

INTERNAL AUDIT – MONITORING REPORT 21st FEBRUARY 2020

REPORT OF: Audit and Risk Manager
Contact Officer: Gillian Edwards
Email: gillian.edwards@midsussex.gov.uk Tel: 01444 477241
Wards Affected: All MSDC Wards
Key Decision: No
Report to: Audit Committee
3rd March 2020

Purpose of Report

1. The purpose of this report is twofold; to update the Committee on the progress of the 2019/2020 and 2021/2022 Internal Audit Plans and to report on the progress made in implementing previously agreed recommendations.

Recommendation

2. The Committee is asked to receive this report.

Background

3. Work Completed

Since the last report, as at 12th November 2020, the following reviews have been completed.

Audit Title	Audit Opinion
Payments	Satisfactory
Council Tax	Satisfactory
NNDR	Substantial
Sundry Debtors	Satisfactory

4. Work in Progress

The reviews in progress and other work that we have undertaken in the period are shown at Appendix A.

5. High priority findings in this period

We identified the following High priority findings in the period under review.

Payments Audit 2019/2020

Payment Made in Error

It was brought to our attention by the Head of Corporate Resources that 19 days after the implementation of the new T1 Financial Management System that a payment was made, in the sum of £68,000, whereas an invoice should have been raised in that sum.

This resulted in the recipient of the £68,000 notifying the Council that they had been paid in error and the monies were repaid.

We reviewed the controls in place to prevent this from happening again and are satisfied that the appropriate measures have been introduced.

However, we raised an issue in respect of the requirement for all BACS payments over £20,000 to be reviewed by the officer who approves the BACS payment run, to confirm that all such payments are supported by relevant documentation. It is considered that in the case of the £68,000 payment, this control was not adhered to.

We have discussed this with Management and it has been agreed that this will now be done in accordance with agreed procedures, with immediate effect.

Council Tax Audit 2019/2020

During this review we identified two high priority findings as follows:

Identify Credit Balances and Agree Policy for Action to Clear

Credit balances can arise on Council Tax accounts for a number of reasons, for example because a property has been re-banded by the Valuation Office or a Council Tax payer overpays on their account.

We reviewed credit balances as at 11th November 2019, which totalled £1,669,641 and resided in 7,807 accounts. Some of these balances date back to 1993, where householders have left the area or are deceased, making clearance prolonged and difficult.

Two actions have been agreed by management to clear these balances being:

- Confirm the value of credit balances on all Council Tax accounts;
- Agree a process to deal with these balances, in particular, those that have arisen from a Valuation Office re-banding.

The implementation date for these actions is 31st May 2020 and we will report the outcome of this work at the next meeting of this Committee.

6. Follow Up Audits:

We have undertaken these follow ups since the last Audit Committee.

Housing Benefits – 31st January 2019

High Priority findings – 1 –previously implemented

Medium priority findings – 3 with 1 previously implemented

The two outstanding medium priority findings that we identified related to the following:

- Procedure notes for the Housing Benefits section had not been updated to reflect the new structure and processes that are now in place – *agreed implementation date – ongoing. Whilst a date for completion had not been set, this is an ongoing piece of work. The update as at 20th August 2019 was that the Housing Benefits section have mapped the processes but the procedures for the Housing Benefit section are still work in progress. The Housing Benefits section hoped to complete this work by 31st March 2020.*

Status of agreed action – Implemented

- Whilst a review was being undertaken to confirm that access to the Housing Benefit system is appropriately restricted, this was not yet complete. *The agreed implementation date was 18th March 2019. The update as at 20th August 2019 was that this remained work in progress. The Housing Benefits section had removed Housing Needs access to Academy and were continuing to review all other access restricting it where appropriate. The Housing Benefit section hoped to complete this work by 31st March 2020.*

Status of agreed action – Implemented

HR – 24th October 2019

High Priority findings – 1

Medium Priority Findings - 0

- The high priority finding arose during testing to confirm that Home Office guidance was being followed in relation to new starters at the Council. Whilst most of the procedures were being followed in relation to checking right to work documentation, it was identified that the required wording in relation to the date that the check was made was absent. Action to rectify this weakness was agreed and implemented immediately. In order to confirm that this is now being performed satisfactorily, we reviewed a sample of new starters from 1st October 2019 – 31st January 2020. In all cases the correct wording was present.

Status of agreed action - Implemented

Procurement – Contract Register – 4th November 2019

High Priority findings – 1

Medium Priority Findings - 0

The Transparency Code 2015 requires that:

Local authorities must publish details of every invitation to tender for contracts to provide goods and/or services with a value that exceeds £5,000. For each invitation, the following details must be published:

- *reference number*
- *title*
- *description of the goods and/or services sought*
- *start, end and review dates, and*
- *local authority department responsible*

During this review we compared purchases identified from the Payments system to the Contract Register and found that whilst contracts were being recorded, a number of Purchase Orders in excess of £5,000 were not.

We contacted all Business Unit Leaders in January 2020 to ask that they remind their staff of the requirement to comply with the Transparency Code in these matters. Follow up work will be undertaken at the end of February 2020, to compare recent purchases to the Contract Register.

Status of agreed action – a verbal update will be provided at the meeting to confirm whether there is an improvement in recording of relevant purchases.

7. Work in Progress

The reviews in progress and other work that has been undertaken in the period are shown at Appendix A.

All work has been planned and allocated to Audit staff and we are confident that the audit plan will be substantially complete by 31st March 2020.

Background Papers

- Internal Audit reports relating to 2018/2019 and 2019/2020
- Working papers relating to 2018/2019 and 2019/2020

Internal Audit Plans 2018/2019 and 2019/2020

Progress Report as at 21st February 2020

Audit	Audit Plan Year	Audit Opinion-Assurance	Number of High Priority Findings	Comments
A. Work Completed in the Current Period				
Payments	2019/20	Satisfactory	1	
Council Tax	2019/20	Satisfactory	2	
NNDR	2019/20	Substantial		
Sundry Debtors	2019/20	Satisfactory		
B. Work In Progress				
Housing Benefits	2019/20			
Building Control	2019/20			
Treasury Management	2019/20			
Budgetary Control	2019/20			
Capital Accounting	2019/20			
Cash and Bank	2019/20			
FMS	2019/20			
Follow Ups				
Housing Benefits	2018/19			All agreed actions implemented
HR Review	2018/19			All agreed actions implemented
Procurement	2019/20			Verbal update to be provided