters and Finance are undertaking a separate investigation to identify why this is the case. To avoid a duplication of effort, Internal Audit have deferred their testing of these transactions until the next audit.</p> <p>A total of 7 recommendations were made 4 medium risk and 3 low risk. All recommendations were agreed by management.</p>
<p><b>Housing Benefit Subsidy</b></p> <p>Assurance rating: Some improvement required ★★★</p>	<p>The DWP pays authorities subsidy equal to their 'qualifying expenditure' on housing benefit (HB). Correctly paid HB qualifies for 100% subsidy, however, to encourage authorities to monitor and control costs, certain areas of benefit expenditure are penalised. These include certain overpayments and certain high eligible rents. Authorities can also fail to receive subsidy if they cannot provide the necessary information and evidence to support their claims.</p> <p>The objectives of the audit were to review a sample of cases assessed by Benefits to provide assurance that:</p> <ul style="list-style-type: none"> <li>• HB regulations were being complied with</li> <li>• the amount of benefit paid was accurately calculated</li> <li>• DWP supporting evidence requirements were being met</li> </ul> <p>There has been a reduction since the last audit in the percentage of cases found where entitlement to benefit was incorrectly calculated and as a result, the claimants over or underpaid i.e. entitlement error rate 2014/15 audit = 32%, 2015/16 audit = 10%. One of the reasons for this may be the increased number of assessments being checked by senior assessors. In addition, most of the assessors who previously worked at home are now required to spend a greater proportion of their week working in the Civic Centre. This was to encourage assessors to refer to the senior assessors if they had any queries with a claim.</p> <p>A total of 6 recommendations were made, 4 high risk and 2 medium risk. The high risk findings related to the fact that benefits entitlement had been incorrectly calculated.</p> <p>All recommendations were agreed by management.</p>