

**EXETER CITY COUNCIL
AUDIT AND GOVERNANCE COMMITTEE**

Internal Audit Summary of Work Completed October to December 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>Creditors</p> <p>Assurance rating: Good ★★★★</p>	<p>Creditors (suppliers) are paid either via EFINS, which is the purchase ledger system or using one of the Councils' corporate credit cards – these are held by designated card holders. Financial Regulations list the responsibilities of staff for processing orders and invoices.</p> <p>The objective of this audit was to review:</p> <p>Invoice Checks</p> <ul style="list-style-type: none"> • they quote all of the relevant information • are arithmetically correct • VAT has been correctly accounted for and • the invoice has not been paid twice (duplicate payments) <p>Credit card transactions</p> <ul style="list-style-type: none"> • new supplier checks have been undertaken • transactions have been approved <p>Payments</p> <ul style="list-style-type: none"> • checking that the amount paid agrees to the value of the invoice • investigate those payments made outside of 30 days (i.e. 'late') and ascertain the reasons why identify why payments are being made by cheque rather than by BACS <p>The scope of the audit was limited to transactions for the period October 2015 to March 2016</p> <p>The audit findings related to duplicate payments, credit notes, lack of evidence to support authorisation of credit card expenditure (note: all transactions reviewed were found to be legitimate), use of cheques as payment method when BACS could have been used.</p> <p>Recommendations were made in respect of 5 medium risk findings and 5 low risk findings. All recommendations were accepted by management.</p>

<p>Sundry Debt</p> <p>Assurance rating: Good ★★★★</p>	<p>Sundry debt, otherwise known as accounts receivable, is the system for collecting money owed to the Council by customers of, for example:</p> <ul style="list-style-type: none"> • Renting out commercial properties • Collecting trade waste from the City's businesses • Providing a home call alarm system for the elderly and vulnerable • Providing mooring sites for boat owners on the canal <p>The Council accepts payments by all methods and the payments are allocated via the Payment and Revenue Information System ('PARIS') directly into the (ASH) Debtor System.</p> <p>In the event that invoices remain outstanding, debt recovery is undertaken either by the Income Collection officer or by the individual service area. Should these recovery methods be unsuccessful then other options such as instructing Collection Agents or external Solicitors or even taking possession of the property or repossessing the goods would be considered. When all of the above fails and the only option is to write-off the debt, authorisation of the write-off must be obtained prior to the amounts being written off, the level of which is specified in Financial Regulations.</p> <p>The objective of this audit was to gain assurance that:</p> <ul style="list-style-type: none"> • Monies due to the Council are requested promptly • Adequate recovery actions are taken • Where all avenues of recovery have been exhausted that amounts are written off in accordance with Financial Regulations <p>The scope of the audit included; system access; raising invoices; refunds; debt recovery; invoice cancellations and write-offs</p> <p>The audit findings relate to; ending system access of agency staff and contractors when they leave; debt recovery action not being taken by the Housing department; inappropriate debt recovery suppression codes being used on 25% of the sample of cases reviewed and a small number of cases where debt recovery action appeared insufficient before the debt was written-off.</p> <p>Recommendations were made in respect of 5 medium and 3 low risk findings. All recommendations were accepted by management.</p>
<p>Housing – Right to buy</p> <p>Assurance rating: Some improvement required ★★★</p>	<p>'Right to Buy' gives eligible people who live in council properties in England the right to buy their home at a discount (subject to all conditions being met). The scheme is open to people who are secure tenants of a local council and who have spent at least 3 years as a public sector tenant.</p> <p>Right to Buy is covered by the provisions of:</p> <ul style="list-style-type: none"> • Housing Act (amended) 1985 (Part V, Schedule 4 & 5) • Housing Act 2004 (Part VI) • Housing (Right to Buy) (Limit on Discount) (England) Order 2014 • Deregulation act 2015 <p>Measures were introduced in the Deregulation Act 2015 to reduce the qualifying period for the right to buy from 5 years to 3</p>

years. The Housing (Right to Buy) (Limit on Discount) (England) Order 2014 (SI 2014/1378) increased the maximum discount (outside London) from £75,000 to £77,000 and provided for annual increases by CPI (Consumer Price Index) from April 2015 (currently the limit is £77,900).

The objective of this audit was to:

- review the effectiveness of the internal controls in place and the procedures within the 'right to buy' process
- to obtain assurance that the RTB process complies with legislation
- to obtain assurance that those tenants purchasing through RTB are eligible and legitimate

The audit findings relate to; supporting evidence; delays in notifying other departments of RTB applications; lack of evidence of credit checks; major repair costs not always checked; residency checks not made against Council Tax and of the sample selected 30% had errors in the calculation of discounts.

Recommendations were made in respect of 1 high and 5 medium and 9 low risk findings. All recommendations were accepted by management. The high risk finding related to the calculation of discount.