

**EXETER CITY COUNCIL  
AUDIT AND GOVERNANCE COMMITTEE**

**Internal Audit Summary of Work Completed 01 April to 30 Jun 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><b>Housing Benefit Subsidy 2014/15</b></p> <p>Assurance rating: Significant 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>- housing benefit regulations are being complied with</li> <li>- DWP supporting evidence requirements are met</li> <li>- the amount of benefit paid was accurately calculated</li> <li>- the overpayment classifications were met</li> </ul> <p>A total of 8 high risk, 2 medium risk and 2 low risk recommendations were made, all of which were agreed by management. This has resulted in a downward direction of travel from the last audit due mainly to the reduction in the quality assurance checks carried out which has seen an increase in the number of errors. Since the audit, staff have received additional training and the level of checks carried out has been increased.</p>
<p><b>Income Management &amp; Sundry Debt</b></p> <p>Assurance rating: Significant Improvement required ★ ★</p>	<p>Exeter City 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 services, licensing and entertainment.</p> <p>The Council accepts payments by all methods, i.e. direct debit, automated payments such as BACS, credit/debit payments, internet transactions and cheques/cash. Payments are processed through the Payment and Revenue Information System ('PARIS'). This system 'receives', 'validates', 'processes' and then 'allocates' the payments to the respective debtor accounts.</p> <p>Should invoices remain outstanding, the debt recovery is either undertaken by Finance or by the respective Service Area, depending upon the agreement in place.</p> <p>The objectives of the audit were to ensure that:</p> <ul style="list-style-type: none"> <li>• monies due to the council are requested promptly</li> </ul>

	<ul style="list-style-type: none"> <li>• where monies are received, that they are dealt with in a safe, secure and prompt manner</li> <li>• relevant records are up dated with the payments</li> <li>• all income due is collected in a timely manner</li> <li>• adequate recovery actions are taken</li> <li>• procedures are adhered to in accordance with council policies and procedures</li> </ul> <p>A total of 4 high risk, 4 medium risk and 7 low risk recommendations were made, all of which were agreed by management. In previous years these areas were audited separately, but have now been combined to form one audit.</p> <p>The high risk recommendations relate to service areas not raising invoices promptly, housing debt (e.g. ground rent and service charges) not being collected and problems with the PARIS income collection system following the change to Council's bank service provider.</p>
<p><b>Planning &amp; Community Infrastructure Levy (CIL)</b></p> <p>Assurance rating: Good ★★★★★</p>	<p>Exeter City Council planning applications are administered by an in-house Planning Service. In addition to administration of planning applications the service is also responsible for the administration of the Community Infrastructure Levy (CIL). This is a form of charge that allows local authorities to raise funds from developers undertaking new building projects in their area. The money collected is used to pay for transport facilities, flood defences, schools, sports facilities and open spaces within the City.</p> <p>The objective of the audit was to ensure that applications are processed within a reasonable time, fees due have been collected along with any other general observations for potential improvements to the service.</p> <p>A total of 2 medium risk and 2 low risk recommendations were made, all of which were agreed by management</p>
<p><b>Main Accounting Part two 2014/15</b></p> <p>Assurance rating: Good ★★★★★</p>	<p>The Main Accounting system is the collective name given to a number of processes such as budget setting and control, maintenance of financial records, reconciliations, VAT control, capital accounting and year end processes.</p> <p>The Main Accounting audit has in the past been completed in three sections. However, the test papers have been reviewed and testing will now take place in two parts:</p> <p>Part one covering budget setting and control, maintenance of financial records, reconciliations and VAT control and is undertaken each January. Part two covering capital accounting and year end processes and is undertaken each May</p> <p>The agreed scope of the audit included a review of the following areas:</p> <ul style="list-style-type: none"> <li>Budget Setting</li> <li>Completeness and accuracy of financial records</li> <li>Budgetary Control</li> <li>Journals and internal transactions</li> <li>Bank reconciliations</li> <li>Suspense and Holding Accounts</li> <li>VAT</li> </ul>

	<p>Capital Accounting</p> <p>A total of 1 high, 3 medium risk and 3 low risk recommendations were made, all of which were agreed by management. The high risk recommendation related to payments being made to suppliers inclusive of VAT but a VAT invoice had not been received. In these circumstances the Council is unable to reclaim the VAT element.</p>
<p><b>One View of Debt (OVOD)</b></p> <p>Assurance rating: Significant Improvement required ★★</p>	<p>A review of the three main individual debt areas, i.e. Council Tax, Housing Rent and Housing Benefit Overpayments resulted in the areas merging to form the One View of Debt (or OVOD) team, with their Mission Statement being “Maximum contact results in minimum debt” and their purpose defined as “To deal with a customer’s total debt as one, and to help customers get fixed and stay fixed”. The collection of recoverable repairs and Non-HRA debtors also transferred to OVOD.</p> <p>Prior to the formation of OVOD, each individual debt area was focused on debt recovery, however, in accordance with their Mission Statement and Purpose, the focus is now to provide a more individual service to customers.</p> <p>The scope of this audit was to review the combined debt recovery processes and produce a document detailing the processes. The objectives were then to check that the processes are working well.</p> <p>A total of 8 high, 2 medium risk and 7 low risk recommendations were made, all of which were agreed by management.</p> <p>The main areas of concern reported were:</p> <ul style="list-style-type: none"> <li>• falling Council Tax collection rates as the focus had changed from debt recovery to dealing with customers on an individual basis meaning time taken to process individual cases had increased with a knock on effect of fewer Council Tax debts being pursued</li> <li>• Council Tax bill reminders directing customers to phone the OVOD team to make a payment by card. This meaning that highly trained debt collection staff were spending a lot of their time on the phone taking Council Tax payments when these payments could have been processed by automated means</li> <li>• a significant the back log of tasks, such as dealing with ‘gone aways’, ‘on hold’ recovery cases, former tenancy non-HRA debts and write-offs which appeared to be caused by a lack of staffing resource</li> </ul>