

SUMMARIES OF AUDITS COMPLETED QUARTER 4 2008/09

Car Park Income – 9 January 2009

The purpose of the audit was to appraise and report on the adequacy of controls in place over:

- the receipting and accounting of monies received, and;
- the administration of penalty charge notices, season tickets and residential permits.

This was carried out through confirmation and testing of adherence to documented controls.

This was a reduced-scope opinion audit on behalf of the Audit Commission.

In overall terms, the audit concluded that the systems and procedures in place to manage car park income have sound controls in place which are being complied with. This supports substantial assurance that the Council is not subject to any material risk in respect of the income received from its car parking operations.

There were, however, certain qualifying issues needing to be addressed:

- a significant backlog of on-street parking machine takings to be reconciled to supporting financial records, attributed to high work load and staff shortages;
- undue delays in banking of monies by the collection agency;
- a significant incidence of errors and absence of supporting documentation indicated from sample testing of controls on season tickets;
- a significant incidence of failure to attach photographic evidence to support computerised records of Penalty Charge Notices indicated from sample testing;
- access controls to the computerised car parking management system are compromised to a degree by failure to disable users that have left the Council's employ.

Assurance Opinion: Substantial.

Collection of NNDR – 9 March 2009

An extensive examination of administration of National Non-Domestic Rates was undertaken using the CIPFA systems-based control evaluation models covering valuation, liability, billing, collection, refunds, recovery and enforcement functions.

The controls found to be in place give a substantial degree of assurance that the collection of NNDR at the Council is being performed appropriately.

Minor issues were, however, noted in a number of areas and recommendation made to address them. The most significant of these were:

- promptness in identifying new and altered properties to be reported to the Valuation Agency and quality of information that supports this process;
- issuing of completion notices effectively suspended during the whole of the 2008/9 financial year up to the time of the audit;
- following up on outstanding notifications to the VOA;
- no recent reviews to verify continuing eligibility of ratepayers in receipt of reliefs.

Assurance Opinion: Substantial

Administration of Housing and Council Tax Benefit – 7 January 2009

The examination was undertaken using the CIPFA systems-based control evaluation models and covered the following themes:

- (1) General Administration
- (2) Post-Opening
- (3) Assessment
- (4) Payment

Overall the systems and controls stand up well to the in-depth scrutiny of the CIPFA model and provide substantial assurance that the Council is not overly subject to material risk exposures against its objectives for administration and assessment of housing and council tax benefits.

Some minor areas for improvement in control have been identified as follows.

- The increasing role of web technology and flawed links found at the time of the audit emphasise the importance of regular checks on the Council's website information resources.
- Provisions should be in place to periodically remind staff of their responsibilities to declare any personal interests and keep them up to date where relevant circumstances change. Annual staff appraisals should cover this area.
- A small number of database anomalies raised potential areas where database integrity checks built into the IBS Revenues and Benefits system might be strengthened.
- Dates of birth of household dependents given in claim forms are not routinely checked against supporting documentation. Given that these dates are relied upon in landmark birthday reporting from IBS for assessor action, management are asked to consider the feasibility of instituting such checks.
- A significant amount of unnecessary printing was in evidence relating to system output that could be held and viewed electronically.
- The key interface control reconciliations relied on Excel spreadsheets that were found to be maintained in such a way that the integrity of relevant calculations is deemed at some risk from error and changes to unprotected formula cells.

Assurance Opinion: Substantial

Main Accounting System – 9 February 2009

The purpose of the audit examination was to appraise and report on the adequacy of controls in place to address the key risks in relation to recording income and

expenditure to the main accounting system, and to ensure that output properly reflects the financial data within the system.

This was another reduced-scope opinion audit on behalf of the Audit Commission.

Work undertaken comprised:

- (a) Identifying and documenting the key controls in place for the operation of the main accounting system.
- (b) Testing adherence to the identified key controls through walk through and compliance testing.

A recommendation was issued requiring large and long standing items within the suspense account to be investigated and removed where possible.

Otherwise, no significant issues arose.

Assurance Opinion: Substantial

Treasury Management – 29 January 2009

The compliance tests of this reduced-scope opinion audit covered the following systems:

- Treasury management strategy;
- Systems access;
- Cash flow;
- Placing and withdrawing invested funds;
- Monitoring and reporting treasury management performance; and
- Reconciliations.

In overall terms, the audit concluded that the systems and procedures with regards to treasury management are sound. Warwick District Council did not lose any money in the recent Icelandic banks collapse. The Council reviewed its lending list in the light of these events and has made the following changes to their Treasury Management Practices, approved by the Executive on 4 February 2009:

- Introduction of a triple A Sovereign rating in the credit rating criteria required for investments.
- Revision of building societies categories and credit rating criteria
- Addition of Fitch Money Market Fund ratings
- Changes in counterparty investment limits
- Deposits with other local authorities are now restricted to a maximum of 364 days in line with the Annual Investment Strategy.
- Annual Treasury Report requirements now include an Annual Investment Strategy and Minimum Revenue Provision Policy Statement.

Assurance Opinion: Substantial

Housing Rent – 31 March 2009

Compliance tests covered the following systems:

- Budget monitoring
- New tenants
- Rent increases
- Rebates
- Cash receipts
- Arrears
- Write-offs
- Voids & Lettings
- Sales
- Reconciliations; and
- Access control.

Again, this was a reduced-scope opinion audit on behalf of the Audit Commission.

In overall terms, the audit concluded that the systems and procedures with regards to rent accounting are sound.

The completion of the compliance tests provides assurance that the Council is not subject to any material risk in respect of its rent accounting operations.

Some minor issues, however, were highlighted. These were principally that some budget monitoring returns had not been signed off and temporary usernames for the housing management system were being used.

Assurance Opinion: Substantial

Property Management – 25 March 2009

The examination was undertaken to evaluate the adequacy of systems for commissioning and paying for responsive repair work to domestic Housing Revenue Account properties.

The assignment was scoped to review and test controls in place for:

- processing repair requests from tenants;
- assigning work arising to contractors;
- monitoring performance of repair work and authorising variations;
- processing invoices for completed work;
- accounting for payments and year-end liabilities.

The overall control assurance that could be gained was mixed. Controls over the financial processes are generally sound and give substantial assurance that financial transactions are not materially misstated. On the other hand, there are significant issues concerning management of responsive repair work that limit assurance that the Council is paying only for work that is necessary and properly authorised.

From testing it was found that:

- variations were not always properly recorded in the system to support invoices processed;
- post-inspection records could not be located for a substantial proportion of cases examined;
- proof of authorisation on invoices was not always present and in other cases indiscernible after DIP scanning.

Assurance Opinion: Moderate

Partnerships – 31 March 2009

The audit was concerned with appraising the Authority's arrangements for managing its partnerships. The Authority's arrangements were evaluated against the following criteria:

- Leadership
 - Policies are in place about getting involved in partnerships and disengaging from them.
- Accountability
 - Responsibility is assigned for managing partnerships.
 - Assessments are made about the costs and benefits of engaging in different forms of partnership working against other ways of achieving the same ends.
- Risk management
 - Partnership risks are identified and monitored.
- Rationale
 - Objectives of the partnership are agreed and published.
- Governance
 - Decision making processes are transparent and clearly understood
- Performance management
 - Performance of the partnership is assessed and reported.
- Financial management
 - Budgets are managed appropriately.
- Communication
 - Partnerships communicate effectively with stakeholders

The following key partnerships were tested:

- Local Strategic Partnership
- South Warwickshire Crime & Disorder Reduction Partnership

Despite reminders, the Head of Economic Development & Regeneration did not provide information to enable testing of the South Warwickshire Tourism partnership arrangements.

The review was undertaken through:

- Consultation with a member of the corporate management team and officers managing key partnerships
- Examination of best practice guidance
- Review and analysis of available documentation.

The review found that the report presented to Executive in 2005 detailing the Authority's approach to be taken to partnerships, including that of a policy, covered much of what would be required to manage effectively partnership arrangements throughout the organisation. The audit concluded, however, that very little progress had been made in implementing the requirements set out in that report culminating in several important actions needing to be included within last year's action plan accompanying the Annual Governance Statement. Progress in addressing these issues has been slow.

Despite the shortcomings of the Authority's overall arrangements, it appears from testing that individual partnerships are being well-managed.

Assurance Opinion: Moderate

Licensing – 3 March 2009

The examination was undertaken to evaluate the adequacy of controls within existing management systems to ensure that:

- the Council's licensing operations comply with statutory and regulatory requirements;
- resources in respect of licensing operations are deployed economically, efficiently and effectively to achieve relevant corporate objectives and targets.

The examination followed an evidential overview approach covering the following themes:

- (1) Policies and Procedures
- (2) Roles, Responsibilities and Training
- (3) Decision Processes
- (4) Fee Collection
- (5) Enforcement Activity
- (6) Compliance and Quality Assurance
- (7) Information Assurance

The Licensing function was found to be served by generally sound and appropriate management systems governing day-to-day operations and financial processes.

The only area of significant concern was the dependency on Legal Services not being regulated by any clear protocol. Some minor reservations on performance management were expressed and issues raised on storage of CRB checks were subsequently addressed.

Assurance Opinion: Substantial

Assisted Travel Scheme – 29 January 2009

The Assisted Travel Scheme covers the Concessionary Bus Fares Scheme and the Communitaxi Scheme.

As from April 2008, the bus fares scheme (which was initially established as a result of the Act of 1985) allows for free nationwide bus travel (on local buses) for pass

holders, although there are some discretionary elements offered by the Districts and Boroughs of Warwickshire (extended hours of travel in the County and companion passes). There are approximately 21,000 bus passes that have been issued, of which roughly 600 are disabled passes. The production of the passes has now been outsourced.

The Communitaxi scheme is run in conjunction with Racing Club Warwick. It offers a door-to-door taxi service in wheelchair accessible vehicles. Members of this scheme are not eligible to also hold a bus pass. There are approximately 250 scheme members.

The audit was undertaken in order to ensure that controls are in place and are operating effectively in the following areas:

- Operation of the schemes
- Applications
- Payments to operators
- Budget setting and monitoring
- Performance monitoring

The audit identified that, whilst the systems and controls in place are generally satisfactory, there are issues regarding the level of detail being recorded on the IT systems at the Council and the monitoring of performance of the bus pass scheme. However, these issues can generally be attributed to the fact that the amended bus pass scheme is still relatively new and there are bound to be teething problems.

Applicants are required to prove evidence of their eligibility for either scheme, confirming that they are a resident in the District, and are either over the age of 60 or meet the relevant disability criteria. However, no copies of documentation are retained and no records are kept to show what documentation was provided to confirm eligibility.

Performance monitoring, regarding the issuing of passes under the new scheme, has been inhibited by the level of detail that is currently recorded on the system. Issues were also identified regarding the accuracy of data that was extracted from the system.

In order to ensure that passes are only being issued where 'qualifiers' (evidence of eligibility) have been seen and photographs have been provided, a comparison was undertaken between the latest report from Payne (the company who produce the passes), showing all passes issued, and an extract from ID Pro (the bus pass system used at WDC) provided by ICT Services. This highlighted some 71 records where the 'qualifiers seen' box had not been ticked and 36 records where no image had been captured (according to the extract provided). However, upon review of the ID Pro system, only 18 of 32 records examined did not have the 'qualifiers seen' box ticked and all photographs had been attached and were also held on the network.

A test was also to be undertaken to ascertain whether the passes are being processed on a timely basis once all relevant information has been received. However, insufficient information has been recorded on the system, regarding the dates at which the various stages of the process had been completed and the test was not therefore possible.

Further issues regarding potential duplicate passes and membership of both schemes were identified, based on the reports provided by Payne and details supplied by Racing Club Warwick from their Communitaxi database. However, the audit could not resolve whether these were genuine duplicates due to the level of detail held on the systems.

Further performance monitoring issues were also identified regarding the work of MCL. MCL monitor the performance of the bus operators by undertaking surveys on sample bus routes to ascertain whether the figures they (the operators) provide are accurate and to ensure passes are being presented as appropriate. However, there is no detailed breakdown of the results of these surveys passed to the Councils.

The agreement with MCL covers the number of man hours that will be put into the surveying and mentions that a programme of survey work will be specified, but there is no monitoring to ensure that this is being done.

Assurance Opinion: Moderate

ICT Strategy – 12 March 2009

This review was a follow-up to the audit findings on ICT Strategy reported in February 2008 when the strategic IT framework had been in a state of transition. The purpose was to determine whether the Council has developed an Information and Communications Technology (ICT) Strategy that is aligned with corporate business objectives and provides sufficient flexibility to adjust to innovation and changing business needs.

The review again applied the CIPFA risk-based model based on the following control objectives:

- An integrated strategy has been developed and formally approved;
- The integrated strategy is appropriate and up to date;
- Arrangements exist to manage implementation and maintain the strategy as required.

An appropriately constituted formal ICT Strategy was found to be in place along with sound structures and processes for implementation, monitoring and review. The only issue was a minor one relating to communication of the updated Strategy, both internal and external.

Assurance Opinion: Substantial

Computer Software Licensing – 20 February 2009

The use of computer equipment forms a large part of the day-to-day working of most employees of the Authority and the effective use of the equipment is reliant upon having appropriate software installed on each machine.

Fines for the use of unlicensed software can be large if detected, so it is important that the Authority is aware of what software is being used on its computer equipment and whether this software is appropriately licensed.

The audit was undertaken in order to ensure that controls are in place and are operating effectively in the following areas:

- Software requirements
- Roles and responsibilities
- Software installation and monitoring.

The audit confirmed that the systems and controls in place over software licensing are generally satisfactory, although there is scope for strengthening them.

The issues identified may be partly resolved by the use of SCCM (System Centre Configuration Manager 2007), although it needs to be determined how this will be used for monitoring and reporting purposes. This system, which will allow ICT to perform automated computer software audits on all networked machines, is in the process of being deployed within ICT, but the use of the 'audit' functionality was not included within the current project.

Software generally has to be loaded by members of ICT staff. In order to ensure that no unauthorised software is loaded directly onto machines by individual users, they should be prevented from being able to use the local C: drives and run prompts on their machines, and this is controlled by the technical security settings configured within 'Group Policy'. Upon review, it was identified that a number of users have less restrictive settings applied on their machines, due in part to 'interference' between the access settings and normal working requirements. The use of 'Group Policy' sets needs to be controlled to ensure that only specific staff have access to local hard drives and run prompts.

Each 'system' has a designated System Owner, although the list of system owners provided by ICT was found to be out of date. Discussions held with a number of system owners highlighted their general lack of understanding of the responsibilities associated with this role, and it was therefore suggested that training should be provided for them.

Assurance Opinion: Moderate

ICT Change Management – March 2009

The purpose of the examination was to report a level of assurance on the key controls in place for managing changes to ICT systems owned by the Council.

The individual objectives that have been considered as part of the audit include:

- all proposed changes to ICT systems are formally documented;
- a business justification for proposed changes is identified and documented;
- changes to ICT systems are managed in a controlled manner to avoid disruption to key business processes; and
- all changes are monitored, reviewed and then closed off once complete.

The audit identified several key issues which impacted on the level of assurance. In summary these were:

- lack of a formal policy, defined process and procedures to support ICT Change Management;
- failure to involve key stakeholders in all aspects of the ICT Change Management process;
- failure to maintain a centralised record of all changes; and
- failure to provide formal business justifications for required changes.

Assurance Opinion: Moderate.

Voice/Data Communications – 25 March 2009

The purpose of the examination was to appraise the corporate processes to secure economic, efficient and effective voice/data transmission systems and proper use of connected devices.

The assignment took the form of a post-implementation overview of the IP Telephony implementation focusing on:

- realisation of expected benefits;
- management of risks and security threats from implementing IP telephony;
- monitoring of telephone usage and costs.

Within its limited scope, the examination confirmed that appropriate and effective controls are in place to secure economic, efficient and effective deployment of the IPT technology and proper use of connected devices. Actual realisation of benefits from IPT implementation could not be accurately gauged at this time and it is envisaged that this will be the subject of a post-implementation review in due course.

From the available evidence, service quality and security issues appeared to be appropriately addressed. Facilities to log and report on Council telephone usage had been restored following a period of disruption arising from the IPT implementation. In view of current levels and distribution of telephony costs, it is seen as unlikely that development of regular corporate reporting on usage will yield significant benefits. Therefore use of the facility should remain at the discretion of individual managers.

Assurance Opinion: Substantial

Homelessness and Housing Advice – 31 March 2009

This audit was undertaken to establish and test the management, financial and operational controls in place for the Homelessness and Housing Advice (H&HA) service. The audit programme identified the control objectives and the expected controls and the risks that could arise if those controls were not present. The control objectives examined were as follows:

- The H&HA functions are discharged in accordance with the relevant statutory and regulatory functions.
- All decisions on H&HA adhere to relevant policies and strategies and the scheme of delegation.
- Adequate procedures are in place to control the use of temporary accommodation.

- All income arising is correctly calculated, promptly claimed, collected and accounted for.
- Expenditure on H&HA is approved and controlled.
- Achievement against performance/improvement objectives and targets is monitored and reported.
- Adequate control and security arrangements are in place over I.T. aspects and case files.
- The risks associated with H&HA are identified, recorded and managed.

In overall terms the audit concluded that there are adequate management, financial and operational controls in place for H&HA.

The service is governed by the provisions of the Housing Act 1996 part VII and the Homelessness Act 2002. In broad terms the 1996 Act imposes a duty on local authorities to provide assistance to people who are homeless or threatened with homelessness. In some cases this may be directly through helping households secure accommodation and in other cases may be through giving comprehensive advice and assistance by way of accommodation, a grant or loan.

Housing Strategy, together with other units within the council, is in something of a transitional phase as a result of restructuring, internal promotions, certain senior posts being filled on an acting basis and the need to employ agency staff as a result. The number of cases accepted as homeless in 2007/2008 (the last complete year for which figures are available) was 122. For comparison purposes the number of acceptances in 2003/2004 was 206. This is not indicative of a reduced workload but of an increasing emphasis on preventing homelessness. As far as workload is concerned the current economic climate and its effect on employment and therefore housing is resulting in an increased number of enquiries.

The main role of services is to prevent people becoming homeless and to that end every effort is made to resolve their individual housing problems. This will involve dealing with landlords, family members, other housing providers and national and local government agencies. Accepting households as statutory homeless as defined by Part VII of the Housing Act 1996 would occur if all other options had been exhausted and homelessness could not be prevented.

The duty to produce a strategy was introduced by the 2002 Act and the council's first strategy was produced in 2003. This strategy was updated in June 2005. The Act requires that a new strategy is published within five years of the publication of the last one so a revised strategy was due in 2008. The exception to this is for local authorities with a 3 star or excellent rating. The revised strategy is currently in draft format but it is hoped that it will be formally adopted by June 2009.

Section 188 of the 1996 act imposes an interim duty to secure that accommodation is available for an applicant and his/her household pending a decision on their homeless case. This duty arises if the authority has a reason to believe that the applicant may be homeless, eligible for assistance and have a priority need. Some applicants may waive their right to this accommodation by making their own interim arrangements. The council has a number of options regarding temporary accommodation. There are council owned flats in Tachbrook Street and leased flats in Tachbrook Road available and there are guest rooms in very sheltered schemes.

Bed and Breakfast accommodation is sometimes used but as a general policy is avoided if at all possible.

Assurance Opinion: Substantial

Lettings & Void Control – 31 March 2009

The Council has in the region of 5,600 properties in the district that are available for letting to tenants. The gross rent collectible for the 2008/09 financial year for these properties is approximately £19.5 million.

The HomeChoice scheme was amended with effect from 1 September 2008, with applications to join the HomeChoice register now being placed into four bands. Properties that become available to let are also banded, with applicants in the first three bands being given priority for certain percentages of the advertised properties.

The audit was undertaken in order to ensure that controls are in place and are operating effectively in the following areas:

- Policies and procedures
- Allocations & lettings
- Exchanges
- Termination and voids
- Performance monitoring

As the new HomeChoice scheme came into force during the current financial year, testing on controls over the letting of properties concentrated on lettings made from 1 October 2008 onwards, allowing for the scheme to have bedded in.

The review of voids was limited to ensuring that the Void Inspector is notified that the properties are to become available, so that the void inspections can be undertaken on a timely basis, and that these inspections are undertaken promptly, so that the contractors can be appropriately instructed. Controls over the actual work undertaken are covered under the audit of Council House Repairs (Property Management).

The controls found to be in place give a substantial degree of assurance that properties are being let appropriately and void properties are being notified to the inspectors and are passed to the contractors on a timely basis.

The level of void rent loss has been tackled by the formation of a Void & Lettings Task Group, which has led to improvements in the lettings and void processes being made, although performance is still short of the target.

Minor issues were identified in the following areas:

If applicants disagree with the band that they have been placed into, they have the right of appeal. The application will then be reviewed to ascertain if there have been any mistakes made (data entry) or any other circumstances that haven't been taken into account, or whether the original banding was correct. These appeals are dealt with by a Housing Advice Officer, who indicated that as part of this process, she would sometimes be responsible for reviewing cases that she had dealt with initially.

It has therefore been recommended that segregation of duties should be established so that banding appeals are not dealt with by the officer who had originally dealt with the application.

Testing on a sample of applications that had been processed highlighted four instances where certain documentation had not been retained in support of the application.

Assurance Opinion: Substantial

Housing Revenue Account Incentive Schemes– 2 March 2009

The audit was undertaken in order to establish and test the controls in place over the management of HRA incentive schemes.

The control objectives examined were as follows:

- All payments are in accordance with the approved schemes
- The availability of the schemes is publicised in all relevant information sources
- Appropriate deductions are made from payments and properly accounted for
- Budgetary control procedures are in place
- The effectiveness of the schemes is regularly reviewed.

In overall terms the audit concluded that there are sound systems and procedures in place to control and manage the payment of grants under the incentive schemes.

The question of VAT was something of a grey area as regards the resettlement service. The approved scheme makes no mention of VAT so it is not clear if the £400 figure for arranging and financing removals is VAT inclusive or exclusive. It could mean a difference of £60 to the applicant.

Most of the payments made under the resettlement service are made on the production of a VAT invoice meaning that VAT can be reclaimed. In a small number of cases payments are made against a receipt, a quotation or a non VAT invoice meaning that the potential VAT element has to be charged against the budget and cannot be reclaimed.

The two schemes are covered by the same budget and this is controlled as part of the corporate budget monitoring procedures with the Head of Housing and Property Services being responsible. The Lettings Officers who administer the schemes maintain manual records of budgets and payments made and, therefore, the remaining available funds.

In respect of the resettlement service payments they normally include VAT in the payment and as a result their figure for the available budget will always be less than that shown in TOTAL. They do not have access to TOTAL so they are not able to confirm the true figure.

When the schemes were approved by Executive in December 2007 part of the resolution was that the two schemes should be reviewed prior to the setting of the HRA budget for 2009/2010. It was not evident that such a review had been carried

out and reported. It is understood that the present Portfolio Holder wants to amend the schemes and if so any alterations should be reported and approved.

Assurance Opinion: Substantial

Leaseholder Service Charges – 31 March 2009

The purpose of the audit was to examine and test the controls in place over the setting, billing and recovery of leaseholder service charges (LSCs).

The control objectives examined were as follows:

- A database exists that identifies all properties where a service charge applies.
- Responsibility for calculating, reviewing and billing service charges is designated to specific officers.
- Leaseholders have access to appeals and complaints procedures.
- All appropriate costs are included in the service charge.
- Costs are reviewed on a regular basis and charges amended appropriately.
- Leaseholders are aware of what is and what is not covered by the service charge.
- Potential leaseholders are aware of the service charge and possible repair costs at the Right to Buy (RTB) stage.
- All leaseholders receive an account on completion of the sale and at appropriate intervals thereafter.
- Payment of accounts is monitored, and reported if necessary, and steps are taken in cases of non payment.

In overall terms the audit concluded that the systems and procedures in place to manage the basics of leaseholder service charges are sound but there were a number of related issues giving cause for concern and requiring some management action.

In the last two or three years there have been major changes to some of the Council's fundamental I.T. systems that have had a considerable effect on the management of LSCs.

Prior to these changes LSC management was part of the council's housing repairs system JOBS, which meant, amongst other things, that repair costs to blocks of flats were easily identifiable and could be transported into the LSC module. Also JOBS could be linked to another Reality system INCOME for billing purposes.

Housing repairs now form part of the overall housing management system, Active H, which also deals with rents and lettings. It does not contain an LSC management module. Therefore JOBS is still used as the database of leasehold properties and repair costs have to be extracted manually from Active H. A new Financial Management System has also been introduced to replace the general ledger, ordering and income systems. There is no link between the new system, TOTAL, and JOBS which means that there is now far greater manual involvement regarding the annual billing process.

While the current arrangements for calculating and billing LSCs are generally satisfactory they cannot be viewed as a permanent solution. Other options are

currently being considered such as a software package that will be compatible with Active H and developing a spreadsheet system.

There is currently an issue with the council carrying out repairs that are the leaseholder's responsibility. Whenever possible the cost is recharged to the leaseholder or the tenant but it results in an unnecessary, additional administrative cost.

The reasons for this are largely the result of technology and system and administrative changes and partly, it is assumed, ignorance. Repairs to housing properties are often reported by tenants through the Customer Services Centre where the advisors then initiate the order for the work. Problems arise when leaseholders or their tenants report internal repairs that are their own responsibility to the council because the property data used in the CSC does not identify properties that have been sold.

Assurance Opinion: Moderate

Newbold Comyn Leisure Centre Cash Collection and Security – 8 January 2009

The purpose of the examination was to:

- (a) assess the robustness of control procedures for handling of cash receipts taken at Newbold Comyn Leisure Centre and maintenance of official cash floats;
- (b) verify adherence to those control procedures.

An on-site cash audit was conducted without prior notice to test adherence to security and cash control procedures, account for all cash held and banked to date and review error performance.

The control procedures were found to be suitably robust and adhered to with one exception. The requirement for duty supervisors to countersign cashing up sheets as proof of separation of duties was not always being met.

Assurance Opinion: Substantial

Highways and Drainage Functions – 31 March 2009

The audit was undertaken in order to establish and test the controls in place over the management of the council's highways and drainage functions.

The control objectives examined were as follows:

- There are appropriate management, structural and operational procedures in place to deliver the service.
- There are established, standard procedures in place for dealing with highways functions.
- The maintenance and improvement of rural footway lighting is suitably controlled.
- There are appropriate controls and procedures in place to manage the contract with the Environment Agency (EA) for watercourse maintenance.

- There are relevant performance measures in place that are monitored and reported.
- All income and expenditure associated with the service is controlled.
- The risks associated with the service are identified, recorded and managed.

In overall terms the audit concluded that there are adequate management and financial controls in place for delivering the Warwick District Council highways and drainage functions.

WDC highways and drainage duties and responsibilities are carried out by staff in Engineering Services. The unit's establishment is 12 posts. WDC highway functions broadly comprise rural footway lighting, bus shelters, street nameplates, street seats and street naming and numbering. In addition to the council's land drainage responsibilities there is a contract in place with the E A for the maintenance of certain critical watercourses within the district.

Assurance Opinion: Substantial

Office Cleaning Contract – 13 February 2009

This audit was undertaken in order to look at the management of the cleaning contract for the council's main offices.

The control objectives examined were as follows:

- Clear and concise details exist of all offices, buildings, locations etc covered by the contract.
- There are procedures in place to ensure that the service is provided in accordance with the contract specification.
- Adequate provision is made for the possibility that the contractor does not perform to the required standard.
- Systems are in place to ensure that payments are valid and accurate and processed in accordance with the appropriate conditions of contract.
- The specification is sufficiently detailed and precise to ensure that variations are kept to a minimum and operating requirements are beyond doubt.
- Budgetary control procedures are in place.
- Contingency arrangements are in place to provide the service if required.

Overall, the audit drew the conclusion that there are sound systems and procedures in place to manage the office cleaning contract. This view took into account the nature of the work and the scale of the contract. It was not possible during the audit to locate a formally signed and dated copy of the contract for 2007/08 or 2008/09 either in Engineers or in Legal.

In July 2007 the Executive decided to terminate the existing office cleaning contract and to enter into an agreement with WCC Cleaning and Caretaking Services. The agreement did not take the form of a conventional, purpose written contract but of a standard WCC Service Level Agreement (SLA). WCC started work on 29 October 2007 operating within the terms and conditions of the SLA. The only version of this that is available is dated December 2006. It is incomplete and it is not signed by both sides as at that stage it was tantamount to a tender.

It was not possible to locate a formal, complete, signed and dated copy of the initial or current SLAs. It is normal business practice when two parties enter into a contractual agreement governed by a formal document that they both have a copy of it. The absence of formal copies of the SLAs could cause problems in the event of a dispute involving any of the terms and conditions. The absence of a formally recorded start date for the work creates confusion when it comes to the usual annual upgrade to the “contract sum” to reflect movements in the RPI or other index used.

There was no evidence available to indicate the agreed hours of work are. It was noticeable that the cleaning staff were in the building much earlier than under the previous regime and this was a cause of irritation to some staff. A brief examination of the signing in book showed that the starting time for most cleaning staff was around 16.30, yet the offices are not generally vacated until 17.15.

The absence of copies of the formal SLAs renders it impossible to say with any certainty that payments to WCC are completely accurate. However, they are very much in line with prices quoted in the December 2006 copy of the SLA. So any discrepancies, if there are any, will be minimal. The WDC order for the current years work is £89,903, which is in line with the price quoted for 2007/08, but there is nothing available to support that particular figure.

The wording in the SLA regarding the annual review of the “contract sum” is vague in that it uses the term “annually” without making it clear when the term starts. Also it uses the term “in line with inflation” without referring to a specific index and which publication dates are to be used.

Assurance Opinion: Substantial

Recycling Services – 16 March 2009

The examination was undertaken to evaluate the adequacy of controls within existing management systems to ensure that:

- the Council’s waste recycling operations comply with statutory and regulatory requirements;
- resources are deployed economically, efficiently and effectively to achieve relevant corporate objectives and targets.

The examination followed an evidential overview approach covering the following themes:

- (1) Strategy and Policy Formulation
- (2) Roles and Responsibilities
- (3) Procedures
- (4) Operational Planning
- (5) Compliance and Quality Assurance
- (6) Public/Customer Relations
- (7) Information Assurance

The findings mostly confirmed that sound and appropriate management controls are in place to deliver the Council’s objectives for recycling, re-use and waste minimisation in the District. This was qualified to a degree by areas that could be,

most of which had already been the subject of recommendations endorsed by the Executive.

Certain inter-authority partnership provisions had still to be put on a more formal footing and minor operational issues emerged relating to procedural documentation and submission of receipts by the contractor for sale of recyclables.

Assurance Opinion: Substantial

Car Parking – 23 March 2009

The audit was undertaken in order to establish and test the controls in place over the management of the car parking service. The audit did not look at car parking income at all as this is now an audit in its own right and reported at the beginning of this appendix.

The control objectives examined were as follows:

- There is a strategy in place to provide overall direction for the service that is formally endorsed by members.
- Charges take account of council policies and objectives and are formally approved after appropriate consultation.
- The management and financial considerations of Decriminalised Parking Enforcement (DPE) are covered by a formal agreement.
- Procedures are in place to control staffing costs, hours of work and working practices.
- There are appropriate insurance and risk management procedures in place.
- Performance measures are in place, monitored and reported.

In overall terms the audit concluded that the car parking service is well managed and there are sound controls in place.

The nature and scale of car parking has changed beyond recognition over the years. What was once a relatively inconsequential service has changed into a multi million pound service that has a significant effect on the economy, the environment and the council's finances. The introduction of DPE in August 2007 has accelerated the rate of change. As a result of DPE the council now employs 30 enforcement officers, an increase of 20, and the number of office staff has increased from one to seven.

The Off Street Parking Strategy 2007-2012 was approved by Executive on 10th September 2007. The strategy considers the whole range of issues affecting the service such as price increases, the individual needs of the main towns and the options for the individual car parks. One aspect of the strategy is the annual publication of a financial plan covering the next five year period. A plan was included with the strategy covering the six years beginning 2006/2007 but any plans for future five year periods could not be located.

The partnership between the council and Warwickshire County Council (WCC) for Decriminalised Parking Enforcement (DPE) is governed by a signed agreement dated 22nd March 2007. This contains all the usual formalities and it defines how costs and income are to be classified as WDC, WCC or shared and how shared costs are to be proportioned.

The shared costs are proportioned between the council and WCC in relation to the amounts of penalty charge notice (PCN) income that are either WDC or WCC, together with some other adjustments. In normal circumstances the WCC income will far outweigh their proportion of the shared costs so there will be an amount due to them each quarter. It sounds fairly straightforward on paper but in practice it involves a complex calculation that is carried out every quarter by an Assistant Accountant in Finance. The complexity of the calculation is exacerbated by the layout of the budget for the WCC account.

The budget for the WCC account (code 1107) will net to zero as the income will be equal to the payments made to WCC after the deduction of their proportion of the shared costs. The approved budget reflects this situation but the way that it is presented is confusing and it lacks clarity.

The payments to WCC come from a budget that is the responsibility of the Parking and Public Convenience Manager yet the calculations, the accounting entries and the eventual payment are all dealt with by Finance with minimal reference to him.

The Insurance Officer has no records of any of the equipment used by the parking attendants – hand held PCs, cameras and radios – so none of it is insured. There is a risk register for Neighbourhood Services which contains two entries for car parking being “Damage to vehicles and person” and “Damage to cash machines”. There are no references to equipment failure, availability of Chipside, staff shortages or budgetary performance for example.

Assurance Opinion: Substantial

Health and Safety Enforcement – 29 January 2009

This audit was undertaken in order to establish and test the controls in place to manage the council’s Health and Safety Enforcement service.

The control objectives examined were as follows:

- There is an accurate and up to date premises database
- There is an inspection programme that is monitored and reported
- Enforcement is exercised through inspection and monitoring and there is a consistent approach that has regard to Health and Safety legislation
- There are arrangements in place to assess the competency of officers and to ensure that their professional knowledge is maintained
- Requests for service are recorded and responded to promptly
- Appropriate action is taken on receipt of a report of a workplace incident
- Any risks associated with Health and Safety are identified, recorded and managed
- Budgetary control procedures are in place.

Overall the audit drew the conclusion that there are systems and resources in place to be able to deliver the Council’s Health and Safety duties and responsibilities. However, a completely new approach to Health and Safety inspections coupled with a new management system that staff are not fully familiar with, means that accounting for Health and Safety activity is very much in a transitional or developing phase. The consequences of this are that 2008/2009 is something of a trial run with

a tentative inspection target, not based on fact or experience, and a period when staff are having to adapt to a completely new approach and changes in procedures.

Not surprising the transitional nature of this year has meant that systems and procedures are not fully established but are being developed. Lessons are being learned this year that should lead to improvements next year.

The premises database is contained within the Flare management system having been transferred from its previous home, the Health system. There are almost 3,200 premises listed. Details have been compiled over the years from a variety of sources including NNDR records, planning and licensing applications and local knowledge.

A simple, visual scan of the data revealed that there was an issue with the inspection data in that in many cases the date shown for the next visit was before the date of the last visit. The explanation for this was said to be that officers were making basic errors when entering data into Flare. It was also suggested that there may have been a problem with the transfer of data from Health to Flare. This highlights two issues – training and data quality or data cleansing. It is evident that some, if not all, of the officers involved in Health and Safety need further, ongoing training or instruction in the current Health and Safety procedures and Flare itself.

As already mentioned there is a completely new approach to Health and Safety inspections which is dictated by the HSE's strategic programme Fit3 – fit for work, fit for life, fit for tomorrow. The HSE had come to the conclusion that despite Health and Safety legislation and years of inspections that had resulted in improvements in safety in the workplace, the number of workplace deaths and major injuries and the number of people suffering workplace related injuries was on a plateau. The HSE has introduced targets for making improvements in these areas and for reducing the number of working days lost through work related accidents and ill health and in order to achieve them it wants to focus on those areas of greatest risk.

Prior to Fit3 the standard approach to Health and Safety inspections was on a frequency basis that was related to the perceived or notional risk rating of the premises. The vast majority of premises, at Warwick District Council, are in the low risk category meaning that although they were only inspected every five years, there are so many of them they were using most of the resources.

Fit3 is making enforcement authorities concentrate their resources on those areas of greatest risk where real improvements can be made at the expense of inspections in the lower risk areas. Those areas considered to be in the high risk category include slips, trips and falls, workplace transport, construction, musculoskeletal disorders, noise and vibrations, asbestos and dermatitis.

Recording of inspections and recording of time are nothing new to the team but the totally new approach required by Fit3 coupled with the introduction of Flare and the whole transitional nature of it all is very much a learning experience for staff meaning that time spent on Fit3 is not being accurately recorded. Again it is a training and familiarity issue.

The reporting of time spent on Fit3 is also something that is in the development stage but figures provided for the period 1st April 2008 to 30th November 2008 show

that only around 42 man days have been allocated to Fit3. A straight pro rata of the original commitment would indicate that 220 days was a more likely figure.

Assurance Opinion: Moderate

Environmental Protection Functions – 31 March 2009

The previous audit (under the title of Pollution) was undertaken in March 2006 following a period of restructuring, which had led to the formation of the Environmental Protection team.

The work of the team is mainly responsive, including responding to complaints regarding statutory nuisances. A degree of proactive and routine work is also undertaken concerning the sampling and monitoring of air and water quality.

The audit was undertaken in order to ensure that controls are in place and are operating effectively in the following areas:

- Services provided
- Budget setting and management
- Procedures and protocols
- In-house services
- Contracting out.

The audit confirmed that the systems and controls in place within Environmental Protection are generally satisfactory, although a number of minor issues were identified:

Testing was undertaken on a sample of requests for service that had been received, covering a number of different services, to ensure that target response and completion times had been met, with files being reviewed to ascertain whether there was documentary evidence to confirm the dates entered onto the system.

In general, cases had been responded to and closed in a timely manner. However, one case (RFS number 24092) did not appear to have been responded to (based on system details) some five months after the request had been received. Another request had not been closed on the system, although this was rectified at the time of the audit testing. It was therefore recommended that the possibility of producing a management report of overdue requests for service should be investigated.

In the majority of cases where documentation was expected to be on file, it was found and confirmed the dates recorded. However, one file could not be located at the time of the audit and, in four cases, the original documentation was not on file.

Fees are payable for certain categories of requests, such as the treatment of insect and rodent infestations. Testing was undertaken on a sample of requests selected from these chargeable categories and this testing identified that the prices advertised on the website were incorrect for 'half charges'. This was thought to have originated from the change in the rate of VAT.

The Divisional EHO had questioned the requirement for these charges, as he felt that the amount of income received was not worth the cost (in terms of staff time) of

raising the invoices and any subsequent time taken to chase any non-payment. Given the relatively small number of service requests coded to these chargeable codes, and the fact that testing revealed that some of these turned out to be not chargeable, it is felt that this could be worthy of review.

Given the level of expertise required to perform certain tasks, or the investment that would be required to enable the Council to perform them, certain functions are contracted out. Testing was undertaken on a number of contracts which generally proved satisfactory. However, original documentation relating to one contract in the sample could not be located.

Assurance Opinion: Substantial

Local Land charges – 23 March 2009

The audit was undertaken to review the controls in place over the management of land charges.

The control objectives examined were as follows:

- Land charges functions are discharged in accordance with established systems and procedures.
- Funding and resources are deployed economically, efficiently and effectively.
- Performance of the service is monitored and reported.
- All income is correctly calculated, recorded and accounted for.
- The risks associated with land charges are identified, recorded and managed.
- In overall terms the audit concluded that the Local Land Charges service is well managed and there are adequate procedures and controls in place.

The Land Charges Section forms part of Legal Services. The service is delivered by one permanent member of staff, the Land Charges Officer, supported by temporary and agency staff. The service is going through a period of considerable change. The whole service is being e-enabled as part of an integrated planning and land charges system; the basis for charging for the service has changed so that it is delivered at cost and the volatile nature of the housing market is adding to the situation.

Although the property market has been in decline in recent years the total number of searches carried out has not been too badly affected until this year. The current economic uncertainty has hit the housing market badly and in recent months the number of incoming and outgoing searches has been around half the level of twelve months ago.

Although there have been numerous changes affecting land charges in recent years the basics of the service have altered very little. That will change once the digitisation project, and all of the related links, is fully operational. A fully computerised Land Charges System joined up to the National Land Information Service (NLIS) has been in development for some years now but it is not yet fully operational. When that takes place the search process for solicitors will almost become “self service” with searches being submitted and returned electronically.

For now the procedures in place in land charges are a mixture of old and new. There is an absence of any formal documentation on roles responsibilities and procedures but given the transitional nature of procedures at the moment there is no recommendation in respect of this. The land charges register which is maintained in traditional card form in metal cabinets continues to be a vital part of the whole service. It would not be practical to locate it to a more secure location to protect it from the unlikely event of damage due to fire, flood or vandalism.

The long standing performance measure for land charges has been the turnaround time for a search. It has always been ten days and it has nearly always been achieved. In reality the number of days to complete a search is usually less than five thereby putting the value of the PI in doubt.

It is acknowledged that turnaround time is not entirely within Land Charges control as they are reliant on information being supplied by other units within the council. There may be occasions when leave or sickness in other units slows down the response time.

Turnaround time will need to be reviewed once the process becomes totally electronic

Assurance Opinion: Substantial