

Action Plan

Key Risk Areas and Planned Management Action

Point	Issues and Risk Identified	Planned Management Action	Responsible Officer / Completion Date
Payroll			
1.	<p>Monthly payroll reports are sent to departments for checking and verification of employee details. Services have been instructed to notify the payroll section of the outcome of these checks to provide assurance that payroll processing is accurate. At the time of our review several services had not notified payroll staff of their outcome for a number of months.</p> <p>Risk: there is a risk that erroneous or fraudulent payments could be made to employees.</p>	<p>A monitoring process is in place to check that directors have confirmed that their monthly payroll reports have been checked.</p>	<p>Payroll Manager Ongoing</p>
2.	<p>A reconciliation between payroll output and the financial ledger was not performed between 15 August 2012 and 10 January 2013. It is the council's policy to carry out these reconciliations quarterly at a minimum. In addition, the reconciliations performed up to 10 January in 2012/13 had not been checked and authorised.</p> <p>Risk: there is a risk that any discrepancies between payroll output and the amounts posted to the financial ledger are not identified promptly and become difficult to clear.</p>	<p>A number of staffing issues have arisen affecting the key personnel involved in the reconciliation during this period. The income tax, NI and pension have been reconciled to ledger and payroll controls as part of the year end processing with work for other suspense accounts started and ongoing.</p>	<p>Payroll Manager Ongoing</p>

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3.	<p>Payroll exception reports are produced to identify a variety of events (e.g. percentage differentials to expected pay, high overtime, errors and warning) for internal control purposes. It is important that these reports are reviewed and corrective action taken where necessary. Our testing has shown that reports are not always being signed and dated to demonstrate who has reviewed and actioned the exception, therefore, making it difficult to confirm that a review has taken place and corrective action applied.</p> <p><i>Risk: there is a risk that payroll errors are not detected and corrected promptly</i></p>	<p>A reminder will be issued to all payroll staff reminding them of the need to sign and date these important reports.</p>	<p>Payroll Manager Implemented</p>
4.	<p>During our review we noted that payroll staff did not hold up to date authorised signatory lists for some services. We have been advised that there has been a delay in introducing the new electronic system for authorised signatories. However we understand that it is now anticipated that this work will be completed in June 2013.</p> <p><i>Risk: in the absence of proper authorisation, erroneous or fraudulent payments could be made.</i></p>	<p>The new authorisation procedures will now be implemented in June 2013. These have been delayed due to a number of additional forms being received at a late stage.</p>	<p>Payroll Manager June 2013</p>

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Trade payables			
5.	<p>We noted that from July 2012 there have been an increasing number of discrepancies highlighted by the daily reconciliation between the purchasing control account and the financial ledger. Officers explained that this is due to a bug in the system which has meant that the report is picking up invoices that have already been paid. However, sample testing has shown that these discrepancies are not always investigated to ensure that it is indeed a system fault. The total difference at 04/02/13 was not material, however, there is risk that the error accumulates over time.</p> <p><i>Risk: there is a risk that the reconciliation differences accumulate and genuine discrepancies go undetected.</i></p>	<p>The list of current discrepancies will be reviewed and correcting entries to be processed for any not resulting from the software bug.</p> <p>New software with the bug fix will be installed at the next upgrade due to take place within 6 months.</p>	Accounting Services Manager July 2013
Corporate procurement cards			
6.	<p>Purchase card transactions are matched to the associated bank files on a monthly basis to confirm the validity of transactions. This check is currently evidenced on a spreadsheet. There is no evidence presented on the relevant paperwork to indicate who has checked the transaction and when. We were therefore unable to confirm that</p>	<p>The council has in place a purchase card procedure guide for card users. This guide details the transaction matching procedure to be adopted.</p> <p>The guide will be updated to more clearly reflect the need for independent checking and certification.</p>	Head of Resources & Procurement July 2013

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	<p>segregation of duties exists between placing an order and matching the transaction.</p> <p>Risk: there is an increased risk of an irregularity occurring in the absence of segregation of duties.</p>	<p>The importance of adherence to Financial Regulations, in terms of payment checking and authorisation will also be emphasised in the updated guide.</p>	
7.	<p>Our sample testing highlighted 3 out of 30 procurement card transactions where the goods received note had not been signed to indicate that the goods received had been checked to the original order by a person independent of the individual that placed the order.</p> <p>Risk: there is a risk that officers fail to identify an incorrect order or pay for goods that are not received.</p>	<p>This is primarily an issue of adherence to Financial Regulations and not specifically a procurement card issue.</p> <p>As referenced above the purchase card guidance will be updated to highlight the importance of compliance with Financial Regulations.</p>	<p>Head of Resources & Procurement July 2013</p>
8.	<p>Our audit work indicated that the schedule of rates on the building maintenance system (Open Contractor) has not been updated to reflect current prices. The price of orders placed using the building maintenance procurement card cannot be matched to the corresponding delivery notes.</p> <p>Risk: there is a risk that the council could be charged the wrong price for building supplies.</p>	<p>New work instructions as part of Property Services Quality Management System will be implemented to document and control material prices and price changes.</p>	<p>Head of Resources & Procurement July 2013</p>

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Council tax			
9.	<p>During 2012/13, revenues staff did not retain evidence to demonstrate that the weekly reconciliation between the council tax system and the assessor's records had been maintained although staff verbally confirmed that they were carrying out these reconciliations.</p> <p><i>Risk: there is a risk that discrepancies between the council tax system and the assessor's records are not identified and resolved.</i></p>	<p>Weekly reconciliations are still being run and hard copies are now being retained. In addition, the report has been enhanced to retain an electronic history to compensate for any human error.</p>	<p>Revenues Manager Ongoing</p>
10.	<p>Our review of council tax arrears highlighted that no summary warrants have been issued since November 2012. In addition, we noted that no reminders were issued between November 2012 and January 2013. This was a consequence of the transfer to Civica OPEN.</p> <p><i>Risk: there is a risk that this has an adverse impact on council tax arrears position making it more difficult to collect amounts due.</i></p>	<p>We were conscious of the potential impact of system conversion and took the opportunity to progress as many cases to warrant immediately prior to planned down time. However, due to the extended downtime and the significant backlog that accrued we took the pragmatic decision to limit recovery action in the short term.</p> <p>We have a planned schedule of recovery for 2013/14 that we have enforced to date.</p>	<p>Revenues Manager Ongoing</p>

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Non-domestic rates			
11.	<p>Our review of the annual billing reconciliation between the value and number of bills and the assessment roll identified that although there was evidence that the reconciliations had been performed, there was no evidence to indicate who had prepared and reviewed the reconciliations and when.</p> <p>Risk: there is a risk that the reconciliations are not completed timeously and reconciling differences go undetected.</p>	<p>We have demonstrated that this was fully recorded and approved for 2013/14 charges but accept that the paper work relating to 2012/13 did not adequately demonstrate when the control had been carried out and by whom. Although not adequately recorded there is no doubt that the accounts billed reconciled with the valuation roll (and therefore the assessment roll) and the value of bills reconciled with the system calculated debit. This reconciliation is intrinsically part of annual billing process.</p>	<p>Revenues Manager Ongoing</p>
12.	<p>The original documentation held in support of charity relief applications has not been retained in all cases. In addition, there is no evidence that a formal review of charity relief cases has been undertaken since the receipt of original applications.</p> <p>Risk: The absence of a formal review increases the risk that relief is granted in error to a subject that does not continue to meet the criteria for the relief.</p>	<p>While no relief forms have been issued a spreadsheet of all cases with reliefs was reviewed internally. The cases will be reviewed in 2013/14 as it is accepted that documentary evidence should be refreshed.</p>	<p>Revenues Manager March 2014</p>