

**AUDIT REPORTS WITH MODERATE OR LOW LEVEL OF ASSURANCE
ISSUED QUARTER 3 - 2015/16**

Data Protection – 6 October 2015

1. Scope and Objectives of the Audit

- 1.1 The purpose of the assignment was to ascertain progress in implementing the aforementioned recommendations and to assist with the implementation process on a consultancy basis.
- 1.2 The assistance took the form of preparation and launch of a survey across the Council, in consultation with the Democratic Services Manager, to ascertain personal data sharing activity. The ultimate purpose of this was to support an assessment of the extent to which this activity complies with law and best practice based on the Information Commissioner’s Data Sharing Guidelines.
- 1.3 The survey took the form of a questionnaire which was circulated to the Senior Officers’ e-mail group (by doing so it was believed that all officers with any personal data ownership responsibilities would be ‘captured’). Within the time allotted to the assignment, it was possible to tabulate and briefly examine the responses. The questionnaire and the accompanying explanatory notes are attached as Appendices 1 and 2, respectively.

2. Progress on Audit Recommendations

- 2.1 Implementation of the recommendations has not progressed significantly further since the February 2015 report. Critically, due to staff resource issues and overriding priorities, the launch of the new relevant draft policies, guidelines and standards has not yet taken place at the time of this report.

3. Data Sharing Survey

- 3.1 At the time of this report, 34 completed questionnaires had been returned of which 30 were deemed valid and have been logged. The remaining four were disregarded as they related to sharing of non-personal and/or public data or to disclosures of personal data individually. This was despite attempts in explanatory notes to explain the distinctions, but also suggests that understanding of what constitutes ‘personal data’ is not universal Council-wide.
- 3.2 This serves to underline further the need to strengthen awareness on data protection across the Council.

3.3 A further significant concern is that the questionnaires returned to date do not represent the complete picture across the Council. Important known areas still to be covered fully are:

- § Media and Communications
- § Housing and Property (Asset Management)
- § Human Resources and Payroll.

3.4 Based on the results in to date, data sharing activity generally can be demonstrated as justified on legal and/or service delivery grounds.

3.5 It has not been possible in all cases, however, to confirm the existence of an appropriate data sharing agreement and proper use of privacy notices to inform the data subjects about the sharing activity.

3.6 Data sharing agreements are now central to good practice under Information Commissioner's guidelines and can take several forms including a national data sharing protocol (usually applies to data sharing required under statute).

3.7 The exercise has also raised uncertainties as to existence and adequacy of privacy notices where they are required, underlining further the case for a review (already recommended) of this area once the new corporate policies and standards are adopted.

4. Conclusions

4.1 With the process of improving data protection governance arrangements in line with current law and good practice effectively stalled, the emphasis of this review has been on pro-active assistance in ascertaining personal data sharing activity to support central recording and further assessment of compliance with law and good practice.

4.2 At the time of this report, the exercise is only partially complete but has already raised issues to pursue in respect of data sharing and privacy notices. The survey results and findings have been shared with the Democratic Services Manager to inform decisions on such a further review.

4.3 There has been very limited progress in implementing the recommendations from the earlier Internal Audit review. The launch of the new policies, guidelines and standards, recommended in that earlier review, together with appropriate staff training, will mitigate the types of issues highlighted in this further report.

4.4 The findings are considered to give **MODERATE** assurance that risks in respect of Data Protection compliance are managed effectively.

5. Management Action

5.1 Recommendations to address the issues raised are contained in the earlier Internal Audit reports on this subject area.

Castle Farm Recreation Centre & Abbey Fields Swimming Pools – 14 January 2015

1. Background

- 1.1 The sports facilities in Kenilworth are split between two sites: Castle Farm Recreation Centre (CFRC); and Abbey Fields Swimming Pools (AFSP). The two sites are managed by one Operations Manager (OM).
- 1.2 CFRC has a main sports hall and the Pyramids gym whilst AFSP has two pools, one inside and one outside which is open in the spring and summer.

2. Scope and Objectives of the Audit

- 2.1 The audit was undertaken to review the operational, financial and management controls in place at the Centres.
- 2.2 The review was undertaken in accordance with the standard audit programme for outlying establishments, covering the following areas:
- Ordering & payments
 - Petty cash & procurement cards
 - Stocks & stores
 - Salaries & wages
 - Income & cash security
 - Facilities & risk management
 - Budget planning & management
 - GP referral scheme.
- 2.3 The audit programme identifies the expected controls. The control objectives examined were:
- All purchases are valid, bona fide and transacted only with the consent of authorised budget holders
 - Goods and services procured are competitively priced, with the procurement processes complying with relevant legislation
 - Petty cash and procurement cards are securely held
 - Disbursements from petty cash are appropriate
 - Procurement cards are being used appropriately
 - Stock held is properly recorded and can be accounted for
 - Stock wastage is minimised
 - Staff are properly appointed and only paid for time worked
 - Customers are aware of the amount they are expected to pay for using the council's services
 - All income due can be independently verified thus minimising the risk of misappropriation
 - Income received and held on site is secure, with bankings being securely undertaken

- Sundry debts are appropriately raised and received
- Monies due in respect of memberships held are appropriately received
- The site is secure and safe
- Management are aware of valuable items held on site
- Management are aware of the risks associated with the provision of services
- Budgets are effectively managed
- Vouchers are only issued to and used by people that have been appropriately referred by their GP who is a participant in the scheme.

3. Findings

3.1 Ordering & Payments

3.1.1 Although the combined expenditure budget for the centres is just over £1 million, most of this relates to employees, premises costs and capital financing charges. Most purchases undertaken by the centres are for items of a fairly minor and repetitive nature, such as cleaning equipment and items for resale. The TOTAL system is used for ordering and payments as appropriate, although due to the limited number of users of the system at the centre, the authorisation of orders is performed by an OM from one of the other facilities, the Sports Facilities Area Manager (SFAM) or a member of Cultural Services admin staff.

3.1.2 A sample of purchases was reviewed which confirmed that sound practices are generally being operated. However, of the twenty orders examined, only eight had been raised on or before the date of the invoice.

Risk

Commitments will be understated in the accounting records leading to potential budget overspends.

Recommendation

All orders should be raised in a timely manner.

3.1.3 It was also noted that, whilst the majority of invoice amounts agreed with the value of the orders raised on TOTAL, there were a number of differences. These generally relate to the omission of the carriage charges that are incurred.

Risk

Commitments will be understated in the accounting records leading to potential budget overspends.

Recommendation

All orders placed should be fully and accurately priced as far as possible and include carriage.

- 3.1.4 An extract was taken from the TOTAL system in order to analyse the orders placed against the budgets for the two centres. This extract was interrogated to identify significant expenditure with individual suppliers.
- 3.1.5 The majority of purchases are placed with suppliers that are used across all leisure centres or where central contracts are held. These suppliers were generally found on the contracts register as appropriate, although two companies were not found.
- 3.1.6 J P Lennard are used for small, ad-hoc purchases, with prices being obtained from their catalogue. However, whilst the individual purchases are small, the total spent with them across all sites since April 2014 is just over £17 thousand.

Risk

Value for money is not achieved.

Recommendation

Procurement options should be reviewed with regards to the purchase of goods that is currently undertaken with J P Lennard Ltd, to ensure that value for money is being obtained.

- 3.1.7 Mid Warwickshire Cleaning Supplies are used across a number of sites, including some housing sites and the Althorpe Enterprise Hub. The OM believed that there was a formal agreement in place with them, although this was not included on the contract register.
- 3.1.8 The Procurement Manager was not aware of the agreement and is following this up separately.
- 3.2 **Petty Cash & Procurement Cards**
- 3.2.1 A petty cash float of £100 is held. However, the OM advised that, since the introduction of the procurement cards, this is no longer used. This was borne out upon review of the float which was found to include the full £100.
- 3.2.2 The OM advised that when the procurement card is used the expenditure details are recorded on monthly transaction logs. These are then passed to the SFAM for review and sign off.
- 3.2.3 Upon review of these logs, all expenditure incurred was considered by Internal Audit to be appropriate. It was noted that two of the transactions were not coded to either CFRC or AFSP. The OM advised that one of them was correct as the expenditure was on behalf of the SFAM. However, the other was confirmed by the OM to be a miscoding. Due to the amount involved, it was not considered relevant to include a recommendation in this report, but care should be taken to ensure that this is not repeated.

3.3 **Stocks & Stores**

- 3.3.1 A range of swimming related items such as goggles, armbands, and swim hats are held for sale in Reception at AFSP. No resale stock items are held at CFRC.
- 3.3.2 The Receptionist who deals with the stocks advised that when a delivery of stock items is received, she checks the items against the delivery notes, adds the numbers to her stock sheets and then updates the system with the new stock totals.
- 3.3.3 She advised that stock checks are undertaken every week with the physical stock being checked against the details on Flex. A spot check of stock held was performed during a visit to AFSP and these amounts were successfully reconciled to the figures on Flex.
- 3.3.4 Stock levels held were not considered to be excessive and where large numbers of certain items were held, these consisted of various different sizes.

3.4 **Salaries & Wages**

- 3.4.1 At the commencement of the audit, Internal Audit were advised that there had been an issue with the coding of payments to staff working at the leisure centres following the implementation of the new payroll process. As a result, large numbers of staff had been paid against the AFSP cost centre when they had not worked there.
- 3.4.2 The OM had gone through all of the payments made in April and May and had sent details of the errors through to the relevant Assistant Accountant (AA) and the HR Transactional Payroll Project Manager, although acknowledged that some errors would still have remained due to staff working at more than one site.
- 3.4.3 The AA provided copies of the corrections spreadsheets that had been produced, covering the period April – July and HR provided a copy of the Establishment List covering all of the leisure centres.
- 3.4.4 A check was undertaken to ascertain whether the corrections identified on AA's spreadsheets had been journalled to the correct codes. This was generally satisfactory, although one minor error was noted which the AA corrected at the time of the review.
- 3.4.5 The list of people paid over this period (as per an extract from TOTAL showing payments made against payroll related subjective codes for the two relevant cost centres) was then checked to the establishment and the corrections spreadsheets and a number of anomalies were identified. These were discussed with the OM.
- 3.4.6 As a result of these discussions, copies of the timesheets submitted by relevant individuals were reviewed on FORTIS. It was identified that four members of staff identified on the corrections spreadsheets were

being paid from the wrong cost centre (two had been incorrectly removed from AFSP and two should have been coded to CFRC rather than the other centres identified on the spreadsheets).

- 3.4.7 It was also noted that seven staff members had been incorrectly paid from the CFRC cost centre during June and July, and these had not been covered by the corrections performed which had concentrated on AFSP.
- 3.4.8 Two other staff members had worked at more than one site during the period covered, but their payments had all been coded to one cost centre.
- 3.4.9 Under normal circumstances, we would recommend that these errors are corrected to ensure that the ledger shows the true position. However, due to the ongoing nature of the issues, the amount of time that it is taking staff to reallocate the payments, and the fact that all payments are contained within the leisure centres, it is suggested that Cultural Service management consider whether these errors should be corrected, or whether an overall picture of the leisure centre staff costs is used for monitoring purposes until this issue is resolved.

Risk

Financial systems do not show the correct budget position, but staff time taken to correct the issue is excessive.

Recommendation

Management should consider whether the staff payments should be recoded or whether to take an overall view of staffing costs across the leisure centres until the coding issues can be properly resolved.

- 3.4.10 A number of staff were also identified that were on the establishment list for AFSP or CFRC, but were not on the payment extracts as having paid from the cost centres. Of these, there was only one permanent member of staff and he had only recently moved to the site. In the other cases, the OM was only aware that two staff had worked at the relevant sites. However, it was not thought to be a particular issue, as they were casual staff and may not, therefore, have worked any shifts.
- 3.4.11 Due to the issues identified above, the testing that is normally performed during these reviews was not undertaken. However, during the reviews of sampled timesheets, all were found to have been appropriately signed off and authorised.

3.5 Income & Cash Security

- 3.5.1 Most of the income at the Centres is collected through the Flex system using well established procedures. Sundry debtor accounts are raised for club and school bookings.
- 3.5.2 The tills are usually cashed up on a twice daily basis by the Receptionist (or till operator if different) and a Supervisor. The cash in the till is counted and the figure (less the till float) is recorded on a shift sheet.

This figure is then entered onto the Flex system which produces a reconciliation report showing how much should have been in the till. The shift sheets and the reconciliation reports should then be signed off by the Receptionist and the Supervisor. The money is then sealed in a banking bag, awaiting collection by G4S and is locked away in the safe.

3.5.3 A sample of the shift sheets was reviewed to ensure that the sheets had been signed by two individuals and that any significant discrepancies identified had been investigated. This test proved satisfactory with only one instance of non-compliance with the normal procedures being identified.

3.5.4 However, during the review, a number of voids / refunds were identified. In the instances identified at AFSP, the receipts had been appropriately signed off by the OM or a Supervisor. However, in two of the three instances from CFRC, the receipts were found to be unsigned.

Risk

Misappropriation of income via the fraudulent processing of voids / refunds.

Recommendation

Staff should be reminded of the need to ensure that refunds and voids are processed by supervisors, independently of the staff member who had processed the original transaction, with the receipts being signed off to confirm that this has been performed appropriately.

3.5.5 Cash checks were performed by Internal Audit during visits to the centres, with the amount in the till reconciling to Flex at each site and the main float being appropriately balanced.

3.5.6 Some non-receipted income is received through usage of the hairdryers and weighing machines. Coinage in the hairdryers is emptied by staff from the centres who will count the monies and enter the cash onto Flex as 'other income'.

3.5.7 The coinage in the weighing machine is counted by a representative from the company that owns them, and WDC are subsequently given a percentage of the takings. However, there is no direct verification of the cash counted from the machine by a member of centre staff, and the operative is trusted to provide the correct amount of commission. This has been raised as an issue at most centres audited.

Risk

The council does not receive all income that it is due.

Recommendation

A member of centre staff should be present during the emptying of the weighing machine to verify the cash counted.

3.5.8 Cash floats and monies awaiting banking are held (along with other items) in a safe at each site. The safes at the centres are combination

safes with the codes being known to the OM, the Receptionists and the Supervisors, with the codes also being recorded on the Managers file on the network, should an OM from another site need to access it.

- 3.5.9 During audit visits to AFSP, the safe was found to be locked appropriately. However, at one stage during a visit to CFRC, the Auditor was left in the office alone whilst the staff went to deal with something in another part of the centre and the safe was found to be open.

Risk

Theft of monies.

Recommendation

Staff should be reminded of the requirement to keep the safe locked at all times when not in use.

- 3.5.10 Debtor invoices are raised by central Cultural Services staff based at Riverside House. A member of staff from the centre will complete a (folio) invoice request form, with a description of the nature of the charge, price, coding and VAT details being recorded.

- 3.5.11 A sample of debtor invoices raised was reviewed to ensure that the invoices had been raised for the correct amounts, with VAT being charged as appropriate and the monies being coded correctly. This highlighted a number of issues with regards to the invoices:

- In a number of instances, it was not possible to ascertain whether the correct fee was being charged as the folios did not always state whether usage of the facilities was in peak / off peak periods, whether it was being used by juniors or how long it was being used for.
- The rate charged for additional teachers supplied to assist with swimming lessons is meant to be at cost, although the rates hadn't changed in line with the latest pay award. The SFAM advised that staff had now been told of the correct rate to charge and an email containing the relevant details was provided.
- One invoice was found to be out by £17.60 as the figures had not been added up correctly.
- There were a number of queries relating to the appropriate use of the VAT exemption criteria, with some groups being charged the full, VAT inclusive price, when it appeared that they met the criteria, others being charged the exclusive price when it was not clear whether they were formal clubs and others being charged the full price as appropriate, but the VAT had not been separately coded on the folios.

Risks

Fees due to the Council in respect of leisure centre bookings are not received in full.

VAT is incorrectly charged.

Recommendations

Efforts should be made to ensure that folios include an appropriate amount of detail and that all invoices are raised at the correct rates.

The bookings made by the Tae Kwon Do club, Baginton Swimming Club and the 30+ Swimming Club should be looked into to ascertain whether the VAT criteria are being met and VAT charged accordingly.

- 3.5.12 When invoices are not paid, the OM is not formally made aware. He advised that he normally only finds out that chasing letters have been sent when the customer contacts him to discuss the letter received.
- 3.5.13 A review of outstanding debtor invoices was undertaken and this showed only six invoices relating to the centres that had not been paid. None of these were very old and two were found to have been incorrectly raised, with two similarly named schools being confused when the invoices were raised by staff at Riverside House.
- 3.5.14 When new gym membership cards are issued the details, including the card number, the name of the member and the Flex receipt number relating to the payment, are recorded on a log sheet.
- 3.5.15 Upon review of the sheets, it was noted that cards were being issued in sequential order, although there was one gap on the sheets at AFSP. The Receptionist checked the system and it was confirmed that this was an error in recording the details on the sheet, as Flex included the relevant details. A lack of some relevant details was also noted against two cards issued at CFRC.

Risk

Leisure centre memberships are inappropriately issued.

Recommendation

Staff should be reminded of the need to accurately complete all details on the membership card issue logs.

- 3.5.16 Small samples were chosen from the latest log sheet at each site with the details entered onto them being checked against the Flex system. This test proved satisfactory.

3.6 Facilities & Risk Management

- 3.6.1 During visits to the sites, it was confirmed that the sites were generally secure, with office and fire doors being closed.
- 3.6.2 Inventories containing appropriate details of items of significant value were found to be in place. The document for AFSP had recently been updated and the update to the CFRC inventory was a work in progress.

- 3.6.3 A central Cultural Services risk register is maintained and has recently been presented to the Finance & Audit Scrutiny committee as part of their programme of reviews of all service risk registers. This highlights a number of risks that are generic across all of the buildings operated by Cultural Services, including the leisure centres, as well as some more specific 'sports and leisure' risks.
- 3.6.4 The OM advised that 'local' risk assessments are also performed and are recorded on Assessnet. He highlighted that these have been worked on following a review of the assessments for Newbold Comyn Leisure Centre performed alongside the Corporate Health and Safety Coordinator / Building Manager who helped to condense down the number of assessments that were being performed.
- 3.6.5 The system generates reminders when the assessments are due for review and the OM advised that these reviews have been assigned to one of the Supervisors. Sample assessments were viewed on screen during a visit to AFSP.

3.7 **Budget Planning & Management**

- 3.7.1 Weekly reports are produced from the Flex system, with income details being entered onto a central internal monitoring spreadsheet for management monitoring against targets set.
- 3.7.2 An extract was also taken from TOTAL of the final budget position for 2014/15 and the current budget for 2015/16 and significant variances were discussed with the OM. The OM was able to provide explanations for the variances over which he had control.
- 3.7.3 A variance was noted in both years against the income code for resale of stock items, with an underperformance being noted. The OM suggested that this income target was generally not achieved.

Risk

Budgets are incorrectly set.

Recommendation

The income budget for the resale of stock items should be reviewed to ensure that it is in line with known income levels.

3.8 **GP Referral Scheme**

- 3.8.1 The Fitness Instructor advised that the GP referral scheme is falling out of use now as, although GPs will still refer patients, they are generally joining the gym on the cheapest option instead of paying for the vouchers.
- 3.8.2 The card issue form backed this up, with only one card being issued in August and none since. As a result, further testing was not considered necessary.

4. Summary & Conclusion

4.1 Following our review, we are able to give a **MODERATE** degree of assurance that the systems and controls in place at Castle Farm Recreation Centre and Abbey Fields Swimming Pools are appropriate and are working effectively.

4.2 A number of issues were identified during the course of the audit relating to:

- The timeliness of orders raised
- Order pricing and the need for procurement options to be reviewed
- The coding of staff payments
- The safe at CFRC being left open when not in use
- The processing of voids and verification of weighing machine income
- The need for appropriate and correct details on debtor invoice folios
- The VAT status of certain bookings
- The level of details recorded relating to some gym memberships on the card issue logs
- The budget set for income relating to the sale of stock items.

5. Management Action

5.1 The recommendations arising above are reproduced in the Action Plan for management attention.

Outdoor Recreation Facilities - 04 November 2015

1. Background

- 1.1 The subject encompasses a range of activities at various sites throughout the district – bowls, football, athletics, tennis and fishing.
- 1.2 Although the overall subject of the audit falls within Cultural Services, as does all of the income, some aspects are the responsibility of other service areas, principally Neighbourhood Services for the provision of attendants and Development Services for negotiating the licence with the RLS Bowling Club and the licences for fishing rights.
- 1.3 The estimated income from all sources for 2015/16 is £50,200, broken down as follows:
- | | | |
|----------|---|---------|
| Track | - | £15,000 |
| Bowls | - | £16,200 |
| Football | - | £13,000 |
| Tennis | - | £ 4,500 |
| Fishing | - | £ 1,500 |

2. Scope and objectives of the audit

- 2.1 The audit was undertaken in order to establish and test the controls in place over the management of ORF income.
- 2.2 The audit programme identified the controls expected to be in place and then carried out testing for evidence of those controls.
- 2.3 Specifically, the control objectives examined were as follows:
- a) The contractor is aware of his responsibilities regarding the staffing of facilities and income collection, recording and banking.
 - b) Budgeted income is based on realistic assumptions.
 - c) Budgets are appropriately monitored.
 - d) Fees are regularly reviewed.
 - e) Fees are approved at the appropriate level.
 - f) Fees are advertised appropriately.
 - g) Regular income returns are received from each site where cash is taken.
 - h) Returns are reconciled to bankings.
 - i) Invoices are raised for booked sessions and other regular income.

3. Findings

3.1 In overall terms the audit drew the conclusion that the function is well managed and controlled. There are, though, a number of areas where improvements could be made to the general management of the function more so than to the control of it.

3.2 In terms of the control objectives listed at 2.3 the findings are as follows:

3.3 Contractor's responsibilities

3.3.1 In terms of the staffing of facilities and income collection etc. the only sites where casual cash income is collected by attendants are the bowling greens and Edmondscote track. At both sites the amount of cash collected and banked is relatively small. At mid-September it was £1,710 for bowls and £1,336 for the track.

3.3.2 Cash collection is only one of several reasons for having attendants in place at the bowling greens and the track. How they carry this out, together with their other duties and responsibilities, should be specified. In terms of the contract specification, the duties of the attendants and their hours are not mentioned. Enquiries confirmed that there is nothing formal in place governing attendants' hours and duties and that they are a continuation of what has been in place over the years. Payment is made to the contractor as an addition to the contract and based on time sheets submitted.

Risk

The absence of any agreed hours and duties for attendants may result in an inappropriate level of provision and level of expenditure.

The absence of any agreed duties makes it impossible to monitor if duties are being performed as required.

Recommendation

The hours and duties of attendants should be formally agreed with the contractor and documented as such.

3.4 Budget setting and monitoring

3.4.1 Estimating income for the various activities is relatively straightforward in that some aspects are virtually fixed and others are very reliable. Estimates will be based largely on historic performance and known price or rent increases. Variations between estimate and outturn tend to be fairly minor.

- 3.4.2 Budget monitoring is undertaken by a number of people on a regular basis but given the significance of each budget there is nothing formal or evidential in place.
- 3.4.3 Monitoring of the income from Victoria Park Tennis has not been a high priority and reliance has been placed on the submission of regular weekly returns from the operator who runs the business.
- 3.4.4 As part of the cash income aspect of the audit it appeared that no money had been received this year in respect of tennis. Closer examination revealed that money had been paid in but credited to the operator's Council Tax account which was showing an overpayment of £1,068. This has since been transferred to tennis income.
- 3.4.5 Further examination of the overall situation revealed something of a cumbersome and uncertain operation. The proprietor of Victoria Park Tennis pays the council a licence fee of £1,122 a year for exclusive use of five courts to run her business. At the same time she collects casual tennis court income from the public for which the Council pays her £200 a month in the summer and £100 a month in the winter together with an additional payment for Sunday collections.
- 3.4.6 She submits a weekly return of cash takings but there is no way of confirming their accuracy or reliability as there are no ticket numbers included. Under the terms of the licence the licensee is required to collect money on behalf of WDC for 64 hours a week but she has no incentive to adhere to this.
- 3.4.7 The situation would be more efficient and a better option for the council if the operation of all ten courts was in one package with an appropriate financial consideration. The council would probably want to dictate the number of courts available for public use and the fees to be charged.
- 3.4.8 As things stand the council has to undertake a fair amount of administration in order to receive very little money and has no way of being confident that all potential income is being collected.

Risk

Not all income due to the council for tennis court hire is being collected.

Recommendation

Consideration should be given to negotiating a concession arrangement for the operation of the tennis courts at Victoria Park.

3.5 Fees are regularly reviewed, approved and advertised

- 3.5.1 As part of the Budget and Council Tax Setting process all fees and charges are reviewed on an annual basis usually to take effect on 1st January. Fees can be reviewed and revised at any point during the

year if circumstances warrant.

3.5.2 The fees and charges for 2015 were approved by Executive on 1st October 2014 and came into operation on 2nd January.

3.5.3 The WDC website was examined and prices listed were found to be in accordance with those approved.

3.5.4 In the case of the application form for a track season ticket the prices quoted for a second half year ticket are simply 50% of the full year charge whereas the approved charge is a 60% reduction i.e. an adult will be charged £56.00 for a season ticket from October to March instead of £44.80. Fortunately only a very small number of season tickets are issued.

Risks

Customers may be overcharged.

There may be damage to the council's reputation.

Recommendation

The application form for a track season ticket should be printed showing the correct discount for the winter season.

3.6 Cash income, returns and reconciliations

3.6.1 Cash collection and banking for the track and the Bowling Greens is undertaken by the Landscape Group. Returns are prepared showing tickets used, cash taken and cash banked.

3.6.2 All returns for the current year were examined and there were no gaps in sequence and the correct fees were being charged. The preparation of the returns and subsequent bankings was irregular but all takings were accounted for and given the scale of the operations there are no concerns.

3.6.3 The banking details are forwarded to Finance who check that the bankings claimed have in fact been made and then perform the necessary accounting entries. All bankings were correct.

3.7 Invoices are raised for booked sessions

3.7.1 A high proportion of the income under this heading is collected by sundry debtor account. The examination of the raising of accounts over the various categories resulted in the examination of certain related issues as well e.g. conditions of hire, VAT, licence reviews and any matters arising are listed here.

Timing

- 3.7.2 Overall, it was found that the timing of the raising of invoices is fairly relaxed with no standard timeframe in place and an adherence to custom and practice. Often, invoices are raised several months after the event.
- 3.7.3 In the case of football pitch hire custom and practice dictates that the clubs are billed twice a year on the basis that they would not be able to pay either in advance or in one go. Accordingly they are billed around October/November and January/February. There are no problems caused by non-payment and any arising would be referred to the appropriate league.
- 3.7.4 Invoices for the use of the track tend to be raised at the end of the season and in some cases this can cover six months use. This may not pose a serious risk in the majority of cases as most hirers are public or quasi-public organisations. Some of the hirers, however, are from the private sector and reliability can be more of an issue.
- 3.7.5 Leamington Athletics Academy for example, who are a fairly newly established concern were recently billed for £2,450 covering the period 7th April to 30th September (approx. £400 a month). Military Fitness Limited were also recently billed for the use of St. Nicholas Park for £2,835 for the period April to September 2015.
- 3.7.6 Allowing debts to accumulate and to remain un-invoiced for a few months not only increases the risk of non-payment it also does not give the impression of a very efficient organisation.

Risks

Debts may be allowed to accumulate and may not be paid.

Invoicing five or six months after an event is harmful to the council's reputation.

Recommendation

Invoices should be raised on a regular basis throughout the year preferably monthly.

Conditions of hire

- 3.7.7 The council's standard conditions of hire for sports facilities and the conditions of hire for the track both refer to the requirement to produce evidence of public liability insurance. This requirement is not enforced.
- 3.7.8 The requirement is included in order to cover and protect clubs, participants, spectators and the public in the event of an incident resulting in a claim.

Risk

Insurance cover is not provided resulting in protracted legal dealings and attempts to claim against the council.

Recommendation

The Events Manager should consult the Insurance and Risk Officer concerning the insurance implications of track and football pitch hire.

Bowls income

- 3.7.9 Apart from casual income, the income from hiring greens for the season and some contributions from Bowls England and the EWBA the main regular income is the licence fee for hiring most of the premises and some of the greens from the RLS Bowling Club.
- 3.7.10 This is currently £7,000 a year and it has been at this level since 1st January 2006. Previous increases indicate that a review, and presumably an increase, should have taken effect from 1st January 2011. An e-mail on file refers to a review date of 1st January 2011 but there is nothing to evidence that it ever took place.
- 3.7.11 On closer examination of the correspondence on file it was evident that there had been some confusion over the years concerning the start and end dates for the lease and it is understandable how the end date for the last lease was interpreted as 31 December 2011.
- 3.7.12 Negotiations began with the Club in 2011 with a view to signing a new lease as from 1 January 2012 and they coincided with the news that Bowls England were keen to relocate to Leamington. If this were to go ahead it would have an effect on the Club's use of the facilities and therefore the conditions of their lease. Accordingly, negotiations with RLSBC were put on hold pending agreement of a lease with Bowls England.
- 3.7.13 The lease with Bowls England was finally agreed in May this year which allowed negotiations to recommence with RLSBC and agreement has recently been reached on a new lease.

Fishing rights

- 3.7.12 Included within the Open Spaces Events budget is income of around £1,500 for fishing rights. This appears to be long standing income that is invoiced automatically and requires very little input or interest from members of staff.
- 3.7.13 The income comprises three licences: One to Warwick and District Angling Society for £725, one to the Royal Leamington Spa Angling Association for £650 and one to the Emscote Angling Co-operative for £145.83.

3.7.14 An examination of the files revealed that two of the licences were due a review in June 2012 and one in March 2015. If the reviews did take place they are certainly not evidenced as such.

3.7.15 It is also apparent that when the licence for Emscote Angling Co-op was reviewed in March 2003 from £100 to £125, VAT was deducted rather than added.

Risk

The absence of reviews may result in the council losing income.

Recommendation

The three licence fees for fishing rights in the District should be reviewed.

The effect of the mistreatment of VAT for Emscote Angling Co-op should be corrected.

VAT

3.7.16 An examination of sundry debtor invoices revealed some inconsistencies in the application of VAT, e.g. some schools are charged VAT and some are not. Military Fitness was charged (and paid) VAT for the second half of 2014/15 but not the first half of 2015/16.

Risk

The council may not be applying VAT correctly and could be subject to a fine or a penalty.

Recommendation

The Events Manager should consult with the relevant accountant concerning the correct application of VAT to outdoor recreation income.

4. Conclusion

4.1 In overall terms the audit concluded that the systems and procedures in place to manage Outdoor Recreation Facilities are sound but that there are several areas where improvement can be made.

4.2 The audit can therefore give a **MODERATE** level of assurance that the systems and procedures in place are appropriate and working effectively.

5. Management Action

5.1 The recommendations arising above are reproduced in the Action Plan for management attention.

Local Land Charges - 16 December 2015

1. Background

- 1.1 A local land charge search is undertaken as part of the conveyancing process when a property or piece of land is changing hands or is being valued (e.g. for re-mortgaging). The objective of the search is to uncover any restrictions or legal obligations against the site, such as conditional planning consents, listed buildings or tree preservation orders etc.
- 1.2 The audit was undertaken during a period of change, with the Land Charges Officer having recently left the council and a personal search 'kiosk' being made available during the course of the audit enabling members of the public to undertake their own personal searches, thus freeing up the time of Development Services staff.
- 1.3 It is possible that the land charges function will be taken over by the Land Registry in the future. Consultation is due to take place in 2016, with the aim being that the single, digital service, will start from 2017. This may not, however, cover all of the different searches that are performed by local authorities.

2. Scope and Objectives of the Audit

- 2.1 The audit was undertaken to test the management and financial controls in place.
- 2.2 In terms of scope, the audit covered the following areas:
- Process and procedures
 - Timeliness of searches
 - Accuracy of searches
 - Finance
 - Risk management
 - Performance monitoring
- 2.3 The audit programme identified the expected controls. The control objectives examined were:
- Land charges functions are discharged in accordance with established systems and procedures
 - Requests for searches are dealt with in a timely manner
 - Searches are processed in a timely manner
 - Appropriate and accurate searches are performed
 - Fees are set accordingly to ensure that the costs break even over the three year rolling period
 - The council receives the appropriate amount of income for the searches performed

- Fees are accounted for correctly
- Payments are accurately made
- Management are aware of the risks associated with the provision of services
- Management and Members are aware of how the service is performing.

3. Findings

3.1 Processes & Procedures

- 3.1.1 The Conservation Admin and Research Officer (CARO), who processes the majority of the searches, provided sample copies of procedure notes and reference documents which he uses. There was no evidence of review, but the documents were found to be up-to-date.
- 3.1.2 The Administration Support Manager (ASM) advised that the council is signed up to the Local Land Charges Institute. The institute circulates information relating to changes in legislation and other relevant issues affecting land charges. The ASM provided sample evidence of the information provided by them.

3.2 Timeliness of Searches

- 3.2.1 Requests for searches can either be received through the post; via email; or through two different on-line portals (NLIS and TM Group).
- 3.2.2 A review of the generic email account and the two portals was undertaken with the CARO during the course of the audit and this proved satisfactory, with the portals only containing search requests from the day of the review and the email account only containing responses from Highways (at Warwickshire County Council) as opposed to any requests.
- 3.2.3 Internal Audit were advised that the aim of the department is to ensure that searches are processed and responded to within ten days. Testing was undertaken on a sample of 30 requests, covering all types of searches, to ascertain whether this was being adhered to.
- 3.2.4 One of the requests had been received in July 2015. However, at the time of audit testing no response had been sent out, despite the search having been completed although it would appear that the company requesting the search had not followed up on this. In nine other cases, the responses had been sent after the ten day target period.

Risk

The reputation of the council may be damaged by slow responses.

Recommendation

Responses to search requests should be sent out in a timely manner.

- 3.2.5 The Land Charges module of the Active H system separates the questions that are answered for the various searches into a number of tabs for the different areas that are responsible for answering the questions (e.g. building control, environmental health and highways). Each of these tabs contains a function that highlights any outstanding searches in that area.
- 3.2.6 However, upon review it was noted that these 'queries' were returning details of the searches where the tab had not been signed off as appropriate. This highlighted two issues. Firstly, some searches had been responded to before the tab for that area had been signed off; and secondly, none of the tables would have picked up the abovementioned search that had not been responded to, because all of the tabs had been signed off when completed.

Risks

Inaccurate responses may be sent out as searches are incomplete.

Staff may be unaware of searches that have not been responded to.

Recommendations

Staff should be reminded of the need to ensure that all relevant tabs have been signed off before issuing the search responses.

Acolaid should be reviewed to ascertain whether reports can be produced showing search requests that have not been responded to.

3.3 Accuracy of Searches

- 3.3.1 Different types of searches can be requested, with different questions being covered. The abovementioned sample of searches was reviewed to ensure that the correct questions had been answered in each case.
- 3.3.2 It was ascertained that some of the relevant questions had not been covered in two of the sampled cases. However, both cases were personal searches which are no longer being undertaken by staff.
- 3.3.3 The answers to the different questions will largely be dependent on what is included on the different layers of the GIS system. The details on GIS were not specifically covered as part of this audit and it is suggested that a separate audit of this system will be added to the audit plan.
- 3.3.4 Testing was, however, undertaken to ensure that the sample cases had been correctly plotted on GIS, thus ensuring that the correct items would be brought through. This proved satisfactory in 29 cases, but one search had been plotted against the wrong address.

Risk

Claims may be made against the council if incorrect land charge information is provided.

Recommendation

Staff should be reminded of the need to accurately plot the searches on the GIS system.

3.3.5 As suggested above, the information relevant to the searches is generally held electronically. However, the details used to be held on Blue Cards. Scanned copies of these were taken and they should be checked when a search requests is received for the relevant address.

3.3.6 In 18 of the sampled cases, copies of the blue cards were found to be held. In all cases, details on the cards had been appropriately included in the responses, with items that were not on the responses being checked to Acolaid to ensure that the plot would have picked them up were they relevant.

3.4 Finance

3.4.1 Regulations in relation to Land Charges fees stipulate that the fees should be set so that they breakeven over a three year rolling period against the cost of providing the service.

3.4.2 The fees are set on an annual basis as part of the council's general fees and charges process. The last major review of the fees was undertaken in 2013 for the 2014/15 fees, with the main fee (full search) being reduced from £145 to £95.

3.4.3 In spite of this, the income received is still much higher than the costs attributed to the service each year. The Head of Development Services suggested that the staff time allocated to the service (and the associated cost) is not correct at the moment and suggested that the relevant staff could complete timesheets for a period of time to identify exactly how much time they were spending on this service. This is considered to be a reasonable approach and should be adopted.

Risk

The council fails to adhere to the regulations in place.

Recommendation

Staff working on land charge searches should complete timesheets to allow for the costs of providing the service to be accurately calculated.

3.4.4 The Acolaid system automatically calculates the fees for each search, dependant on which questions are selected, with the fee table being within the system parameters. Sample testing showed that customers were paying the correct fee as shown on the system.

3.4.5 However, whilst the full search fee on Acolaid was found to accurately reflect the fee agreed by Members, the fees for other search types and certain individual questions were found to be incorrect, with these

incorrect fees also being shown on the council's website.

Risk

Incorrect fees are charged.

Recommendation

The Acolaid system and the council's website should be updated to show the correct fees, with these fees being charged to the customers.

3.4.6 Warwickshire County Council send invoices to the council on a quarterly basis in respect of their fees for undertaking highways searches. However, no payments had been made to them during the current financial year at the time of audit testing, as the county council had made an arithmetical error on the invoice.

3.4.7 The ASM advised that the number of searches would be agreed prior to any payment being made and confirmed that the Information & Improvement Officer (IIO) had checked the numbers of searches as detailed on the invoice.

3.5 Risk Management

3.5.1 The risk register for Development Services has recently been reported to the Finance & Audit Scrutiny Committee as part of their cyclical review of departmental risk registers.

3.5.2 Upon review, it was ascertained that the register contains three specific risks relating to land charges and these were considered, by Internal Audit, to be appropriate.

3.6 Performance Monitoring

3.6.1 A copy of the Service Area Plan for Development Services was provided. The 2015/16 document included a number of proposed measures, although no figures had been included to date.

3.6.2 Whilst land charges were included in the general service overview, there were no specific measures relating to land charges. Commentary on performance has, however, been included in the portfolio holder statements and regular monitoring is being undertaken (see below).

3.6.3 Performance monitoring reports are produced on a fortnightly basis and are discussed by management and sample copy reports were provided.

3.6.4 During sample testing of searches, a query had been raised as to which dates should be taken into account for performance monitoring in terms of getting responses sent out, i.e. either the time taken from the start of the search or from the validation date (i.e. when it was confirmed that the search was valid), which is either on the same date or earlier.

3.6.5 It was suggested that performance should be monitored against the validation date. However, upon discussion with the IIO, it would appear that the later of the two dates is being used in the performance monitoring reports.

Risk

Management may be unaware of the actual time that it is taking to process searches.

Recommendation

A review should be undertaken of the dates used in the performance monitoring reports to ensure that management are given accurate information.

3.6.6 The monitoring undertaken looks at the average number of days to complete the searches as well as the number of outstanding searches at the end of each week. However, it appears that these figures are only concerned with the searches received in the period, and no cumulative data is reported as shown in the following example:

The performance report for the week ending 30 October 2015 shows that fifteen LLC1 / CO / CON29 searches were outstanding. 65 further searches were received during the following week, of which 25 were dispatched. However, the figure for the outstanding searches at the end of the week shows 40 (i.e. 65 - 25) and doesn't include any carried forward figures.

3.6.7 As highlighted above, sample testing identified one search request that had been received in July but had not been responded to by the time of audit testing in November and it is apparent that this had not been picked up by the monitoring performed.

Risk

Management may be unaware of the actual performance of the function.

Recommendation

Cumulative figures should be included in the monitoring reports, with consideration being given to including details of any 'outliers' for further investigation.

4. Summary & Conclusion

4.1 Following our review, we are able to give a **MODERATE** degree of assurance that the systems and controls in place in respect of Local Land Charges are appropriate and are working effectively.

4.2 A number of issues were identified during the course of the audit relating to:

- Searches not being responded to within the target number of days

- A search response not being sent out and other sent before the search had been fully signed off
- A search being incorrectly plotted
- The service not complying with the need to maintain a balanced budget over a three year rolling period
- Fees not being charged in accordance with those agreed by Members
- Performance monitoring reports giving potentially incomplete and inaccurate information.

5. Management Action

5.1 The recommendations arising above are reproduced in the Action Plan for management attention.