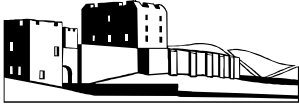


**CARLISLE
CITY COUNCIL**



AUDIT COMMITTEE

Public

Date of Meeting: 9 April 2010

Title: AUDIT SERVICES PROGRESS REPORT

Report of: Assistant Director (Resources)

Report reference: RD3/10

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee on 15th January 2010.

Recommendations:

Members are requested to receive this report

**Contact Officer:
Mike Thompson**

**Ext:
7284**

Audit Services Progress Report

1 Summary of Audit Work

As previously agreed by this Committee, members will be supplied, at each meeting, with the Management Summary and the Summary of Recommendations and Action Plan for each audit which has been completed since the previous meeting.

The following audit reports are attached -

Appendix A - Licensing

Appendix B - Shopmobility

Appendix C – Improvement Grants

Appendix D – Dog Warden & Enforcement

Appendix E – Housing and Council Tax Benefits

Appendix F – Job Evaluation Back Pay

Work is also in progress on a number of other reviews, including the “material” systems. The final reports will be presented to Members in due course.

2 Follow-up Reviews

- 2.1 Follow -up reviews were undertaken where appropriate during the period covered by this report. There are no new issues arising to which Members’ attention needs to be drawn.

3 MASS Database/Real Asset Management System

- 3.1 As reported to Members at previous meetings, requirements for the full property database will be progressed as part of the Chief Executive’s Transformational Review in due course. In the meantime, the MASS database continues to be developed with details of playgrounds, monuments and allotments currently being incorporated. Members have also been made aware that the Council has purchased the Real Asset Management system that will allow it to record fixed asset information for capital accounting purposes, which will satisfy the immediate accounting requirements. The system has now been implemented, tested and relevant staff trained up. Whilst there are still enhancements required to improve data collection and reporting, the system is operational and ready for use for the closure of accounts which is the main priority.
- 3.2 The situation will continue to be monitored by Audit Services and developments will be reported to the Audit Committee in due course.

4 External Grant Funding

- 4.1 Following an earlier Audit review, it was recommended that the role of the External Funding Officer (EFO) as a corporate resource be enhanced, in order to provide a central co-ordinating role to manage the external funding function both strategically and to provide operational support.
- 4.2 As a requirement of the funding offer from NWDA in connection with Carlisle Renaissance Year 1 action plan, the NWDA agreed to fund an external assessment of the management of external funding, in terms of financial controls, processing of claims etc, and this will be used to inform any decision on how the role of the EFO should work in future. This work which has been commissioned from Genecon is valued at £10,000, with the NWDA providing £8,000 and the Council funding the balance from the external funding budget held in Development Services.
- 4.3 Following an initial outline from Genecon, a draft report was received and the EFO and a Finance representative within the Resources Directorate liaised and passed back joint comments to Genecon. The latest version of the report was received on 25th March 2010 and will be considered by SMT as part of the Chief Executive's Transformational review.
- 4.4 The situation will continue to be monitored by Audit Services and developments reported to the Audit Committee in due course.

5 Ongoing 2009/10 Audit Work Programme.

- 5.1 Work on a number of other reviews commenced/progressed during the period – the reports will be presented to Members in due course.

6 Annual Governance Statement Action Plan

- 6.1 Progress against the Action Plan has been reported separately to this meeting - report RD 2/10 refers.

7 Recommendations

- 7.1 Members are requested to receive this report.

P.Mason
Assistant Director (Resources)
26 th March 2010.

Final Report

22nd January 2010

Audit Contact	Debbie O'Brien	Extn No.	7283
Document Ref:	K:\2006-07 onwards\Legal & Democratic Services\LEG025 - Licensing\09-10 Audit\Final Report.docx		

Directorate / Service Area	Recipient(s) of Report	Action Required
Governance / Legal Services	Licensing Manager (for action) Assistant Director (Governance)	There are matters arising / recommendations arising from this audit review which require your attention. Please refer to the Action Plan, which is attached as Appendix A For Information

Please note: The Chief Executive and the Deputy Chief Executive receive a copy of the full final report (management summary and appendices showing the matters arising, recommendations and agreed actions). The Audit Committee will also be presented with a full copy of the final report at the meeting to be held on 9th April 2009.

1. Reason for the Audit

- 1.1. As part of the audit planning process, Licensing was identified as a high / medium risk service area and given that this area of activity had not been reviewed for some considerable time, it was selected for review as part of the agreed Audit Plan for 2009/10. This area of activity has not been reviewed for many years and as a result a comprehensive exercise was undertaken in respect of the income based systems.

2. Background Information / Summary of the Audit Area

- 2.1. Licensing Services are currently part of the Governance Directorate.

Licensing Services issue a range of licences including:

- Licensing Act 2003 – Premises Licence
Club Premises Licence
Personal Licence
Temporary Event Notice
- Vehicle and Driving Licences - Hackney Carriages (Drivers & Vehicles)
 - Private Hire Vehicles (Drivers, Operators & Vehicles)
- Gambling Act 2005 - Lottery Licences
Gambling Premises and Machine Permits
- Sex Establishments
- Auctioneers
- Pleasure Boats
- Motor Salvage Operators
- Street Trading
- Riding Establishments
- Scrap Metal Dealer

- 2.2. The Authority also issues Licences via other Services, including

- Environment Protection Services -Boarding Kennels
Pets Shops
Caravans and Camping
Tattoo
Ear Piercing
- Highways Services - Pavement Licences
- Property Services - Car Boot Sales
- Housing Services - Multiple Occupancy Housing

- 2.3. The issuing of licences by Carlisle City Council and the various services involved is currently being reviewed as part of the Transformation Process

- 2.4. For the Purpose of this audit only the controls surrounding the Licences issued by Licensing Services have been reviewed

3. Associated Risks of Providing this Service/Function

- 3.1 Examination of the Strategic and the Operation Risk Registers identified that there were no specific risks associated with the Licensing function.
- 3.2 However from an audit perspective, there are risks regarding the potential for charging incorrect fees, breakdowns in the administrative process leading to non compliance with legislative requirements and income not being properly banked and accounted for.

4. Scope of the Audit

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a summary of the findings are outlined below.

	Area Examined
1.	Administration
2.	Processing
3.	Income Collection

5. Overall Conclusion of the Audit Review

- 5.1. A number of opportunities to further enhance controls have been identified, which are shown in appendix A and have been brought to the attention of the relevant operational manager and Assistant Director. In summary the key issues arising from this review are:
- 5.2. The Licensing site on the Carlisle City Council internet is well laid out and the guidance notes are well worded and accurate. The application forms are available on the internet. There are slight discrepancies in respect of two of the published fees and the fees set by the Regulatory Panel
- 5.3. There is a problem with some of the electronic links on the internet not working correctly
- 5.4. Procedures are thorough surrounding the processing of applications. Lack of information is however evident in respect of application check lists not being fully completed.
- 5.5. CRB Checks are undertaken and are reviewed appropriately before granting the relevant licences. There are however issues over the storage and retention of these documents.
- 5.6. The Fee setting process was found to be thorough and in line with laid down Council Policy.
- 5.7. Income is collected and receipted via various methods.
- 5.8. Lack of recorded information being supplied from income collected in the Customer Contact Centre causes problems for staff in Licensing in terms of income allocation

- 5.9. Lack of reconciliation between the Licensing Computer system Lalpac and the General Ledgers could lead to incorrect accounting.

6. **Grading of Audit Recommendations**

- 6.1. Each recommendation/agreed audit action in the Appendix A has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

Grade	Level of Risk
A	Lack of, or failure to comply with, a key control, leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control, leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	Action at manager's discretion.

* A *fundamental* weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputational, financial etc).

- 6.2. There are 9 recommendations arising from this review. 3 at grade B and 6 at grade C

7. **Statement of Assurance**

- 7.1. Based on the audit approach, issues and the grading of the recommendations arising from this review, it is considered that a **reasonable** level of assurance can be given in relation to the systems of control (see definition below).

Level	Evaluation
1. Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
2. Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
3. Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
4. None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

Directorate, Service Area

APPENDIX A

1. Administration

Method of Review:

Review the Website

Ensure that the Fees chargeable are in agreement with the Financial Plan
Ensure that the required forms are accessible on the internet

Review the Current Forms Used

Ensure that the current forms are up to date

Summary of Findings:

The Fees on the Carlisle City Council Web site were compared to the Financial Plan for 2009/10.

The table below reflects the two specific fees that were different

	Website	Financial Charges
Vehicle Licences- Hackney Carriage Test Fee	£43.00	£44.00
Riding Establishments	£86.00	£83.00

Committee Meeting minutes were reviewed to ascertain which the correct charge was. The report to the Executive in November 2008

Shows the agreed fees as

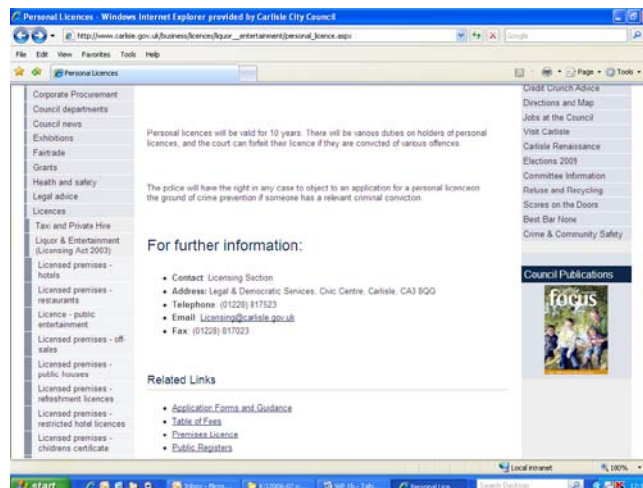
Hackney Carriage – Test Fee £44.00

Riding Establishments (plus Vets Fee) £83.00

The fees actually being charged at the time of the audit were the incorrect ones as per the internet and not the agreed ones on the financial plan.

(Note from the Licensing Manager – The correct fee should be £43 for the Vehicle License, the wrong amount was submitted in the report to the Regulatory Panel and in the report to the Executive. The agreed cost of £83 for the Riding Establishment was correct the website has been corrected to reflect this)

The website was reviewed in order to assure that all the relevant application forms and guidance notes etc were up to date. There is a problem with the link used from the Personal Licence page. When selecting the application forms and guidance the link returns back to the home page of the Internet.



The Personal Licence information on the internet was reviewed and was found to be up to date and showing the current fees and information. The Guidance Document was up to date and informative

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.1	Two fees published on the internet are not as the agreed fee levels in the Financial Plan	Licensing Manager	Fees published on the internet and charged should be as per the Financial Plan which are the fees set by the Regulatory Panel.	B	Immediate
A.2	One of the links on the internet is not working correctly	Licensing Manager	Ensure that the link on the internet to the application form and the guidance are re-established	C	3 Months

2. Processing

Method of Review:

Ensure that a log is maintained of applications received

Ensure that forms are processed on a timely basis / in accordance with statute

Ensure that a check list is attached to the form when received

Ensure that information is stored appropriately

Ensure that appeals are heard as soon as possible

Ensure that personnel data is held in accordance with Data Protection issues

Summary of Findings:

Any mail received by the authority for The Licensing Officer or Licensing Services is sent directly to Licensing. All received applications are opened and are logged on to LalPac as soon as possible after the post opening. Once entered on to the system LalPac allocates a Log Number. All applications and post should all be date stamped when opened or received into the Authority. On all files reviewed there was a lack of consistency on whether the forms had been date stamped on receipt.

The Log numbers are consecutive in the order they are input to the system. The same numbers run through all the various types of Licences. Once the licences are granted the applications are filed by the licence number, although the Application number is retained it is not possible to search on applications. If an application is denied or revoked it remains on the system with the application number

The timescales for processing an application under the Licensing Act is laid down by statute. The application check list lays down the date the form was received and when it was due to be processed. Within the office the Licensing section maintains a set of trays and that the applications are progressed through the 4 trays throughout the laid down time scales. Each tray represents a week. The files currently in the trays were reviewed and all were found to be stored appropriately

Application check lists are attached to the applications under the Licensing Act and the Gambling Act. All of our own application forms have tick boxes on which are completed by the Licensing Officer when all the necessary evidence is collated or viewed.

Files were reviewed to ensure that the forms were completed accurately and that all the necessary supporting evidence had been collated or viewed as necessary.

Licensing Act Files

There was a lack of consistency in completion of the application check lists. Some of the forms were lacking the licence number and the date the licence was issued. Whilst it is accepted that this information could be ascertained elsewhere in the file for completeness it should be transferred on to the application check list as well

Private Hire Driver Applications Files

The forms have a check list on the front of the application form. The check lists are only completed on the forms for new drivers. If drivers have previously had Hackney Carriage Licences the check list is not used as all staff in Licensing are aware of the situation.

A discussion was held regarding the fees for Premises Licences. The fee structure is based upon five rateable value bands. To ensure that applicants are stating the correct rateable value, Licensing checks the VOA website with all new applications to ensure that the correct amount is declared. A print from the screen is taken and placed in the file.

Five Licensing Act applications above were all checked and all had copies on file

Drivers are required to have Criminal Record Bureau (CRB) checks carried out as part of the application process.

The file containing current retained CRB Checks was found in an open filing cabinet in the Licensing Office.

The file was reviewed with the Licensing Manager to ensure that the CRB Checks were destroyed after the six month retention period and that therefore there were no checks older than April 09. Several "Checks" were found to be of an earlier date and these have now been destroyed appropriately in the confidential waste. Under the CRB Code of Practice, reports should be kept for a maximum of six months.

(Note from the Licensing Manager – CRB Checks are now stored in the safe)

A discussion was held with the Licensing Manager regarding the how the information contained in the CRB check was considered as part of the application process. It was explained that it was reviewed and compared to the Governments guidelines on time lapsed since the conviction. As long as adequate time has passed then the licence must be granted.

Appeals are heard within the necessary timescales – The process surrounding appeals was reviewed and was found to be inline with legislation

There are currently no cases under appeal. When there are, the Licensing Manager ensures that they are written on to the white board in the office so that all staff are aware of them and the necessary timescales. It wasn't possible to check any.

Discussions were held with staff to ensure that there was a good awareness of the Data Protection Legislation. All staff are aware of the legislation and do not give out personnel data. If they are unsure of whether to disclose information or not they check the Licensing Public Registers as all information held in those is public information.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.3	Not all applications are stamped on receipt	Licensing Manager	All forms/post should be date stamped on receipt	C	Immediate
A.4	Check lists are not always fully completed	Licensing Manager	All Application forms check lists should be completed and the Licence Number should be transferred to the check lists	C	Immediate
A.5	Check lists on new private hire driver applications should note the Hackney Carriage licence number (i.e. If they are not completed because of an existing licence)	Licensing Manager	When new private hire driver applications are received a note should be made to the check list if it is not completed because of a driver already has a hackney carriage licence. The existing licence number should be referenced	C	Immediate
A.6	CRB checks are not kept in a locked cupboard	Licensing Manager	CRB Checks should be kept in a locked cupboard at all times <i>(Actioned – CRB Checks are now stored in the safe)</i>	B	Immediate
A.7	CRB Checks over 6 months old were still retained.	Licensing Manager	CRB Checks should be destroyed after 6 months. The folder should be reviewed monthly to ensure that only current checks are retained	B	Immediate

3. Income Collection

Method of Review:

Ensure that there is a clear process for Fee setting

There is documented evidence to support the receipt of the Licence Fee

All money is banked complete and intact

The income collected is reconciled to the General Ledgers

Summary of Findings:

Fee Setting

The Licensing Manager reviews the fees every year. The guideline for setting the fees is that it is necessary to set the fees high enough to fund the section. Licensing is a self funding service. The service should not be generating excessive income.

All the fees under the Licensing Act are fixed by legislation. This represents 50% of the Income.

A further 25 % of the income is from Gambling Act. The Government set bands from within which the council sets the fees. Carlisle City Council set the fees mid band.

The remaining 25% of income is from variable fees. The Licensing Manager reviews the year end figures from the previous year and ensures that a slight profit is made. Last year a profit of £12,000 was made, this is considered appropriate and not excessive. £12,000 could have easily been spent had it been necessary to take a case to court. The Recession saw a fall in Taxis and Premises Licences applications, which is now picking up again. Advice is taken from the Chief Accountant on the recommended general increase. It is not considered good practice to increase or decrease the fees by a large amount and if this is required then a gradual increase or decrease is recommended over a period of years.

The suggested fees are reported to the Regulatory Panel, for agreement, and are then reported to the Executive and the Full Council for reference

No problems have been highlighted throughout the discussions held regarding the fee setting process.

Collection of income

Income is received for a number of services including licence applications, renewals, deposits, courses, CRB checks, vehicle tests etc.

Income can be received via various methods. All methods of collection are recorded and receipted. The Receipt numbers are transferred to LalPac

Customer contact centre

Applicants can pay in person via cheque / cash / credit card. The Customer Services Advisors will complete a Customer Contact Payment Slip which the applicant takes with the payment to the cashier.

A daily print out is received from Financial Services. The daily print outs are used to transfer the information in to the LalPac System to record the transaction. The print outs were reviewed and many of them failed to show any detail in the Narrative. The customer contact staff have all received training and have had it explained that it is necessary for the applicants name and the licence number recorded in the Narrative field to allow easy transfer of the information to the LalPac System.

A full transaction listing was obtained from Financial Services for the 23-10-09 to 30-10-09. Five transactions were selected at random and were traced through to the General Ledger.

Postal

Cheques are received in the post. All post is opened within Licensing. When income is received receipts are written.

The receipt books are in triplicate and numbered

Top – Applicant

Middle – Financial Services

Bottom – Retained (Licensing) in book

Books are stored in locked draw whilst in use. New books are kept in the safe. Staff are aware of the security issues surrounding controlled stationery.

Cash is received from dealing with applicants in person and the process as above is followed.

All income is placed in the safe. Once a week cash is taken to Cashiers and the cheques are sent to income management. All income is banked

intact. Money is never taken out for Petty cash expenditure.

Telephone

Staff have recently been able to take credit card payments over the telephone. This task must be carried out whilst the applicant is on the telephone and information must not be written down anywhere. The transaction is authorised whilst the applicant is on the phone.

Staff input the card details on to the system which once authorised will not allow them to re-look at credit card numbers or information.

The system was looked at and was found to be secure.

BACS

Payments for Premise Licences can be made via BACS.. Licensing request that payments show the LIC No and the Premise name however applicants do not always record their information correctly making it difficult for licensing staff to allocate payments appropriately. The form used is easy to read and understand and it is difficult to see how the Licensing department could improve the slip to guarantee the correct information is supplied by the applicant.

It is not possible for licences to be paid over the internet. Work is being carried out and relevant staff are aware that licences should be payable over the internet inline with the EU Service Directive

Reconciliation

The Senior Accountancy Assistant responsible for Licensing reconciles the income collected for the "plate" fund and the Criminal Records Bureau checks with the income shown in the general ledgers. This is carried out twice a year. There are not many transactions so this is considered to be regularly enough.

There is no reconciliation between the LalPac system and the General Ledgers. The income collected and received via icon is transferred to the general ledgers; there are no controls to ensure that all the income is recorded on to LalPac.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
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A.8	Lack of recorded information being supplied in respect of income collected in the Cashiers section of the Customer Contact Centre causes problems for staff in Licensing in allocating income easily	Licensing Manager	<p>The Licensing Manager should contact the Customer Services Supervisor to request that all Cashiers should be reminded of their responsibility to ensure that adequate information is recorded in the Narrative</p> <p>Licensing should monitor which cashiers are repeatedly not supplying adequate information and should report this to the Customer Services Supervisor and the Customer Services Team Leader (Cash)</p>	C	6 Months
A.9	The lack of any reconciliation between the Licensing computer system and the General ledgers could lead to incorrect accounting	Licensing Manager	The LalPac system should be reconciled to the General Ledgers to ensure that income is received and recorded appropriately. The Licensing Manager should discuss the opportunities with the Principal Finance/Systems Officer	C	6 Months

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Corporate Services

Audit Services

Audit of Shopmobility.

Final Report

3rd February 2010

Audit Contact	Paula Norris	Extn No.	7014
Document Ref:	Audit of Shopmobility 2009-10.docx		

Directorate / Service Area	Recipient(s) of Report	Action Required
Building Control/Development Services	Interim Strategic Director (for information). Acting Head of Planning and Housing Services (for information). Building Control Manager (for action) Shopmobility Co-Ordinator (for action)	There are matters arising / recommendations arising from this audit review which require your attention. Please refer to the Action Plan for Development Services, which is attached as Appendix A.

Please note: The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the full final report (management summary and appendices showing the matters arising, recommendations and agreed actions). The Audit Committee will also be presented with a full copy of this final report at the meeting to be held on 9th April 2010.

1. Reason for the Audit

- 1.1. The agreed audit plan for 2009/10 includes a small selection of lower risk audit reviews to provide a more holistic coverage of identified risks. Shopmobility has not been subject to review since 2004/05 and this was fundamental to its selection for a periodic review.

2. Background Information / Summary of the Audit Area

- 2.1. Shopmobility has been running as part of Carlisle City Council for 15 years. The operational hours are 10a.m – 4p.m Monday to Friday and 10a.m – 1.30p.m Saturday. The service is situated on the 2nd floor of the car park within the Lanes Shopping centre.
- 2.2. Shopmobility is a discretionary service area that provides an excellent service to both those with access issues that require the service and it also encourages tourism, which subsequently enhances the local economy.
- 2.3. Carlisle Shopmobility is affiliated to the National Federation of Shopmobility UK (NFSUK). The Federation is an internationally recognised organisation with affiliated schemes across the UK, Channel Islands and Republic of Ireland.
- 2.4. It is a company 'Limited by Guarantee' (not for profit) and a registered charity. Their website indicates where in Britain the schemes are situated so any interested parties can identify where and if the service is available if needed. Carlisle clearly benefits from its affiliation when the usage of the scheme is analysed. Figures provided by the Building Control Manager showed that the service currently has approximately 1,000 users. The average split is 1/3rd Carlisle Citizen usage, 1/3rd Rest of Cumbria usage, and 1/3rd UK outside of Cumbria and international usage.
- 2.5. Shopmobility is accessible to everyone with mobility issues, not necessarily merely to those that are registered disabled as this in itself can be viewed as being discriminatory.
- 2.6. Development Services is responsible for the Shopmobility service. It is overseen by the Building Control Manager and managed daily by the Shopmobility Co-ordinator. Reliance is also placed on the support of volunteers who assist in the operational day-to-day side of the function.
- 2.7. Their net revenue budget for 2009/10 is £27,000. This amount is funded directly by Carlisle City Council.

3. Associated Risks of Providing this Service/Function

- 3.1. Audit Services were unable to trace any operational risk registers for Development Control:

3.2. Other risks identified by Internal Audit as part of this audit are considered to be:

- *Inadequacy of Insurance Cover.*
- *Inadequate Management Information systems and record retention.*
- *Lack of defined and documented policies and procedures in place.*
- *Legislative requirements not being fulfilled.*
- *Lack of control in respect of income and expenditure.*

Please note that on conclusion of the audit, any critical risks outlined at 3.2. should be assessed by the relevant Director for incorporation into the Directorate's Risk Register or, if considered to be a strategic risk, for discussion at the Risk Management Group.

4. Scope of the Audit

4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a summary of the findings are outlined below.

	Area Examined
1.	Policies and Procedures.
2.	Legislation.
3.	Maintenance and Replacement of Shopmobility Scooters and Wheelchairs.
4.	Arrangements surrounding the appointment of volunteers/Training
5.	Insurances.
6.	Shopmobility Membership Arrangements.
7.	Income.
8.	Expenditure.

5. Overall Conclusion of the Audit Review

- 5.1. A number of opportunities to further enhance controls have been identified, these are shown in Appendix A and have been brought to the attention of the relevant officers. In summary the key issues arising from this review are:
- 5.2. Currently, there is no specific system documentation in situ. It is a specific requirement of the Audit Commission that all Authority systems are documented, therefore, it is essential that this task is undertaken as soon as possible.
- 5.3. The terms and conditions pertaining to the rental/lease of Shopmobility vehicles require strengthening to ensure that legal responsibility for the use of the equipment is transferred from Carlisle City Council to the user during the rental period.
- 5.4. Although the vehicles and other equipment have a value, they are valued at under the Authority's de-minimus limit of £5,000 and therefore are not required to be listed as an asset. However, full details need to be maintained therefore an official inventory should be in place.
- 5.5. It would be beneficial for the staff and volunteers to undergo a recognised course of training on motobility scooter instruction to ensure that the Authority is fulfilling its duty of care for the safety of the general public.

- 5.6. The current Shopmobility management information system is extremely out of date and the information held within is of limited value. Priority should be given to concentrating resources on improving this system to ensure that the management information received is accurate, meaningful and effective for decision making.
- 5.7. A problem was highlighted whereby the larger Grade 3 vehicles were not registered in line with DVLA classifications. This issue was rectified immediately upon notification and preventative procedures are now in place.

6. **Grading of Audit Recommendations**

- 6.1. Each recommendation/agreed audit action in the appendices has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

Grade	Level of Risk
A	Lack of, or failure to comply with, a key control, leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control, leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	Action at manager's discretion.

* A *fundamental* weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).

- 6.2. There are 13 recommendations arising from this review. 5 at grade B, 7 at grade C and 1 at grade D.

7. **Statement of Assurance**

- 7.1. Based on the audit approach, issues and the grading of the recommendations arising from this review, it is considered that a REASONABLE level of assurance can be given in relation to the systems of control (see definition below).

Level	Evaluation
1. Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
2. Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
3. Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
4. None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

Development Services, Shopmobility.

APPENDIX A

1. POLICIES & PROCEDURES.

Method of Review:

- Discussions with staff.
- Scrutiny of any system documentation/office manuals.

Summary of Findings:

- 1.1. The production and maintenance of documented system/office procedures is a requirement of the Audit Commission. The Audit Commission's ideal is that all Authority processes are eventually documented.
- 1.2. There was no specific system documentation available. There was however a number of manual files and reference books available for those that needed them that highlighted basic policy and legislation. The volunteer induction packs were specifically detailed for their use. This will be further discussed in section 4)
- 1.3. One of the reasons that documented system procedures were not felt to be necessary was that the volunteers do not get involved with the day to day administration, costing or ordering. Both the Building Control Officer and the Shopmobility Co-ordinator were not in post when the last audit review was conducted and one of their first tasks they undertook was to completely transform the operational systems in place. As volunteers are not required to get involved in these systems they were not documented.
- 1.4. Although the current system has been overhauled and the responsible officers are very knowledgeable in this system, there are still benefits to be gained from documenting procedures to form a comprehensive working manual for the service. **– Refer to recommendation A.1.**

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.1	There is no specific system process documentation in place.	Building Control Manager.	That all services processes are documented and regularly maintained.	B	As soon as possible.

2. REGULATIONS.

Method of Review:

- Examination of the internet to establish appropriate reference to regulations to ensure, that the Authority is operating the scheme in line with those regulations.
- Examination of vehicle licensing regulations.

Summary of Findings:

- 2.1. There are two main classes of mobility scooter. Class 2 mobility scooters can legally travel up to 6.4kph (4mph) on pavements and are allowed on the road to cross from one side to the other. Within the category of Class 2 scooters, some are more suited to indoor use as they are smaller and more compact.
- 2.2. Class 3 mobility scooters generally have features similar to Class 2 mobility scooters, but tend to be larger and can be used on the roads where they can travel up to 12.8kph (8mph). Class 3 vehicle users do not require a driving licence, however they should obey the Highway Code at all times. This includes complying with relevant eyesight requirements and not driving under the influence of alcohol, drugs etc, Class 3 mobility scooters are not allowed on motorways, bicycle tracks or bus/cycle lanes. Yet, although it is legally allowed for class 3 to use dual carriageways, this is not recommended.
- 2.3. Carlisle Shopmobility generally have 3 types of scooters, 3 wheeled for users up to 18st, 4 wheeled for users up to 20st and more robust scooters that can accommodate up to 31st. Of course, users can choose which scooter they prefer as long as they don't exceed the weight limit.
- 2.4. To distinguish between the classes there are 2 elements to consider. The first is speed; a Class 2 vehicle should not exceed 4mph. All of Carlisle Shopmobility's scooters have been adapted so that they cannot exceed 4mph. The second element is the weight of the unladen vehicles. To qualify as a Class 2 vehicle the scooter must weigh no more than 249.48lb. To qualify as a Class 3, the scooter must weigh between 249.49lb and 330.00lb.
- 2.5. All Carlisle Shopmobility's scooters unladen weights were established. The weights including batteries were as follows:-
- 3 wheeled scooters - 174lbs.
 - 4 wheeled scooters - 180lbs.
 - Large scooters - 308lbs.

As the 3 larger scooters weigh 308lbs, this means that they fall into the Class 3 category. Class 3 vehicles need to be registered with the DVLA for road use, be licensed in the 'disabled' taxation class and display a nil duty tax disc. Carlisle Shopmobility's vehicles were not.

As it was important to address this issue urgently, the Building Control Manager and the Shopmobility Co-ordinator were notified immediately and have since addressed the problem and took remedial action. If the recommendation regarding the developing and implementation of an adequate management information system is implemented (see Section 6), then this should address this weakness.

- 2.6. All users of the service have to sign an agreement prior to hire, this is a separate document which will be examined further under section 6 of this review. In addition to this, potential members are issued with a copy of the Shopmobility Terms and Conditions. There are two versions of the terms and conditions, one for scooters and one for wheelchairs as they vary slightly. These were examined and the following observations were made:-
- 2.7. The current agreement/terms and conditions do not include the further legislative requirements. As the Class 3 vehicles now are now categorised as 'road vehicles' additional rules and regulations will apply. It is the Authorities responsibility to ensure that users are fully aware of their legal obligations and this should be reflected in the terms and conditions. – **Refer to recommendation A2.**
- 2.8. The current terms and conditions quote in the opening paragraph 'I the undersigned etc..' The terms and conditions then go on to outline both the legal and health and safety responsibilities with the intention of both informing the member/user and passing these responsibilities onto them if they are understood and accepted. In practice, the member/user do not sign this document but a separate membership registration type document. Therefore it is disputable whether these documents are sufficient to legally transfer the responsibility from Carlisle City Council for the safe and legal use of the equipment, especially as no financial exchange takes place.
- 2.9. The Assistant Director of Governance was contacted who agreed that the terms and conditions did indeed require strengthening and expressed that he was willing to be contacted for advice in doing so. – **Refer to recommendation A3.**

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.2	The legal obligations regarding Class 3 vehicles are not officially explained within the terms and conditions	Building Control Manager.	That the required legislative and legal obligations regarding Class 3 vehicles be included in the amended version of the conditions of use.	B	As soon as possible.
A.3	The current Shopmobility Terms and Conditions require strengthening to ensure that legal responsibility for the use of the equipment is transferred from Carlisle City Council to the user during the rental period.	Building Control Manager.	That the Building Control Manager contacts the Assistant Director of Governance in the first instance to discuss amending the agreements including the terms and conditions.	B	As soon as possible.

3. MAINTENANCE AND REPLACEMENT OF EQUIPMENT.

Method of Review:

- Discussions with staff.
- Clarification of the system.
- Examination of maintenance records.
- Stocktake.

Summary of Findings:

- 3.1. Although the scooters can be classed as motorised vehicles these do not come under the responsibility of the Council Garage as the machines and their maintenance are specialised and require a specialist survey.
- 3.2. The vehicles are all serviced on an annual basis by the manufacturer Robsons. A comprehensive 'Product evaluation, service and repair checks sheet' is completed which, like a MOT, depicts all areas that have been tested and the results of these tests. These forms are then signed and dated by the engineer as a true record. These documents are retained by the Shopmobility Co-ordinator for insurance reasons.
- 3.3. A monthly tyre check and visual inspection of all scooters and wheelchairs is also undertaken. These records are also maintained by the Shopmobility Co-ordinator.
- 3.4. All portable appliances are checked by the Facilities team annually and the relevant paperwork forwarded to Shopmobility and retained.
- 3.5. All new recently purchased vehicles have a full service history and this will continue to be the case. This is not true for the older vehicles but that is merely due to the previous administration of these and historic practices.
- 3.6. There is a small annual budget provided for the replacement of specialist equipment (£1,200 in 2009/10). If this budget is exceeded, additional funds are vired from the donations received to pay for the equipment. Therefore, equipment can only be replaced only when the funds are available as opposed to when actual need dictates
- 3.7. The Shopmobility vehicles do not appear in the Councils accounts as their individual value falls below the de-minimis value of £5k. Under the level of £5k they remain as a revenue expense.
- 3.8. There is no 'official' inventory of the Shopmobility of the equipment. There is a basic list maintained and the more recent purchase detail retained. However it would be beneficial to collate all of this information to produce a detailed inventory (ideally electronic). If the recommendation made in Section 6 is implemented. This information could be incorporated as part of the revised IT system - **Refer to recommendation A4.**
- 3.9. An impromptu stocktake of all scooters, wheelchairs and other equipment was undertaken and all items could be accounted for,

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.4	There is no official detailed inventory in place.	Building Control Manager.	That a more detailed inventory of equipment is maintained detailing the following basic information required:- <ul style="list-style-type: none"> • Date of purchase, • cost, • make and model, • expected life, • date of disposal and • method of disposal. • (and any other management information required this is not a finite list). 	C	April 2010.

4. ARRANGEMENTS SURROUNDING THE APPOINTMENT OF VOLUNTEERS/TRAINING.

Method of Review:

- Discussions with staff.
- Clarification of the current recruitment system.
- Examination of volunteers induction pack.
- Examination of volunteers responsibilities and their qualification to undertake these responsibilities.

Summary of Findings:

- 4.1. Currently the office is manned by one 0.5FTE salaried Shopmobility Co-ordinator and a number of volunteers. There are 18 volunteers currently registered.
- 4.2. The volunteers are mostly recruited through CVS, Access to Work, Sure Trust and the Glenmore Trust as well as those past users of the service who choose to offer their time.
- 4.3. Volunteers are rotated by shift so at no point there is any lone working.
- 4.4. All of the volunteers will at some point come into contact with children and vulnerable adults in the capacity of registration into the scheme and when issuing a vehicle.
- 4.5. Previously there has been no requirement to Criminal Records Bureau (CRB) check the volunteers so this has not happened. Recently, Personnel e-mailed all managers requesting names of staff (casual, temporary and permanent) that have, or require Criminal Records Bureau disclosures. This was following the introduction of the 'Safeguarding Children Policy' which highlighted the staff also working with vulnerable adults. The results were collated and are being looked at by Personnel to ensure that the appropriate staff are CRB checked. Work on this has been delayed due to other Personnel commitments but it is hoped that the Shopmobility Co-ordinator will be provided with the relevant forms for completion before January 2010. This matter will be picked up as part of the Audit of Personnel due to be completed March 2010.
- 4.6. After an application is submitted and accepted, and the volunteer agreement signed, a volunteer 'package' is initially completed when a volunteer has been accepted. This includes:-
 - An 'Induction Checklist which has to be completed on the volunteers first working day. This outlines all the relevant policies have been issued to the volunteer and other information. This is then signed and dated by the volunteer to confirm that they have received and understood said policies.
 - A 'Description of Volunteers Activities'. This is the equivalent of a job description. This outlines their basic agreed duties and responsibilities.

- A 'Bill of rights for volunteers'. A notice of their ethical rights.
- Copy of the relevant parts of the Disability Discrimination Act 1995 pertaining to Access to Goods, Facilities and Services.
- A collection of training literature that once studied should inform the volunteer on how to deal with customers in a dignified and respectful manner.

4.7. The volunteers are essentially tasked with the answering of queries/making bookings over the telephone and in person, accompanying the user if required and to conduct and carry out the user training on the scooters. It became apparent that although the volunteers and the Shopmobility Co-ordinator were proficient in the use of the scooters and electric wheelchairs they had not been on any recognised training themselves. Although there are no training courses per say available locally. It would be prudent, for insurance purposes, that users are trained in the use of the equipment by those who have actually been trained and accredited for this training. The manufacturers of the equipment, if asked, may be able to provide a brief demonstration and overview for the staff and volunteers and provide some kind of accreditation that may cover this. - **Refer to recommendation A5.**

4.8. Only the Shopmobility Co-ordinator and the Principal Building Control Officer in her absence are permitted to handle cash, make orders and pay invoices. Volunteers are service operational only.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.5.	The staff and volunteers have not been <i>officially</i> trained in the use of the mobility equipment. This may have insurance repercussions in the event of a user having an accident if it cannot be proven that the staff/volunteer was qualified to provide this training.	Building Control Manager	That the Building Control Manager contacts Robsons (manufacturer) regarding the possibility of arranging an accredited training session for all staff/volunteers.	C	As and when training courses are available.

5. INSURANCES.

Method of Review:

- Discussions with staff.
- Scrutiny of Shopmobility Insurance Scheme.
- Examination of Risk Assessments.
- Clarification of Health & Safety/Fire Regulations measures.

Summary of Findings:

- 5.1. Fire extinguishers and fire alarm systems are tested annually, emergency lighting is tested quarterly, and fire instructions are signed by the volunteers annually and also completed on induction. There are 3 authorised fire drills in the lanes each year,
- 5.2. The Authority's 'Accident and Incident report form' is completed in all reported incidents. A sample were inspected and no problems were found. If incidents are not reported, obviously a form cannot be completed , however, this relies on the integrity of the user and is outwith the control of the staff.
- 5.3. The risk assessments were examined and all were found to have been conducted fully and within the required timescale.
- 5.4. Shopmobility currently have an additional insurance policy as well as being covered under the Authorities general overarching policy with Travelers Insurance Company for which the annual premium for 2009/10 was £100. The additional insurance has been taken out with Ecclesiastical Insurance Office PLC which offers cover specific to Shopmobility. This came with an annual premium of £2,015.51 in 2009/10 which (taking away salary costs and internal recharges) is 25% of the total budgeted expenditure for 2009/10.
- 5.5. To be able to purchase this cover you have to be affiliated to the National Federation of Shopmobility UK and adhere to their best practice criteria. It does not specify that you must take out this cover to be affiliated.
- 5.6. The policy is restrictive with a number of conditions attached to viability of cover. It is not known whether these conditions have been complied with, therefore it is not known if the cover will definitely apply.
- 5.7. The policy and summary of cover was examined and the following issues identified:-

Policy	Cover	Issue
Money	£1,000	There will never be this amount of cash held on the premises. Over insured. Additionally, cover is dependant on cash being locked in a safe Shopmobility staff do not have access to a safe.

Buildings	£23,000	Buildings insurance is not necessary as the Lanes Shopping Centre provide the accommodation rent free so the building will be covered under their insurance.
Computers/Office Equipment	£3,800	As these are the property of Carlisle City Council, they will be covered under the general Travelers policy.
Other contents.	£2,250	As above.
Scooters/Wheelchairs.	£17,000	Scooters and wheelchairs could be added to the vehicle/equipment schedule of the Travelers policy.
Legal Expenses.	£50,000	Again, the Authority would be ultimately responsible if legal action was to be taken on Shopmobility. Cover for which is provided under the Travelers policy.
Material Damage.	n/a	Is specialised, however, it would be simple to add these specialism's to the Travelers policy.
Extended Cover.	n/a	Extended Loan or hire of scooters is a service Carlisle Shopmobility provide. This insurance provides cover for this. However, this only applies when the user is registered with the insurance company. Registration does not happen at present therefore claims would not be honoured.
Personal Accident.	n/a	As Shopmobility staff and volunteers are covered by the Travelers policy this is not necessary.

5.8. The policy quotes Carlisle Shopmobility as being a charity, of which it is not, it is a service provided by Carlisle City Council which already has comprehensive insurance. This may be the reason why confusion has arisen and it was deemed necessary to arrange this additional cover. Professional advice should be sought to clarify if this is indeed the case. If this is the case, then the insurance should not be renewed for 2010/11 making a saving of approx £2,300.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.6.	On first inspection it appears that Shopmobility have arranged insurance cover whilst already covered under the Authority's policy.	Building Control Manager.	That the Building Control Manager liaises with the Treasury and Insurance Manger to; a) identify if the Travelers policy covers Shopmobility for <u>all</u> its insurance requirements. b) seek advice as to any additional costs any amendments to the policy may incur i.e, adding scooters etc.. onto the schedules. c) ensure that any additional costs incurred are compared to the cost of the Ecclesiastical policy before any decisions are made regarding renewal.	C	As soon as possible.

6. SHOPMOBILITY MEMBERSHIP ARRANGEMENTS/ALLOCATION OF VEHICLES.

Method of Review:

- Discussions with staff.
- Clarification of the current membership application process.
- Sample of 10 'rentals' traced through the system.
- Examination of computerised logging system.

Summary of Findings:

6.1. The procedure to register as a potential user involves completing a registration form, With this, a form of identification is required, either a Blue Badge serial number, a driving licence expiry date or a recent (i.e. within 3 months) utility bill. Copies of these forms of identification are not kept therefore the system could not be traced through.

There is an argument that taking and retaining copies of these forms of identification is needlessly incurring costs and causing clutter. A balance must be found between ensuring that the person who is hiring out the equipment is who they say they are, and this can be proven, and the inconvenience and expense of retaining the documentation. Management must make this decision and decide whether or not to accept the risk. – **Refer to recommendation A7.**

6.2. The Terms and Conditions are shown to the user, copies of these are not provided unless they are requested. (The terms and conditions have been examined in more detail in Section 2 of this report. Refer to recommendation A3). When/if these are amended as a result of the recommendation made in Section 2, and are outlined on a separate form to the signed agreement, then it would be prudent to ensure that these are issued as part of standard practice so that the user can refer to their obligations whilst using the service. – **Refer to recommendation A8.**

6.3. Once the Terms and Conditions have been outlined to the user and agreed, the user signs the Membership Agreement form and either the Shopmobility Co-ordinator or a volunteer on duty countersigns. This form also highlights the pre-allocation maintenance checklist that the staff has to undertake prior to issue.

6.4. The user is allocated an appropriate vehicle for their needs and given the necessary training. (A 'tick' form is completed to ensure that all parts of the training have been completed successfully). The training lasts approximately 15 minutes and is undertaken on the 2nd floor of the car park which is operational throughout the training. Obviously, this is not wholly appropriate as there is a risk of the vehicles being involved in a collision with other vehicles, either parked or moving, however, as the space within the car park level have a 'value' it is unlikely that the Lanes Management would cordon off and make safe an area specifically for this purpose. They should however, be made officially aware of the risk this imposes. – **Refer to recommendation A9.**

6.5. Once the training has been undertaken and the relevant documentation completed, a sequentially numbered membership card is issued. This card is 'active' for 5 years or until 2013 when the new Shopmobility monitoring system is implemented, whichever is the sooner. There is no charge for this initial card, however replacements have a nominal charge of 50p each. The cards do not have photographs on them, and although this control would make the system more secure as users would not be able to transfer cards to non registered users, it has to be recognised that this idea would neither be cost effective, nor time effective for the following reasons:-

- Generally, due to the nature of the service, the risk of malicious use of Shopmobility vehicles is relatively low. As registration is free, and primarily restriction free, most people can register quickly and easily themselves so the benefit of 'borrowing' someone else's card is minimal.
- The cost of producing cards with photographic id on them would be high.
- The time taken to produce these cards would mean that membership would have to be made in advance of requiring the service.
- A large number of users, especially visitors, utilise the service as a 'one-off', therefore the cost would not be justified.

- 6.6. Once all the above processes have been actioned, the time the vehicle is required to be returned is outlined and a map of the vehicle range is shown for their attention, other ad-hoc advice is provided when needed. i.e. Disabled friendly shops etc..
- 6.7. The vehicle details are entered onto the booking sheets which show which vehicles are booked out during what time. The booking sheets also provide a 'visual' picture of activity at any one time. The membership number is put against the vehicle, the time it was taken out and the time it was returned to the office. This information is then transposed into the Shopmobility electronic system which was designed by one of the ex-volunteers a number of years ago.

A sample of 10 rentals were traced through the system from allocation through to system logging. Unfortunately, once examined, it became apparent that the Shopmobility system, although once fit for the purpose it had been designed for, has become outdated and could not produce the information required to conduct this test fully. It also highlighted the lack of management information that is available electronically (the Shopmobility Co-ordinator has to do all management information reporting manually which will be extremely time consuming).

The opportunity should be taken to completely overhaul the Shopmobility system. Management should decide exactly what reports are required to ensure that decision making is based on meaningful information. As budgets are restrictive, use should be made of the Microsoft Access database which is already part of the Authority IT system package. A simple database could be established, after the relevant training in the subject, and with assistance from the Central Training Unit. To operate effectively, the appropriate IT hardware will need to be provided. Observations of the Shopmobility IT hardware however, highlighted the requirement for a PC upgrade, (should be moved to Tullie House Museum – as an exhibition piece!) this should be a priority as all systems would run more effectively, not only the proposed database. Of course, the design and implementation of the database would require resources, however ultimately, this time and effort will be recouped with the more efficient, reliable and accurate management reporting system – **Refer to Recommendation A10 and A11.**

For example if the following information was entered into a database there would be a number of management reports that could be produced with minimal effort. An example of these are listed.

e.g Individual Member usage report (no of).

- Individual Member scooter preference. (no of).
- No of Rentals.
- No of Leases.
- Income from leases (£)
- Deposits held reconciliation report (£).
- Service History reports.
- Service reminder reports.
- Value of stock reports (£)
- Renewal reports.
- Scooter usage reports by type preference.
- Membership reports.
- Member location reports (i.e local, national, international)

Etc...

These are merely suggestions recommended by Audit. Any reporting requirements and indeed the introduction of a new system is a management decision.

<u>Vehicle/Equipment Details</u>	<u>Service History</u>	<u>Membership</u>	<u>Accident History</u>	<u>Lease/Rental</u>	<u>Notes</u>
Make and Model	Date of last annual service	Name	Date of Accident	Date of rental	
Date of Purchase	Date of last monthly check	Address	Type of Accident	Rental type (short/long)	
Registration/Serial Number/Scooter Number	Date of repair	Postcode	Claim made	Duration of rental	
Cost (£)	Type of repair	Tel No	Value of claim made (£)	Cost of rental (£)	
Weight capacity	Cost of repair (£)	ID Type		Deposit paid (£)	
Speed capacity		Membership No		Deposit refunded (£)	
No of wheels (scooters)				Date of refund	
Replacement Value (£)					
Approx date of renewal.					

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.7	Evidence of the users identity is not kept, this may be required if contravention of the regulations occurs and an investigation takes place.	Building Control Manager.	Management should decide whether the benefits of retaining copies of submitted identification outweigh the risk of not doing so.	D	June 2010.
A.8	At present, Terms and Conditions are only issued on request.	Building Control Manager.	Terms and Conditions should be issued to users as a matter of course.	B	Immediately.
A.9	There is an increased risk of accidents due to the mobility scooter training taking place in an operational car park.	Building Control Manager.	Shopmobility Management should raise the issue with the Lanes Management of possibly allocating an area in the car park level specifically for undertaking training.	B	June 2010.

A.10	The IT hardware situated in the Shopmobility office is extremely outdated and should be replaced as soon as possible.	Building Control Manager.	Management should liaise with IT Services with the intention of upgrading the existing Shopmobility IT hardware. The Office systems should also be upgraded to support the new Access database.	C	As soon as possible.
A.11	The current Shopmobility monitoring system is no longer providing the management information that is required.	Building Control Manager.	It is important that the current system is replaced as soon as possible so that meaningful information is available. See above for more detail.	C	As soon as possible.

7. INCOME.

Method of Review:

- Discussions with staff.
- Examination and testing of Shopmobility Income streams and reconciliation to the ledger.
- Reconciliation of deposits.

Summary of Findings:

7.1. All income, apart from deposits received for the wheelchair and scooter hire are paid into the cashiers section on a weekly basis.

7.2. There are only 4 income streams. Donations, the sale of radar keys, deposits and charitable donations.

7.3. There was one instance where the income received had not been split between the income headings. £81.10 was paid in on donation income (8425) on the 08/06/09 when it should have been split, £34.10 – Donations (8425), £30.00 wheelchair hire (8365), £8.00-Events/Raffles (8425) and £9.00 –Radar Keys (3301). Although not a material error, care should be taken to ensure that income is paid into the correct General Ledger code. A transfer between codes should be arranged and transacted by Financial Services – **Refer to Recommendation A12.**

7.4. A logging procedure for donations received has recently been established whereby the physical cash donations are counted and logged. The controls in place are satisfactory.

7.5. The income paying in books were examined and all found to be in order.

7.6. The deposits retained were reconciled and found to be in order. It is however preferred that deposits are paid into cashiers on a deposits received code and reissued upon return of the hire. Deposits and hire fees should be accounted for separately. – **Refer to Recommendation A13.**

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.12	There was one instance where the differing types of income were not separately coded in the General Ledger.	Building Control Manager.	That the Shopmobility Co-ordinator liaises with their nominated Senior Accountancy Assistant to transfer the income that has been allocated incorrectly.	C	Completed.
A.13	Deposits received are not paid into cashiers and therefore cannot be accounted for correctly.	Building Control Manager.	Deposits should be paid into cashiers on a deposits received code (available from Financial Services).	C	As soon as possible.

8. EXPENDITURE.

Method of Review:

- Discussions with staff.
- Examination and testing of Shopmobility expenditure and subsequent reconciliation to the ledger.
- Examination of petty cash items and its reconciliation.

Summary of Findings:

8.1. The petty cash transactions, receipts and records were all examined for appropriateness. These were then reconciled with the Petty Cash funds. No problems were found.

8.2. Discussions with the Senior Accountancy Assistant responsible for Development Services confirmed that all overspends are discussed as and when they occur. As Shopmobility has a small budget with minimal outgoings, the discussions do not have to be regulated. The Building Control Manager is very pro-active in monitoring budgets and requests virement when needed. No problems were identified by either Finance or Audit during the 2009/10 financial year.

8.3. Apart from any potential issue associated with the insurance premium highlighted earlier in the report, it can be stated, that from the tests conducted that the general expenditure and the controls within were satisfactory.

There are no recommendations regarding expenditure,

Final Report

08 February 2010

Audit Contact	Diane Rippon	Extn No.	7528
Document Ref:	K:\2006-07 onwards\Material Systems\Improvement Grants\2009-10\Reports\Audit of Improvement Grants 2009.10 - Final Report.doc		

Directorate / Service Area	Recipient(s) of Report	Action Required
Development Services /Planning and Housing Services	Acting Head of Planning and Housing Services	There are no matters arising / recommendations arising from this audit review which require your attention.
	Housing Services & Health Partnerships	For Information
	Principal Housing Officer	For Information
	Senior Housing Renewal Officer	For Information
	Housing Support Officer	For Information
	Interim Strategic Director	For Information

Please note: The Chief Executive, Deputy Chief Executive and relevant Director receive a full copy of the final report (management summary and appendices showing the matters arising, recommendations and agreed actions). The Audit Committee will also be presented with a full copy of this final report at the meeting to be held 9 April 2010.

1. Reason for the Audit

1.1. The audit of Improvement Grants forms part of the programme of annual material reviews, which focus on the fundamental systems of the Authority. These systems have a high impact on the main financial system and therefore on the Authority's accounts. The Audit Commission place reliance on the material reviews undertaken by Audit Services, as part of their work on the annual statement of accounts.

2. Background Information / Summary of the Audit Area

2.1. An audit of Improvement Grants was undertaken during 2008/09 with a final report being issued 26 March 2009. The assurance given in the aforementioned report was substantial, with 5 recommendations arising from the review, 4 at grade C and 1 at grade D

2.2. There are 2 types of grant which are issued by the Authority. These are:-

- Disabled Facilities Grants (DFG) – the only mandatory Grant. The maximum amount available is £30,000 and is means tested on the disabled applicant.
- Minor Works Grants - a discretionary grant. The maximum allowable is £4,000 within a 3-year period

2.3. There is only one Renovation grant remaining from when this grant used to be available. This Renovation Grant is in dispute and ongoing to find a resolution for completion. There is no further Renovation Grant funding available and not anticipated in the near future.

2.4. The policy for Disabled Facilities Grants is governed by the Housing Grants, Construction & Regeneration Act 1996 (amended by Statutory Instruments). Minor Works Grants and Renovation Grants are governed by the Regulatory Reform (Housing Assistance) (England & Wales) Order 2002 (as amended by Statutory Instruments).

3. Associated Risks of Providing this Service/Function

3.1. Examination of the Risk Registers noted the following risks:

Risk Description and Control Strategy (Relevant risks extracted, per Housing & Homelessness Services Operational Risk Register dated January 2010)	Type of Risk (strategic / operational)	Risk Score H/M/L
<p><u>Provision for grants</u> - The risk is that the capital funding is unavailable to meet the demand placed upon the service. As these are statutory grants, provision has to be made for them.</p> <p><u>Current action status/control strategy</u> Operational – Control managed through regular management review of budgets and demand levels. Budgetary reporting through the monthly capital report and the housing strategy action plan.</p>	Operational	M
<p><u>Health pilot (DFG)</u> – The risk is that the pilot carried out using external funding for disabled facility grants will not be able to attract capital funding from health.</p>	Operational	M

<p><u>Current action status/control strategy</u> Operational and strategic – control of funding and monitoring of pilot outputs through the County DFG Co-ordinator. Outputs to be reported to Government, health and other agencies.</p>		
<p><u>Riverside Carlisle partnership agreement</u> – The risk is that the objectives and targets set out in the partnership agreement are not met.</p> <p><u>Current action status/control strategy</u> Operational and strategic – control through management processes in Housing Service. Regular meetings to oversee agreement including Portfolio Holder and Riverside Board Member. Regular reporting to Community O&S Panel.</p>	Operational	M
<p><u>Local Area Agreement - DFG pilot</u> – The risk here, is that if we do not hit the target, the ‘reward element’ of the LAA process will be lost.</p> <p><u>Current action status/control strategy</u> Operational – through management processes within the Housing Service, but covers whole of Cumbria. Line management of LAA Officer by Principal Housing Officer.</p>	Operational	M
<p><u>Registered Social Landlord DFG’s</u> – The risk is that if an RSL does not provide sufficient funding for DFG’s for their own tenants, work will not be done.</p> <p><u>Current action status/control strategy</u> Operational – review meetings with RSL; monitoring of budgets through Principal Housing Officer.</p>	Operational	M

4. Scope of the Audit

4.1. Audit testing and verification has been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a summary of the findings are outlined below.

	Areas Examined
1.	Policies & Procedures
2.	Applications for Assistance
3.	Eligibility
4.	Approval of Applications
5.	Estimates
6.	Works
7.	Conditions
8.	Payments
9.	Repayments
10.	Government Grants
11.	Performance Monitoring
12.	Security of Data

5. Overall Conclusion of the Audit Review

- 5.1. In respect of the 2009/10 review, good controls were found to be operating within the administration of Improvement Grants. There were no areas identified where improvement could be made.
- 5.2. The follow up of recommendations from the previous audit review undertaken for the financial year 2008/09, included within the final audit report issued 26 March 2009, revealed that all actions had been satisfactorily taken to improve the system controls.

6. Grading of Audit Recommendations

- 6.1. Each recommendation/agreed audit action in the appendices has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

Grade	Level of Risk
A	Lack of, or failure to comply with, a key control, leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control, leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	Action at manager's discretion.

* A *fundamental* weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).

- 6.2. There are no recommendations arising from this review. Appendix A provides details of methods adopted to carry out the 2009/10 audit review together with a summary of findings for the areas examined.

7. Statement of Assurance

- 7.1. Based on the audit approach, issues and the grading of the recommendations arising from this review, it is considered that a **SUBSTANTIAL** level of assurance can be given in relation to the systems of control (see definition below).

Level	Evaluation
1. Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
2. Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
3. Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
4. None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

Development Services - Housing & Planning Services

APPENDIX A

1. Policies & Procedures

Method of Review:

- Assurance that the Authority has an established and up to date Private Sector Housing Renewal Policy, Enforcement Policies and Procedures and office procedure manual.
- Assurance that a copy of the current Disabled Facilities Grants legislation is maintained in the Grants section.
- Confirmation that staff are required to declare any interests should they arise.

Summary of Findings:

- ❑ The policy information meets legislative requirements.
- ❑ Clients receive a customer satisfaction form to complete once the work on their property has been finished and information is passed to the client regarding the corporate complaints procedure.
- ❑ Information covering grants and eligibility is freely available.
- ❑ The office procedure manual has recently been reviewed and updated. This was a recommendation within the previous audit review which has now been actioned.
- ❑ Staff are aware of recent changes in legislation/policy and these are discussed regularly at team meetings.
- ❑ A formal register of employee's interests has been in operation since March 2008 following a recommendation in last year's audit. This is contained in file R.13 in the Housing Section's filing system. A memo was issued 2 April 2009, by the then Head of Planning & Housing Services, to draw the attention of staff to the 'interests file' and that it should be used to detail personal interests as/when they arise.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

2. Applications for Assistance

Method of Review:

- Confirmation that persons seeking assistance are required to complete official application forms and that a central record is maintained of all applications received.
- Procedures ensure that all applications are properly dealt with.
- Verifying that controls have been established to prevent further assistance being given to persons or properties where insufficient time has elapsed since the last approval.

Summary of Findings:

- ❑ All applications are received on official application forms.
- ❑ Disabled Facilities Grant (DFG) applications are initiated following a referral from an Occupational Therapist (OT). A new version of the initial enquiry form has been specifically tailored for DFGs and the OT can now pass this directly to a potential applicant. This acts as a filtering system for Housing Services as it tends to separate eligible from ineligible applicants reducing administration.
- ❑ Applications for other grants can be submitted via a generic enquiry form which details the information required for Housing Officers to access the application and decide if the enquiry is eligible. Those meeting the criteria are then provided with the appropriate application forms.
- ❑ Application forms comply with recommended guidelines.
- ❑ The section register and the Acolaid system hold details of all applications and enquiries (including dates received). Acolaid has been used since November 2007.
- ❑ A sample of applications was tested. All applications in the sample were found to meet statutory requirements.
- ❑ Details of previous grants are recorded. However, several applications may be submitted for a grant without a time limit until the maximum amount of assistance has been reached. Sufficient controls are in place to detect any abuse.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

3. Eligibility

Method of Review:

- Confirmation that the Authority has clearly specified the eligibility criteria for assistance and that procedures have been established for considering 'exceptional' cases which fall outside the policy.
- Assurance that applicants are required to provide documentary proof of eligibility.
- Verification that financial assessments are undertaken to establish the applicant eligibility.

Summary of Findings:

- ❑ The Housing Section's policies and procedures clearly specify the eligibility criteria for grants.
- ❑ A sample of applications was tested and found to be in order.
- ❑ Cross-checks are made to other data held by the Authority and external agencies where possible, in order to verify the consistency of information supplied by an applicant e.g. benefits.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

4. Approval of Applications

Method of Review:

- Confirmation that controls ensure that only applications that comply with the Authority's policy are processed and that procedures ensure that all approvals and refusals are documented and authorised.
- Verification that procedures ensure that applicants are made aware of the basis on which assistance is assessed and of the obligations arising prior to approval.

Summary of Findings:

- ❑ Applicants are free to choose their own agents but the majority tend to use the Authority's own in-house service to manage their application.
- ❑ Staff are aware of ancillary fees which may be incurred such as Land Registry fees, building regulations etc.
- ❑ A sample of approved applications was checked and found to be in order.
- ❑ If an applicant is using the Authority's Home Improvement Agency to manage their application then the agency selects which contractors are invited to tender from a verified list.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

5. Estimates

Method of Review:

- Assurance that the Authority has established procedures for assessing tenders.
- Confirmation that controls have been established to ensure that contractor estimates are bona fide.

Summary of Findings:

- The Authority's Home Improvements Agency uses an established list of 15 contractors who are approached on a random basis to provide tenders for upcoming work. Experience has shown that the contractors submit marketplace quotations and offer a good service. All work is quoted from a detailed schedule of works.
- Where clients prefer to use their own agent, a basic schedule of work is sent out to be priced and returned. As work items are dealt with in a more general way a detailed breakdown of how the final cost is achieved is not available. However, if there is insufficient detail to allow the Housing Section to make an assessment for eligibility then they will ask for a breakdown of costs. In practice, costs are usually broken down anyway.
- A sample of estimates was examined and found to be in order.

Conclusion:

- There are no recommendations arising concerning this area of the review.

6. Works

Method of Review:

- Confirmation that applicants are required to give advance notification of the dates when works are due to commence.
- Assurance that regular inspections are made of the works being undertaken.
- Verification that upon completion of the works, applicants are required to sign to confirm that they are satisfied with the work.
- Confirmation that procedures have been established for dealing with disputes concerning the quality of works undertaken.

Summary of Findings:

- ❑ A sample of works was tested and found to be in order. Commencement of work and claims for final payment were found to be secured on file confirming the implementation of the previous audit recommendation in this area.
- ❑ Completed work is inspected before payment. Snags or defects found are reported directly to the Contractor. Once these have been rectified, a further inspection is carried out. As soon as the Grants Officer is satisfied, the administration will begin to process the payment.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

7. Conditions

Method of Review:

- Confirmation that controls ensure that breaches of condition are identified and that the procedures specify the circumstances in which grant conditions can be waived.

Summary of Findings:

- ❑ Applicants are advised of the conditions of the grant prior to work commencing on their property.
- ❑ Grant conditions are enforced by placing a land charge on the property once the work has been completed. This charge will be identified when a search is carried out on the property thus notifying the searcher before a sale/breach takes place.
- ❑ The Authority now has discretionary powers to reclaim DFG funding if the property is sold within 10 years of work completion.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

8. Payments

Method of Review:

- Confirmation that controls and procedures ensure that payments are bona fide.
- Verification that payment records are independently reconciled to the record of approved applications.

Summary of Findings:

- Payment procedures are satisfactory.
- From the sample tested, all payments were found to be in order.
- A reconciliation is undertaken monthly by an employee independent of the payments and approval process.

Conclusion:

- There are no recommendations arising concerning this area of the review.

9. Repayments

Method of Review:

- Controls ensure that assistance is repaid where required under the conditions of the assistance and that interest and capital repayment charges are calculated correctly.
- Confirmation that debt recovery procedures are instigated where payments are not received by the due date.

Summary of Findings:

- ❑ There are satisfactory procedures in place to ensure grants are repaid.
- ❑ For renovation grants, if the property is sold within 5 years then the grant has to be repaid. This is calculated as a percentage of the condition period still to run in calendar months.
- ❑ Previously Disabled Facilities Grants (DFG's) were exempt from repayment. However, due to the level of funding being committed to this type of grant, Local Authorities have now been given discretionary powers to reclaim funding that exceeds £5,000, but may not exceed a repayment of £10,000. The new policy will be enforced by a land charge placed against the property that will last for 10 years from the work completion date. This policy was approved by the Executive in February 2009.
- ❑ There were two repayments identified for the current financial year to date. One was selected and tested. It was found that the repayment had been correctly calculated and the completed calculation pro-forma sheet (previous audit recommendation) had been placed on file.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

10. Government Grants

Method of Review:

- Confirmation that controls ensure that the required Government returns of assistance provided are completed and submitted prior to deadlines.
- Verification that there are mechanisms in place to monitor spend on mandatory DFGs.

Summary of Findings:

- ❑ Central Government allocates an annual fund for the North West of which Carlisle City Council receives a percentage. This capital grant allocation is paid automatically each financial year. Supplementary allocations may also be made during the year. Previously, this grant was expected to fund 60% of the Authority's DFG programme with the Authority funding the remaining 40%. The Authority is now part of a Government pilot for 'Unring-fenced allocation of DFG budget', and the split no longer exists, in other words, the Authority is trusted to put in its share and therefore is expected but not forced to use these funds for the specific purpose of DFGs. In actual fact, Carlisle City Council put much more than the historic 40% into DFGs because of the huge take-up of this type of grant.
- ❑ The initial government allocation for this year is £663K. Although the budget is monitored by Finance and through the Section's own spreadsheets, as the DFG is mandatory, actual expenditure can be considerable more than the initial budget outlay.
- ❑ The Treasury and Insurance Manager prepares the DFG Return at the end of each financial year. It is limited to the actual allocation received in that year.
- ❑ The Housing Development Officer prepares the annual Housing Investment Programme (HIP) which includes details on actual spend and grants awarded.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

11. Performance Monitoring

Method of Review:

- Confirmation that service performance targets have been established and mechanisms have been established to monitor performance.
- Confirmation that complaints and appeals procedures have been established.

Summary of Findings:

- ❑ The 3 local performance indicators previously monitored are now no longer required.
- ❑ The Authority has a Local Area Agreement (LAA) target for DFGs in terms of time taken from Occupational Therapist (OT) referral, to approval of application. Over the last 2 years the Housing Section has managed to significantly reduce this time from 44 weeks to 18 weeks and during 2009/10 to approx. 10 weeks.
- ❑ Monthly meetings are held between OTs and Grant Officers to discuss each individual case.
- ❑ Upon completion of works, applicants are invited to complete a customer satisfaction questionnaire. Completed questionnaires are reviewed and if necessary policy revised as a result.
- ❑ Complaints against the Housing Section are covered under the Corporate Complaints procedure. This procedure is clearly documented with details of how to complain and is available to the public from various locations in the city including the Council internet page. The complaints process is now also brought to the attention of a potential applicant in the letter of enquiry.
- ❑ Complaints are handled by staff independent of the assistance process.
- ❑ There were no complaints made relating to improvement grants to date during 2009/10.

Conclusion:

- ❑ There are no recommendations arising concerning this area of the review.

12. Security of Data

Method of Review:

- Confirmation that data is held in accordance with the Authority's information classification and data retention policies and that consideration has been given to ensuring that data will continue to be available.
- Assurance that controls are in place to ensure that all paper-based records are held securely and appropriately with restricted access.
- Assurance that controls are in place to ensure that all electronic records are held securely with appropriate restricted access and is backed up at frequent intervals.

Summary of Findings:

- Paper files are allocated a unique reference number and are held in locked cabinets when not in use. Access to the Housing Section is also protected by security fob.
- Data is also held electronically on the Acolaid system that is only accessible by a user account. This data is also backed up every night as part of the IT backup cycle.
- Files are archived into the Civic Centre basement and kept for 6 years. Staff are aware of their data protection responsibilities.

Conclusion:

- There are no recommendations arising concerning this area of the review.

Final Report

8th February 2010

Audit Contact	Beverley Fisher	Extn No.	7293
Document Ref:	K:\2006-07 onwards\Community Services\COM225 - Dog Warden & Dog Enforcement\2009-10\Reports\Dog Warden COM225 Final Report.docx		

Directorate / Service Area	Recipient(s) of Report	Action Required
Community Services Environmental Services	(Acting) Head of Environmental Services (for information) Environmental Quality Manager (for information) Assistant Environmental Quality Manager (for action)	There are matters arising / recommendations arising from this audit review which require your attention. Please refer to the Action Plan Appendix A.

Please note: The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the full final report (management summary and appendices showing the matters arising, recommendations and agreed actions). The Audit Committee will also be presented with a full copy of this final report at the meeting to be held on 9th April 2010.

1. Reason for the Audit

- 1.1. As part of the audit planning process, Dog Wardens & Enforcement was identified as a medium risk service area. Given this particular activity had not previously been audited, it was selected for review as part of the agreed Audit Plan for 2009/10.

2. Background Information / Summary of the Audit Area

- 2.1. Previously under the Environmental Protection Act 1990, both local authorities and the Police had joint statutory responsibilities for accepting a stray dog when handed in by a finder. Anyone finding a dog was required to return the dog to the owner or taking the dog to the office of the local authority or to the nearest Police station. An arrangement was also in place whereby the finder of a dog may retain the dog if it was not claimed within 7 days.

Under the Clean Neighbourhoods and Environment Act 2005, from 6th April 2008 all statutory duties of the Police in relation to stray dogs was repealed from existing legislation and local authorities became solely responsible at all times for all functions on stray dogs. Local authority duties are contained in both the Environmental Protection Act 1990 and the Environmental Protection (Stray Dogs) Regulations 1992. The Police will, however, still be responsible for dealing with dangerous dogs and dogs perturbing livestock.

In October 2007, notification from the Department of Environment, Food and Rural Affairs (Defra) was received confirming that local authorities in England and Wales will be funded a total of £4 million a year through the Revenue Support (RSG). The funding is only intended to cover the additional costs of local authorities providing out of hours service for stray dogs. Local authorities are not expected to carry out a search and collection service for stray dogs outside of office hours but Carlisle City Council provide a service undertaken by B & B Bathtub.

Under the Control of Dogs Order 1992 which came into force on 1st April 1992, every dog while in a highway or in a place of public resort should wear a collar with the name and address of the owner inscribed on the collar or on a plate or badge attached to it (certain criteria's do not apply to this order). It must be noted that a micro chip does not replace the requirement for a collar.

The Dog Wardens service comes under the responsibility of the Community Services directorate. There are numerous staff involved with Dog Wardens and Enforcement from administration staff both at Carlisle City Council and the Animals Refuge, Dog Wardens and kennel staff.

Animals Refuge operates Monday to Friday between 9am to 5pm inclusive of emergency cover on bank holidays and B & B Bathtub operates Monday to Friday between 5pm to 9 am and on call each weekend and bank holidays for 24 hours each day.

Charges are made to the owner for the capture and reclaiming of the dog from the kennels. These charges vary accordingly to the size of the dog and the length of time the stray dog is kept at the Animals Refuge. After 8 days the dog will be transferred

into the ownership of the Animals Refuge for them to try and rehome. The dog will only be destroyed if the dog is deemed to be dangerous or ill. Many dogs remain with Animals Refuge for numerous years.

3. Associated Risks of Providing this Service/Function

3.1. Examination of the Risk Registers noted the following risks:

<u>Risk Description and Control Strategy</u>	<u>Type of Risk</u> <i>(strategic / operational)</i>	<u>Risk Score</u> <i>H/M/L</i>
Failure to meet the statutory duty to provide stray dog warden scheme.	Operational	L

3.2. Other risks identified by Internal Audit as part of this audit are considered to be:

- Contract Agreements with Animals Refuge and B & B Bathtub.
- Accounting for Income and Expenditure.

4. Scope of the Audit

4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a summary of the findings are outlined below.

	<u>Area Examined</u>
1.	Polices & Procedures
2.	Income
3.	Expenditure

5. Overall Conclusion of the Audit Review

5.1. A number of opportunities to further enhance controls have been identified, these are shown in the appendix A and have been brought to the attention of the relevant officers.

5.2. It was apparent throughout the review that both Animals Refuge and B & B Bathtub undertake the work required under contractual requirements efficiently and reliably. Whilst this is recognised by Carlisle City Council and it is judged by Internal Audit that value for money is being obtained, both contracts are scheduled to end on 31st March

2010 and the advice of the Procurement Section needs to be sought to agree the necessary tendering arrangements that need to be followed.

Comment from Assistant Environmental Quality Manager:

The Development & Support Manager has been notified that the contracts are due to expire at the end of March 2010. A report will be issued to SMT/Executive in due course.

6. Grading of Audit Recommendations

- 6.1. Each recommendation/agreed audit action in the appendices has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

<u>Grade</u>	<u>Level of Risk</u>
A	Lack of, or failure to comply with, a key control, leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control, leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	Action at manager's discretion.

* A *fundamental* weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).

- 6.2. There are 2 recommendations arising from this review. 1 at grade C and 1 at grade D.

7. Statement of Assurance

- 7.1. Based on the audit approach, issues and the grading of the recommendations arising from this review, it is considered that a **SUBSTANTIAL** level of assurance can be given in relation to the systems of control (see definition below).

Level	Evaluation
1. Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
2. Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
3. Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
4. None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

Directorate, Service Area

APPENDIX A

1. Policies & Procedures

Method of Review:

Potential Risks:

- Procedure notes are out of date and there are no procedures in place to update the notes on a cyclical basis, this may lead to:
Incorrect procedures being followed by staff.
Inadequate contingency procedures.
Failure to include amendments resulting from system releases/updates.
- Carlisle City Council fails to comply with 'The Environmental Protection (Stray Dogs) Regulations 1992' and 'The Control of Dogs Order 1992'.
- Adverse publicity.

Review:

- Carry out discussion with the Assistant Environmental Quality Manager, the owner of B & B Bathtub and the Animals Refuge.
- Establish the policies and procedures are in place and available regarding Dog Wardens and Enforcement.
- Obtain copies of relevant policies and procedures.
- Review the policies and procedures to determine if any sections/areas could be improved upon.
- Establish whether the policies and procedures are held electronically or/and hardcopy manuals.
- Quantify the number of staff involved in the administration and daily running of the Dog Wardens.
- Confirm that staff are aware and have access to a copy of the following:
 1. Polices & Procedures for Dog Wardens and Dog Enforcement.

2. Dog Warden Service Contract for Animals Refuge and B & B Bathtub.
3. The Environmental Protection (Stray Dogs) Regulations 1992.
4. The Control of Dogs Order 1992.

Summary of Findings:

• **Procedures**

It was confirmed that all relevant staff are aware and have access to the following documents, either a hard copy or electronic copy.

- Policies and procedures for Dog Wardens and Enforcement.
- Dog Warden Service Contract for Animals Refuge and B & B Bathtub.
- The Environmental Protection (Stray Dogs) Regulations 1992.
- The Control of Dogs Order 1992.

Testing was carried out on the standard forms required to be completed by Animals Refuge and B & B Bathtub on the capture of a dog and on the return of the dog to its owner when located. It was confirmed that all paperwork is being completed as accurately as possible relating to the information apparent at the time of capture and information revealed by the owner.

• **Policies**

It was confirmed that the following contracts exist with regard to the Dog Wardens scheme.

- Dog Warden Service Contract with Animals Refuge. This contract started on the 31st March 2006 and terminates on the 31st March 2010. Animals Refuge is contracted to recover/collect any stray dog during the hours of 9am – 5pm Monday to Friday and inclusive of emergency cover on bank holidays.
- Dog Warden Service Contract (Out of Hours) with B & B Bathtub. This contract started on the 14th March 2008 and terminates on the 31st March 2010. B & B Bathtub is contracted to recover collect any stray dog during the hours of 5pm – 9am Monday to Friday and on 24 hours call each weekend and on bank holidays.

It was confirmed that all relevant information/date is outlined with in the documents.

- Definitions
- The council agrees
- Contractor/League agrees
- Treatment of animals

- Records
- Terms
- Annual sum
- Termination
- Executed and delivered

All of the above are important factors between Carlisle City Council and the contractors to ensure an efficient and reliable service can be maintained. The contracts were found to be accurate and correct.

- **Staffing**

It was confirmed that the following are involved to some degree operationally in respect of the Dog Warden Scheme.

- Carlisle City Council staff x 4
- B & B Bathtub x 1
- Dog Wardens (Animals Refuge) x 7
- Administration (Animals Refuge) x 12
- Kennels (Animals Refuge) x 5

Carlisle City Council staff are situated in the Environmental Quality section and currently report to the (Acting) Head of Environmental Services.

- **General**

- Funding for the Dog Policy scheme now forms part of the Revenue Support Grant (RSG) Settlement. A brief description is given in the background information on page 1 or full details of the RSG can be located within the working papers or via www.local.communities.gov.uk.
- It was noted from a letter received from the Dogs Trust to Carlisle City Council that a national campaign is being launched to make micro-chipping compulsory. At present it is not compulsory for the dog owner to micro-chip their dog but the dog must wear an identity tag while in a highway or a public place. Exceptions apply; please refer to workings papers for full details. It was thought that if this campaign was successful this would enable the dog wardens to carry out their job more effectively as they could scan the dog and trace the owner instantly.

2. Income

Method of Review:

Potential Risks:

- Income received by Carlisle City Council is not accurate, complete, recorded and banked within a timely manner.
- There is no segregation of duties or adequate controls between the receipt, monitoring and banking of monies.

Review:

- Discussions with the relevant staff to ascertain the procedures for income received.
- Examine the below mentioned general ledger codes for 2008/09 to determine if all income has been correctly allocated within the general ledger.
 - Ledger code 24150 Dog Policy
 - Ledger code 24150/8301 Dog Policy – General Fees and Charges
- Examine the council charge receipts against the surcharge receipts to ensure entries are correct and balance.
- Examine Carlisle City Council's website to ensure that the correct charge information is being given to the general public.
- Confirm the legal arrangements for re-imburement of court/legal fees.
- Examine a random sample of completed paperwork relating to the capture of a dog from the Animals Refuge to determine if all relevant sections have been correctly completed.
- Confirm that there is a division of duties between the receipt, monitoring and banking of monies.

Summary of Findings:

- **Account 24150 - Dog Policy**

A comparison for 'Actual' against 'Budget' was carried out on the general ledger account 24150 Dog Policy for the following years:

- 2009/10
- 2008/09
- 2007/08

It was confirmed that all accounts are within budget.

- **Account 24150/8301 – Dog Policy General Fees and Charges**

Testing was undertaken on 10 Dog Wardens Surcharge Receipts for 2008/09 and 2009/10 and reconciled to the Council Charge Receipts and the general ledger. All entries were found to be correct.

- **Carlisle City Council's Website**

Carlisle City Council's website was examined to ascertain if the correct charges were being displayed to the general public.

- Veterinary fees for vaccination - £15.00
- Collection and delivery of the stray dog to the kennels - £4.00
- Daily kennel charges – Small dog - £5.00 1st night thereafter - £3.00
- Daily kennel charges – Medium dog - £6.00 1st night thereafter - £5.00
- Daily kennel charges – Large dog - £8.50 1st night thereafter - £7.50
- Daily kennel charges – German Shepherd type Dog - £10.00 1st night thereafter - £8.50
- Daily kennel charges – Bigger Dog - £12.00 1st night thereafter - £10.00

Plus Carlisle City Councils administration charge of £25.

It was established that at the time of the first examination the website was informing the public of the previous year's charges. This was highlighted to staff and was changed immediately. After examination again it was confirmed that the website held the correct information.

- **Legal Fees**

Confirmation was sought from the Head of Legal Services to the procedures regarding re-imburement of any legal fees from court costs when prosecuting the general public. It was confirmed that the legal fees are effectively a theoretical recovery of costs. The Court often imposes a fine and awards a contribution to the Authority's costs. These are then amalgamated together and the matter is left to the Court enforcement office to recover. Carlisle City Council occasionally receives a letter from the Court to write off some costs which they deem unrecoverable but this is very rare.

To conclude, the outcome is that court costs awarded are specifically for legal costs (i.e. the solicitor's costs in preparing the case and taking the case to court) and monies do not get reallocated to the background operational costs.

- **General**

Examination of the Animals Refuge and B & B Bathtub paperwork revealed that there are standard forms to complete when a dog is captured. Testing was carried out and all were found to be correct.

A monthly report is collated by Animals Refuge and forwarded to Carlisle City Council. The report identifies the total of dogs captured in the month, split into how many each day and the area in which they were captured.

Animals Refuge collects a fee from the dog owner before the dog is released. Animals Refuge now only accept cash as on many occasion they have had cheques 'bounce' leading to try and obtain another payment form the dog owner, which in certain circumstances has proved difficult.

The cost of £25 per dog is recovered by Carlisle City Council and monies are returned to the council on a monthly basis. This charge has not been raised since 1st April 2007. The Assistant Environmental Quality Manager visits the Animals Refuge monthly to collect any paperwork and money, which is then brought back in a sealed envelope to the Civic Centre, Carlisle. The Technical Assistant then counts the money and reconciles to the relevant paperwork. The monies are then taken to the Customer Contact Centre and handed over to the Cashier. It was brought to the Auditors attention that at present the monies received from Animals Refuge are not being checked on site before being taken off site to the Civic Centre, Carlisle. This was discussed with the Assistant Environmental Quality Manager who explained that this procedure had been in place since the contract began and to date there had been no issues arise. They commented that this may bring 'bad feeling' from Animals Refuge to Carlisle City Council if this was changed. It was agreed that at present they would continue with the current procedure but ensure that the envelope is always sealed and marked over the seal at the rear of the envelope and checked immediately on the return to the Civic Centre. **Please refer to recommendation A.1. and A.2.**

It was confirmed that there is a segregation of duties between the receipt, monitoring and banking of monies.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A.1	The cost of £25 per dog is recovered by Carlisle City Council. This charge has not been raised since 1 st April 2007.	Assistant Environmental Quality Manager	<p>Consideration should be given to raising the charge of £25 per dog to £30 per dog 'if and when' a new contract is signed to cover inflation charges.</p> <p>Comments from Assistant Environmental Quality Manager:</p> <p>Fees will be increased from £25 to £30 providing approval by Committee. A report is to be issued by the Environmental Quality Manager.</p>	D	April 2010
A.2	Monies are not checked at the Animals Refuge before being brought back to the Civic Centre, Carlisle.	Assistant Environmental Quality Manager	<p>New procedures should be established for a staff member at the Animals Refuge and Carlisle City Council to check any monies before leaving the site, 'if and when' a new contract is signed with the Animals Refuge.</p> <p>Comments from Assistant Environmental Quality Manager:</p> <p>Monies will be counted at the Animals Refuge with a member of their team.</p>	C	<p>April 2010</p> <p>Immediately</p>

3. Expenditure

Method of Review:

Potential Risks:

- Expenditure incurred had not been appropriately authorised.
- Expenditure has not been allocated to the correct cost codes.
- There is no segregation of duties or adequate controls between the ordering, authorisation and payment for services.

Review:

- Discussions with the relevant staff to ascertain the procedures for expenditure.
- Examine the below mentioned general ledger codes for 2008/09 to determine if all expenditure has been correctly allocated.

Ledger code 24150 Dog Policy

Ledger code 24150/4001 Dog Policy

Ledger code 24150/4001/63503 Dog Policy – Out of Hours

Ledger code 24150/8301 Dog Policy – General Fees and Charges

- Examine the council charge receipts against the surcharge receipts to ensure entries balance.
- Examination and testing of general expenditure to ensure paperwork is correctly completed, authorised and reconciled to the general ledger.
- Ensure that there is a division of staff duties for the raising, authorisation and processing of invoices.

Summary of Findings:

- **Account 24150 Dog Policy**

Please refer to section 2 – Income.

- **Account 24150/4001 – Dog Policy/Dog Warden/Animals Refuge**

Testing was undertaken on the invoices from The National Equine (and smaller animals) Defence League (Animals Refuge) to the general ledger account 24108/4001. The monthly charge of £5,129.84 was correctly invoiced with the exception of the one invoice relating to the beginning of the financial year which was approximately a month late due to the new RPI being set.

All entries were found to be correct and all invoices detailed the correct information.

- **Account 24150/4004/63503 – Dog Policy/3rd Party Fees/Out of Hours Warden Service**

Testing was undertaken on 5 invoices from B & B Bathtub to the general ledger account 24150/4004/63503. All invoices were correctly calculated, 3 invoices were allocated to the correct general ledger account and 2 invoices were allocated incorrectly to 24150/4001. This was investigated and was clarified as a clerical error.

- **Account 24150/8301 – Dog Policy/General Fees and Charges**

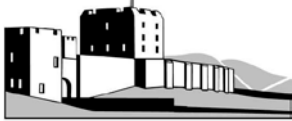
Please refer to section 2 – Income.

- **General**

It was confirmed that there are division of duties relating to the raising, authorising and processing of invoices. There are numerous staff within Environmental Services that are experienced and knowledgeable in the daily tasks relating to Dog Wardens.

Since the contract with Animals Refuge began on 31st March 2006 the RPI% remained at 0% for the 2009/10 financial year. Whilst Animals Refuge accepted the situation with the current financial climate, they made a request that Carlisle City Council would ensure that if the RPI is a negative figure or at the base rate for 2010/11 that a minimum of 2% would be granted in order to cover their increasing costs each year. To date this has not been agreed and will require further agreement by Carlisle City Council 'if and when' a new contract is signed.

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Corporate Services

Audit Services

Audit of Housing and Council Tax Benefits (Material Review)

Final Report

16th February 2010

Audit Contact	Paula Norris	Extn No.	7014
Document Ref:	Housing and Council Tax Benefits Audit 2009-10 - Final Report.docx		

Directorate / Service Area	Recipient(s) of Report	Action Required
Community Engagement.	Interim Strategic Director – Community Engagement (for action) Benefits Manager (for action) Deputy Benefits Manager (for action)	There are matters arising / recommendations arising from this audit review which require your attention. Please refer to the Action Plan, which is attached as Appendix A.

Please note: The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the full final report (management summary and appendices showing the matters arising, recommendations and agreed actions). The Audit Committee will also be presented with a full copy of this final report at the meeting to be held on 9th April 2010.

1. Reason for the Audit

- 1.1. The audit of Housing & Council Tax forms part of the programme of annual material reviews which focus on the fundamental systems of the Authority. These systems have a high impact on the main financial system and therefore on the Authority's accounts. The Audit Commission place reliance on the material reviews undertaken by Audit Services, as part of their work on the annual statement of accounts.

2. Background Information / Summary of the Audit Area

- 2.1. The provision of Housing and Council Tax Benefits is a statutory function that is currently operated in house by a team consisting of 38.68 FTE in 2009/10.
- 2.2. Housing and Council Tax Benefits is part of the Revenues and Benefits function. Revenues and Benefits are currently going through a shared service exercise with Allerdale Borough Council and Copeland Borough Council. This joint venture is hoping to produce savings of £510,000 over the six year timeframe. The deadline for the implementation of the shared service has now been extended to 1st October 2010.
- 2.3. The 2008/09 review provided a Substantial level of assurance. There were no recommendations made. As a result of this it was decided to initiate the review by conducting a verbal interview with the Deputy Benefits Manager, working through the entire CIPFA Matrix Internal Control Questionnaire (ICQ's), concentrating on those areas that may need further examination. An audit test was conducted for each area of risk.
- 2.4. Housing and Council Tax Benefit Fraud will be examined under a separate review and the Audit Commission fully audit Housing benefit subsidy, therefore, these two separate areas have been omitted from this particular review to prevent duplication.

3. Associated Risks of Providing this Service/Function

- 3.1. Examination of the Risk Registers noted the following risks:

Risk Description and Control Strategy	Type of Risk <i>(strategic / operational)</i>	Risk Score <i>H/M/L</i>
<p><u>Risk</u> <i>Benefit Administration.</i></p> <p><u>Control Strategy</u></p> <ul style="list-style-type: none"> • <i>Disaster Recovery Plan in place.</i> • <i>Rigorous use of test systems.</i> • <i>Detailed manuals in place.</i> • <i>Qualified management and robust training in place to reduce risk.</i> • <i>Rigorous audit of all admin processes.</i> • <i>Manual back up in place for benefit cheques.</i> 	<i>Operational</i>	<i>Medium</i>

<p><u>Risk</u> <i>Benefit Take-up</i></p> <p><u>Control Strategy.</u></p> <ul style="list-style-type: none"> • <i>Campaigns co-ordinated with DWP (Department of Works and Pensions), BAC (Benefits Advice Centre) etc.</i> • <i>Robust customer consultation.</i> 	<p><i>Operational</i></p>	<p><i>Medium</i></p>
<p><u>Risk</u> <i>Benefit Probity</i></p> <p><u>Control Strategy</u></p> <ul style="list-style-type: none"> • <i>Rigorous use of test systems.</i> • <i>Detailed manuals exist.</i> • <i>Qualified management and robust training in place to reduce risk.</i> • <i>Rigorous audit of all admin processes.</i> • <i>Secure environment for cash payments.</i> 	<p><i>Operational</i></p>	<p><i>Low</i></p>

4. Scope of the Audit

4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a summary of the findings are outlined below.

	Area Examined
1.	Follow up from 2008/09 Review.
2.	Administration.
3.	Post Opening.
4.	Assessment.
5.	Payments.
6.	Overpayments.
N.B.	Fraud (will be audited in a separate review).
N.B.	Subsidy (will be audited by the Audit Commission)

5. Overall Conclusion of the Audit Review

5.1. A number of opportunities to further enhance controls have been identified, these are shown in Appendix A and have been brought to the attention of the relevant Assistant Director. In summary the key issues arising from this review are:

5.1.1. The Housing and Council Tax Benefit function is operating extremely well. There have been recommendations made, however, apart from the recommendations requesting the physical payment of benefit to Council landlords via BACS back to the Authority, and the strengthening of the staff declaration form, the remaining few are procedural based.

5.1.2. The forthcoming year will see a lot of change and developments in this area and policies and procedures may be reviewed to accommodate the shared service requirements, therefore, later on this year these recommendations may not apply. It is however required to bring them to the attention of management to ensure that they are recognised.

6. Grading of Audit Recommendations

6.1. Each recommendation/agreed audit action in the appendices has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

Grade	Level of Risk
A	Lack of, or failure to comply with, a key control, leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control, leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	Action at manager's discretion.

* A *fundamental* weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).

6.2. There are 4 recommendations arising from this review. All at Grade C.

7. Statement of Assurance

7.1. Based on the audit approach, issues and the grading of the recommendations arising from this review, it is considered that a SUBSTANTIAL level of assurance can be given in relation to the systems of control (see definition below).

Level	Evaluation
1. Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
2. Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
3. Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
4. None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

Resources Directorate, Revenues & Benefits

APPENDIX A

1. FOLLOW UP FROM 2008/09 REVIEW.

Method of Review:

- Review of the 2008/09 audit report with the intention to follow up any agreed recommendations to ensure that they have been actioned satisfactorily within the agreed timescales.

Summary of Findings:

- 1.1. There were no recommendations made as a result of the 2008/09 review.

2. ADMINISTRATION.

Method of Review:

- Discussions with Deputy Benefits Officer.
- Completion of the CIPFA Matrix for Housing and Council Tax Benefits - Internal Control Questionnaire.
- Testing undertaken when answers received were not adequate to ensure control.
- Examination of policies in circulation.

Summary of Findings:

2.1. Policies and Procedures.

All hard copies of current benefits regulations and guidance documents are maintained in the benefits section. There are also 'user friendly' guides held. The Council subscribes to "The Benefits Directory" which holds all the Benefits circulars issued by the DWP and explains all the regulations etc.. Updates are circulated to all staff as and when they are received from the Department of Works and Pensions (DWP). Copies of these are available from the Benefits Manager.

The 'Carlisle City Council Anti-Fraud Strategy Housing Benefit Overview' still refers to The Verification Framework. This no longer applies as it was replaced in by the Security Guidance Manual in 2006/07. (this is discussed in further detail in Section 4 – Assessment. – **Refer to Recommendation A1).**

2.2. Staff Training and Awareness.

An officer is specifically employed in the role of Training Officer. This Officers remit is to keep abreast of current legislative change and pass this information on to the Assessment staff. In addition to this, they organise the relevant training for all new staff. The details of all training provided is then logged onto a spreadsheet.

Team meetings are called as and when needed.

2.3. Service Accessibility.

Hard copy Housing Benefit claim forms can be requested, completed then handed in at the counter or posted. There is also an online version which can be downloaded from Carlisle City Councils website. This can not be filled in on-line, however, as to do so would then lead to verification issues with the declaration (i.e. the lack of a signature).

There is a strategy to encourage the take-up of benefits by the public. There has been a number of 'Benefit Take- up' campaigns over the past few years, the most recent regarding the benefits calculations due Nov 02nd 09. Here the campaign was in response to the change in regulations regarding disregarding child benefit and the increase in applicable pensioners capital. Queries were obtained from the system to find out those who currently did not qualify but would after the changes were implemented. These individuals were then invited to claim. There are no results available at this time to see how successful this campaign was.

The DWP also provides a list of likely pension benefit qualifiers, so these individuals are automatically sent a form to aim to ensure that they are applying for any benefit applicable.

2.4. Benefits documentation.

The benefits claim forms/leaflets and documentation are based on actual DWP claim forms. Although first impressions may be that the forms are over detailed and rather confusing to some, it is necessary to request this level of information to ensure that the claim is assessed correctly in line with legislation and to minimise the potential for miscalculations, overpayment or fraud. Each time a new batch of forms is ordered (usually after some change to legislation, the claim form is reviewed to ensure that it obtains the required information from applicants.

All the forms and leaflets can be requested in a number of languages and formats to ensure that the majority of all applicants needs can be addressed. If none of these formats assist the applicant, then assistance from the Contact Centre or a home visit from the Authority Visiting Officer can be arranged to assist in the completion of the form.

2.5. Receipt of claims and other documentation.

It was confirmed that all Customer Contact Centre staff had received training in dealing with basic claims queries.

It was confirmed that a private meeting room is available to discuss claims confidentially.

A valuables list is maintained that logs the treating, holding and returning of all valuables and documents submitted by claimants.

2.6. Performance.

Service performance is assessed in detail. Performance figures are produced and are passed to the Benefits Manager and the DWP. There is a national performance indicator NI180 – The number of changes of circumstances which affects customers HB and CTB within the year.

The DWP require request the completion of surveys regularly. A certain number must be returned within a 2 – 3 year timescale.

If any complaints are received, they are dealt with in the first instance by the Benefits Team Leader. The Councils Corporate Complaints Procedure is also available for more serious complaints.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A1.	The Carlisle City Councils Anti-Fraud Strategy Housing Benefit Overview is out of date in parts.	Benefits Manager.	That the Carlisle City Council Anti-Fraud Strategy Housing Benefit Overview be updated to reflect that the Verification Framework no longer applies and that the Council have adopted the guidance set out in the Security Guidance Manual.	C	As soon as possible.

3. POST OPENING

Method of Review:

- Discussions with Deputy Benefits Manager.
- Completion of the CIPF A Matrix for Housing and Council Tax Benefits – Internal Control Questionnaire.
- Testing undertaken when answers were not adequate to assure control.
- Witness test of post opening procedure which took place on Tues 5th Jan 2010.

Summary of Findings:

3.1. Policies and Procedures.

An office manual covering post opening procedures has been established and all the staff currently undertaking this duty has been suitably trained in all aspects of the job.

3.2. Post Opening.

When the post is received, it is held securely pending opening at the keepers desk, it is then collected by 9a.m and opened in the post room which is locked. Mail is always opened on the day it is received.

3.3. Receipt of post.

Procedures dictate that all post is date stamped immediately upon receipt.

Recorded and registered post is logged in a register.

There are procedures in place for dealing with post handed in at the counter and also for that mail marked 'private, confidential or personal'.

3.4. Receipt of valuables.

All valuable items (i.e including original documents) are immediately recorded on the valuables list, controls are in place to ensure that they are held securely and are all returned within the same day.

All cash and cheques received are delivered promptly to cashiers for paying in.

Procedures are in place for dealing with returned cheques, post-dated cheques and incorrectly completed cheques.

3.5. Distribution of post.

It was confirmed that targets and procedures have been established for ensuring that post is dealt with promptly and that post awaiting delivery is held and delivered securely.

3.6. Performance.

There is no set procedure for management to check or supervise the mail opening/distribution process, however, if there were any issues arising, because of other system controls and processes, they would be highlighted and dealt with almost immediately.

There were no recommendations to be made regarding Post Opening.

4. ASSESSMENT

Method of Review:

- Discussions with Deputy Benefits Manager.
- Completion of the CIPF A Matrix for Housing and Council Tax Benefits – Internal Control Questionnaire.
- Testing undertaken when answers were not adequate to assure control.
- Sample test of 10 benefit claims traced through the system from receipt of claim to benefit award. Test each stage for accuracy and timeliness.

Summary of Findings:

4.1. Policies and Procedures.

As stated in section 2, all benefits regulations and guidance documents are maintained and are available to all relevant staff.

The Verification Framework was replaced by the Security Guidance Manual in 2006/07. These regulations do not specify exactly what type of evidence and information is acceptable, however, using the guidance, it is for the Local Authority to consider the circumstances of each individual claimant and ensure that there is sufficient evidence to determine entitlement.

Staff are aware of and have been trained in the Security Guidance and DWP requirements and standards.

Assessment staff always confirm the claimants identity prior to discussing any element of the claim with them.

Training and development programmes have been established for assessment staff. Refer to section 2 for more detail.

There is also a 4% accuracy monitoring check.

Separation of duties has been established and there is a full audit trail within the system.

All Revenues and Benefits staff now have to sign a declaration. There are two forms, one declaring their personal experience of benefit, including any incidents of fraud of which there is a warning at the bottom that if the details described were found to be untrue then disciplinary action would be taken. The second form is for staff to list any close friends or relatives that will be liable for Council Tax or are claiming benefits. Obviously, staff situations will change over time, and friends and family can be transitional, therefore this form should ideally be strengthened.

The form merely asks the staff member who they know, and due to the demographic set-up of Carlisle, this will be constantly changing. It doesn't then state that the staff member should not deal with their claim/account. This part should be added. Also the forms should be circulated and updated periodically. – **Refer to Recommendation A2**

4.2. Claims and supporting documentation.

Procedures ensure that claims are assessed without delay. Mail items are automatically 'weighted' by type by the system. E.g a cancellation will take priority due to the risk of overpayment if the action is delayed.

'Information@Work' is the new name for Images. This is the Councils Document Image Processing system (DIP). Access is controlled, only system administrators have the ability to delete documents or notes from the system. The only time that this permission is used is when a document is duplicated in the system, e.g. if a problem arose in scanning a batch and it has to be rescanned. This happens rarely, or if a user created a duplicate memo.

Income and expenditure proofs are returned to all claimants immediately after they have been scanned into the DIP system.

4.3. Liability, residency and identity.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding liability, residency and identity. This was confirmed via the sample test.

4.4. Income.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding income. This was confirmed via the sample test.

4.5. Household and non-dependants.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding household and non-dependants. This was confirmed via the sample test.

If circumstances are likely to change that would affect the benefit entitlement (i.e dependant reaching aged 16), then a diary date for review would be set so that the claim can be reviewed when the time comes.

4.6. Rents payable.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding rents payable. This was confirmed via the sample test.

4.7. Checks and incomplete claims.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding checks and incomplete claims. This was confirmed via the sample test.

4.8. Calculations and start dates.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding calculations and start dates. This was confirmed via the sample test.

If there are any year end adjustments, these are primarily changes to regulations/legislation and are activated by a system upgrade.

If there are errors within a calculation, Academy will highlight this, however, it can be overridden. Accuracy Monitoring may pick this up afterwards but it is only a 4% check. The risk of this happening is minimal as a miscalculation is more likely to be a human error than being malicious so the Academy facility is considered adequate.

4.9. Backdating claims.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding backdating claims. Designated officers are specifically trained and also given guidance as to what is deemed 'good cause'

4.10. Extended payments.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding extended payments.

4.11. Data matching and reviews.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding data matching and reviews.

4.12. Changes of circumstances.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding data matching and reviews. This was confirmed via the sample test.

Claimants are reminded of the need to report any changes of circumstances on the bottom of every letter they receive from the Benefits Section.

4.13. Disputes and appeals.

Procedures ensure that all claimants are assessed using the appropriate legislation regarding data matching and reviews.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A2	The staff declaration forms require strengthening.	Benefits Manager	That the staff declaration forms should include reference that they must not process any claims for those that the staff have stipulated on the forms (without permission), and also that these forms should be circulated and updated periodically.	C	As soon as possible

5. PAYMENTS

Method of Review:

- Discussions with Deputy Benefits Manager.
- Completion of the CIPF A Matrix for Housing and Council Tax Benefits – Internal Control Questionnaire.
- Testing undertaken when answers were not adequate to assure control.
- Sample reconciliation of cheque run dated 04/01/2010.

Summary of Findings:

5.1. Policies and Procedures.

As stated in section 2, all benefits regulations and guidance documents are maintained and are available to all relevant staff.

5.2. Payments General.

A system of separation of duties operates within Academy complete with access controls. This means that relevant payment access is only given to those who need it to carry out their duties, otherwise it is blocked.

It was confirmed that all transactions were recorded, referenced and bona fide. The reports produced proving this are used for the post payment run reconciliation.

5.3. On account and discretionary payments.

Controls ensure that all payments are made in accordance with the DWP guidance and the organisation's financial procedure rules. This was confirmed via the sample test.

There are no longer any emergency cheque payment runs so the risk of unauthorised payments being produced that are outwith the control of the system is nil.

The Council does operate a discretionary payment award policy. It involves a 'top-up-fund' where claimants whose rent exceeds the maximum rent allowance can put a case forward for this to be accepted. Various reasons can influence the decision to award, e.g. the claimant cannot move from that higher rented property for physical or mental reasons e.g. The decision to award is at the discretion of a specifically designated officer who is trained and experienced in this area.

5.4. Landlord payments.

The 'Safeguards' Policy states that the Council will only pay the landlords directly if the claimant is 8 weeks or more in arrears with their rent or, on the request of a Housing Association.

5.5. Notifications and payments dispatch.

Decision notices are sent promptly to claimants. They are automatically generated by the system and sent out the day they are produced. A typical benefits cheque run was witnessed and the system was followed.

Batch process hb6040 is ran the Friday before the cheque run. The Benefit Controls Section instigate the cheque run first thing the next available morning as until the system balances, the assessment officers cannot assess completely in case their actions have an impact on the figures. Once the procedure is complete, IT and Finance are both informed of actions taken, the amount of benefit to be paid and number of cheques to be printed (for reconciliation purposes) and given instruction to commence their parts of the process.

IT then run the BACS process, informing Benefits and Finance when it is complete. Finance then balance the BACS file to the Icon system which is ultimately fed into the General Ledger.

It was noted that the cheque run included 2 cheques made out to Carlisle City Council. These were for Housing Benefit for tenants resident in council owned hostels. Although the payments are legitimate. Other payment methods, i.e BACS should be investigated rather than taking time and effort producing a cheque from our bank account which will then be ultimately paid back in. – **(Refer to Recommendation A3)**

The cheques are held securely after they have been produced. They are printed by IT and they are dispatched by the Revenues admin staff who are independent of benefits assessment staff. All stages of the cheque handovers are secure.

A record is maintained of all 'pulled' cheques with a spreadsheets maintained by Finance that lists them in full and outlines a brief explanation why.

No problems were found with the cheque run of the 04/01/10.

5.6. Returned cheques.

Procedures and controls ensure that un-presented, lost, stolen and replacement cheques are recorded and investigated independently of assessment staff.

Replacement cheques are only issued once written confirmation has been received from the bank confirming the stop and non-encashment of the cheques. The Finance Assistant maintains a spreadsheet which she updates as and when a cheque is returned.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A3.	Benefit cheques are physically raised and made payable to Carlisle City Council.	Benefits Manager	Consideration should be given into paying any benefit to Council landlords via BACS.	C	As soon as possible

6. OVERPAYMENTS

Method of Review:

- Discussions with Deputy Benefits Manager.
- Completion of the CIPF A Matrix for Housing and Council Tax Benefits – Internal Control Questionnaire.
- Testing undertaken when answers were not adequate to assure control.
- Examination of write-offs actioned during 2009/10.

Summary of Findings:

6.1. Policies and Procedures.

As stated in section 2, all benefits regulations and guidance documents are maintained and are available to all relevant staff.

6.2. Identification and calculation.

Controls exist to ensure that the occurrence of overpayments are minimised using the measures mentioned in the assessment section of this review. Any identified overpayments are prioritised alongside cancellations.

6.3. Recording and notifications.

All overpayments are recorded as this is information required by the Audit Commission for them to verify the subsidy claim. Accuracy monitoring also assists in identifying any problems with classifying overpayments. As information is provided to the Audit Commission annually, a mid year sampling exercise is also undertaken to identify any areas of concern.

6.4. Recovery

There is a debt recovery strategy incorporated in the Overpayments Policy. This incorporates details of recovery for admin/claimant errors and also fraud.

6.5. Reductions and write-offs.

All benefit overpayment write offs over £1,000 must be reported to the Executive. The Assistant Director of Resources has the authorisation to write off all amounts below £1,000 as per Authority Financial Procedure Rules. These powers have been delegated to the Benefits staff in varying levels.

- Assessment Officers up to £49.99.
- Team Leaders £50 to £249.99.
- Benefits Manager/Senior Adjudication Officer £250+.

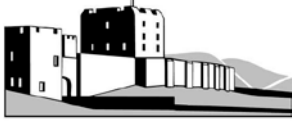
The overpayments policy does not quote these levels which should be incorporated. – **(Refer to Recommendation A4).**

Testing of 10 overpayment write offs (7 housing Benefit and 3 Council Tax benefit) showed that the majority of the cancellations were down to either LA error or DWP error. As the overpayments are monitored, the policy makes provision for this by outlining that overpayments awareness and refresher training will be incorporated into the relevant assessment staffs training individual training plans. Monitoring staff should ensure that this does indeed happen.

The last report issued to the Executive, where overpayments to be written off over £1,000, was submitted on 16th Oct 2009 where a total of £29,880.66 was written off. These debts dated from between 2006 and 2008 and recovery had been exhausted.

<u>Ref</u>	<u>Issue</u>	<u>Responsible Officer</u>	<u>Recommendation / Agreed Actions</u>	<u>Grade</u>	<u>Suggested Timescale for Completion</u>
A4.	The Overpayments Policy requires updating.	Benefits Manager.	The Overpayments Policy should be updated to reflect the revised write off responsibilities and authorisation levels.	C	As soon as possible

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Resources Directorate

Audit Services

Final Audit Report

March 2010

Audit Contact	Paula Norris	Extn No.	7014
Document Ref:	Audit of Job Evaluation Back Pay Testing 2009-10.doc		

Directorate / Service Area	Recipient(s) of Report
Resources Directorate/Personnel & Development	Strategic Director. Assistant Director (Resources) Pay Services Manager

Please note: The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the full final report. The Audit Committee will also be presented with a full copy of this final report at the meeting to be held on 9th April 2010.

1. Reason for the Review.

- 1.1. Job Evaluation was one of the major elements of the Council's Pay & Workforce Strategy that Carlisle City Council was required to develop under the terms of the 2004 National Joint Council (NJC) Single Status Pay Agreement. Single Status was developed to seek to harmonise the terms and conditions of Council employees who were previously employed under the 'white and blue collar' terms and conditions of service.
- 1.2. The new pay structure applies from 1st of March 2010. If, as a result of the process, an employee's pay moves into a higher grade, the agreed method of calculating what is termed as a "compensatory payment" is that an individual receives the difference between the revised rate and the amount that they were earning as at 28th of February 2010. The difference will be backdated for a maximum of 32 months or from the time that they were appointed if this is later than that date. It should be acknowledged that this award is not 'back pay' as such as it has not been calculated on an "actual" basis" taking into account different grades, Spinal Column Points and the impact of any overtime working over the previous 32 month period, as to do this would have been unachievable impossible within the set timescale for implementation, and would have been prone to error.
- 1.3. The compensatory payments were calculated initially by the Pay and Rewards Manager and any sums in excess of £1,000 were checked again by the Assistant Pay and Rewards Manager. In total, 621 staff past and present actually received a backdated award with the total sum amounting to in excess of £1.67million.
- 1.4. Given the overall sums involved, it was deemed appropriate by Audit Services that for additional assurance purposes, further test checking would be undertaken on a substantial sample of compensatory sums ahead of the actual salary payments run for March 2010.

2. Method of testing.

- 2.1. The following sample was tested:-

Category of Employee	Total No	Total cost	No sampled	% sample (no)	Value sampled £	% sampled £
'Blue' collar	195	£691,167	40	20.51%	£238,094.94	34.45%
'White' collar	290	£848,242	60	20.69%	£382,392.68	45.08%
'Leavers'	136	£133,382	30	22.06%	£73,190.00	54.87%
Totals	621	£1,672,791	130	20.93%	£693,677.62	41.47%

- 2.2. The calculations were checked, firstly to manual records on which the calculations had been based and then also to the Trent Payroll system so that the employees employment history could be validated for calculation purposes.

3. Matters Arising.

From the large sample check, only one erroneous calculation was located relating to a potential overpayment of just over £500. The employee was duly informed and the payment adjusted prior to the payment run. The overall accuracy rate of the sample tested was 99.2% in terms of employee numbers and 99.93% in terms of the monetary amount

3.1. All compensatory payments were included in the March salary run, except for the 'Leavers' payments. These payments will be made in the April pay run. There were three outstanding queries relating to these staff that the Assistant Pay and Reward Manager is currently pursuing and will respond to Audit Services in due course.

4. **Conclusion.**

4.1. On the basis of the audit checks undertaken in conjunction with the accuracy of information within the Trent system, a high level of general assurance can be given in respect of the compensatory payment calculations emanating from the Job Evaluation process.