

AUDIT COMMITTEE

Committee Report

Public

Date of Meeting: 13th January 2012

Title: AUDIT SERVICES PROGRESS REPORT

Report of: Assistant Director (Resources)

Report reference: RD.76/11

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee on 31st October 2011 and details the progress made against the 2011/12 Audit Plan up to 16th December 2011.

Recommendations:

Members are requested to receive this report and note progress made against the agreed 2011/12 Audit Plan.

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Audit Manager

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CITY OF CARLISLE

To: Audit Committee
13th January 2012

RD.76/11

Audit Services Progress Report No. 3

1 Summary of Audit Work

- 1.1 This report summarises the work carried out by Audit Services since the previous report to Committee. It monitors the progress made on the 2011/12 Audit Plan up to 16th December 2011.

2 Audit Performance Against the 2011/12 Audit Plan

- 2.1 The 2011-12 Audit Plan was presented to the Audit Committee on 12th April 2011 – report RD5/11 refers.
- 2.2 To assist Members in monitoring progress against the agreed Audit Plan, **Appendix A** illustrates the current position of the Plan.
- 2.3 Members should note that, of the 535 direct audit days scheduled for completion in 2011/12, 371 direct audit days (69%) had been delivered by 16th December 2011 (week 38) - this is considered to be on target for this position of the year.

3 Follow-up of Previous Audit Recommendations

3.1 Insurance Arrangements

- 3.1.1 At the previous meeting on 31st October 2011, Members asked that an update in relation to potential Health and Safety risks raised in the audit of Insurance Arrangements be submitted to the next meeting of the Audit Committee. This matter was also raised in a subsequent risk management report and so has been addressed as separate agenda item.

3.2 Bereavement Services

- 3.2.1 Also at the last meeting, Members asked that a brief update in relation to the position of the recommendation concerning the Bereavement Services operational risk register be submitted to the next meeting of the Audit Committee.

3.2.2 The audit considered that*there should be greater evidence available to demonstrate that operational risks are being appropriately managed.*

3.2.3 This recommendation was in relation to two service risks which were being managed through the operational risk register for the Neighbourhoods and Green Spaces Team. These risks related to:

- Shortage of burial space
- Private Sector competition

3.2.4 The Neighbourhoods & Green Spaces Manager has now responded to this audit recommendation and has provided an outline of the management of these service risks and the control strategies in place which supports the reduction in their risk ratings. It has also been assured that, in line with corporate risk management practice, all risks will be kept under continuous review and reassessed as necessary.

3.3 There are no further issues concerning follow up reviews which need to be brought to Members' attention at this time.

4 Review of Completed Audit Work

4.1 There are two audit reports to be considered by Members at this time.

4.1.1 Improvement Grants – see Appendix B

4.1.1.1 This has been given reasonable assurance. Members' attention is drawn to the key issues arising from this review, which are summarised in section 7 of the Management Summary on page 10 and the agreed recommendations which are shown within the action plan which follows on page 13.

4.1.2 Value Added Tax – see Appendix C

4.1.2.1 This has been given reasonable assurance. Members' attention is drawn to the key issues arising from this review, which are summarised in section 8 of the Management Summary on page 20 and the agreed recommendations which are shown within the action plan which follows on page 22.

5 Recommendations

5.1 It is recommended that Members:

- Note the progress made towards completion of the 2011/12 Audit Plan, for the period up to 16th December 2011, as illustrated in **Appendix A**.

- Receive the completed audit reports which are attached as **Appendix B and C** to this report.

P. Mason
Assistant Director (Resources)

PROGRESS AGAINST THE AUDIT PLAN 2011/12

-up to 16th December 2011

<u>Status</u>	<u>Audit Category</u>	<u>Directorate</u>	<u>Audit Area</u>	<u>Allocated Days</u>	<u>Days Taken</u>	<u>Comments</u>
Ongoing	High Risk	Com. Engagement	Customer Contact Centre	15	2	
Pending	High Risk	Com. Engagement	Tullie House	10	1	
	High Risk	Com. Engagement	Community Support	10	0	
	High Risk	Com. Engagement	Events	10	0	
	High Risk	Com. Engagement	Supporting People	15	0	To review position for completion in Q4.
Draft Issued	High Risk	Corporate	Tendering & Contracting (inc. e-Procurement & Frameworks)	25	34	Combined audit undertaken to provide wider coverage of corporate e-procurement activities in support of tendering & contracting review.
Completed	High Risk	Corporate	Risk Management Arrangements	10	21	Comprehensive first review of this area. Final report was considered by the September 2011 Audit Committee
Completed	High Risk	Local Environment. / Resources	Insurance (inc highways insurance)	10	30	Final report was considered by the October 2011 Audit Committee
<i>Postponed</i>		<i>Local Environment</i>	<i>Street Cleaning</i>	<i>10</i>		<i>Removed from Plan and rescheduled for 2012/13</i>
Ongoing	High Risk	Local Environment	Recycling	15	16	Draft report prepared
	High Risk	Local Environment	Refuse Collection	10	0	
Ongoing	High Risk	Local Environment	Highways Contract & Claimed Rights	15	5	To review position for completion in Q4.

Completed	High Risk	Local Environment	Cemeteries, Crematorium	12	20	Final report was considered by the October 2011 Audit Committee
	High Risk	Resources	Asset Management	15	0	
	High Risk	Resources	Transformation	15	0	
Ongoing	High Risk	Resources	Partnerships	10	10	Draft report prepared
Ongoing	High Risk	Resources	Capital Resources / Programme	15	4	
Completed	High Risk	Resources	ICT Connect - Shared Service Governance Arrangements	5	8	Joint ICT review with Allerdale BC - Findings & Action Plan was considered by the September 2011 Audit Committee
Completed	High Risk combined with work b/fwd from 2010/11	Resources	Properties for Rent & Industrial Estates	10	20	Wider review which incorporated Industrial Estates. Final report was considered by the August 2011 Audit Committee
	High Risk	Resources	Facilities Management / Building Maintenance	10	0	
			TOTAL DAYS FOR HIGHER RISK AUDITS	247	172	
Completed	Medium	Resources	VAT	10	7	Final report to be considered by the January 2012 Audit Committee
Completed	Medium	Local Environment	Pest Control	5	6	Final report was considered by the July 2011 Audit Committee
Ongoing	Medium	Resources	CRB Compliance	5	2	
	Other	Corporate	External Grant Funding	5	0	

Work Concluded	Other	Corporate	National Fraud Initiative (NFI)	15	16	Report covering NFI exercise to be incorporated into the final outturn report
			TOTAL DAYS FOR OTHER AUDITS	40	30	
Ongoing	Material	Resources	Income Management & Cash Collection	12	1	
Ongoing	Material	Resources	Fixed Assets	12	0	
	Material	Resources	Main Accounting System	15	0	
Ongoing	Material	Com. Engagement	Housing & Council Tax Benefits	12	1	
Ongoing	Material	Resources	Treasury Management	8	4	
	Material	Resources	Creditors	8	0	
Completed	Material	Com. Engagement	Housing Regeneration (Improvement grants)	8	18	Final report to be considered by the January 2012 Audit Committee
	Material	Resources	Payroll	10	0	
Ongoing	Material	Resources	Debtors	8	1	
	Material	Com. Engagement	NNDR	10	0	
	Material	Com. Engagement	Council Tax	12	0	
	Material	Local Environment	Car Parking	10	1	
			TOTAL DAYS FOR MATERIAL AUDITS	125	27	
Ongoing	ICT		IT Strategy	10	0	
Ongoing	ICT		Network Controls	10	0	
	ICT		Service Desk, Incident & Problem Management	10	0	

TOTAL DAYS FOR ICT AUDITS	30	0
TOTAL DAYS FOR CONTINGENCY	43	32
AUDIT MANAGEMENT	40	37
AUDIT FOLLOW UP REVIEWS	10	8
<u>TOTAL AUDIT DAYS</u>	<u>535</u>	<u>371</u>

Relates to additional time allocations, VFM and other misc. advice / support / "hot assurance" work.

Audit Management, Reporting, Planning and Committees

Completed	B/fwd 2010/11	Governance	Health & Safety	12	Final report was considered by the July 2011 Audit Committee
Draft Issued		Local Environment	Connect 2 Cycleway Project - Sustrans Grant	37	Initial time released from postponement of the Street Cleaning Review until 2012/12.
Completed		Com. Engagement	Housing Benefits Overpayments	15	Final report was considered by the August 2011 Audit Committee
TOTAL DAYS FOR UNPLANNED AUDITS				64	

Position of Audit Plan at week 38:

- Target direct audit days up to week 38	371	
- Actual direct audit days delivered up to week 38	371	69.30% of direct audit days delivered
- Variance	0	



AUDIT SERVICES

A Shared Service between Cumbria County Council, Carlisle City Council and Copeland Borough Council

FINAL REPORT

Audit of Improvement Grants

Draft Report Issued: 13 December 2011

Final Report Issued: 20 December 2011

The Chief Executive and relevant Assistant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of this final report at the meeting to be held on 13 January 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1 The audit of Improvement Grants forms part of the annual programme of material reviews, which focus on the fundamental systems of the Authority. These systems have a high impact on the Main Accounting 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 Statement of Accounts.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The lead auditor for this review was Diane Strong.
- 2.2. The audit report has been distributed to the following officers.

Recipient	Action Required
Assistant Director (Community Engagement)	Report to be noted.
Communities Housing and Health Manager Communities, Housing & Health Community Engagement	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Strategic and Private Sector Housing Manager Communities, Housing & Health Community Engagement	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Senior Housing Renewal Officer Communities, Housing & Health Community Engagement	Report to be noted.
Housing Support Officer Communities, Housing & Health Community Engagement	Report to be noted.

3. BACKGROUND INFORMATION

- 3.1. This audit review has concentrated on Disabled Facilities Grants (DFG).
- 3.2. The legislation governing DFG's in England and Wales is the 1996 Housing Grants, Construction and Regeneration Act. There are only mandatory DFG's which Carlisle City Council are to make available which are subject to a means test (with the exception of disabled children), for essential adaptation's to give disabled people better freedom of movement in and around their homes and to give access to essential facilities within their home. Discretionary DFG's were abolished from July 2003.
- 3.3. To approve a DFG a local housing authority (Carlisle City Council) must satisfy itself that the works are *necessary* and *appropriate* to meet the needs of the disabled person and are *reasonable* and *practical* depending upon the age and condition of the property. Section 24(3) of the 1996 Act imposes a duty on Carlisle City Council to consult social services authorities (Cumbria County Council) in coming to a view on whether the proposed works are 'necessary

Section 1 – Management Summary

and appropriate'. Carlisle City Council does this through the assessments of Cumbria County Council Occupational Therapists before then deciding whether the works are 'reasonable and practical'.

- 3.4. Once necessary conditions have been fulfilled DFG's are mandatory and are subject to a means test and an upper grant limit. The test of resources for grant applications are set out in the Housing Renewal Grants Regulations 1996 (SI 1996/2890) (as amended). The test is similar to the system for calculating entitlement to Housing Benefits. Grant applications may receive a full grant or may be required to make a contribution towards the cost of the works. The maximum DFG grant award is £30K.
- 3.5. The DFG funding split (60:40) ceased April 2008 removing the Department for Communities and Local Government obligation to meet 60% of whatever local authorities spent on DFG's, with expenditure above these allocations having to be met from other local authority resources.
- 3.6. Local authorities now receive a DFG allocation without a specified requirement to match this funding. From 2010/11 the DFG has been paid as an un-ring fenced payment as part of the Single Capital Pot, through a determination under section 31 Local Government Act 2003. This allows funding for a number of programmes to be pooled together allowing local authorities to determine, against local priorities, how they best use these funds.
- 3.7. Once the DFG works of owner occupied properties have been completed, Carlisle City Council (having notified the applicant before commencement) places a charge on the adapted properties through the Land Charges system. This is applied where the cost of the DFG grant awarded exceeds £5K and is limited to a maximum charge of £10K. The charge, however, only applies if the property is sold within 10 years of the completion of the works undertaken. Funds clawed back are then recycled through the DFG programme.
- 3.8. Carlisle City Council has an in-house 'Home Improvement Agency' which provides 'professional, technical and administrative services provided by the Council' in connection with DFG. The charge is 10% (plus VAT) of the approved cost of the Grant eligible work.
- 3.9. The initial DFG budget for 2011/12 was £813K (comprising: Authority Grant Allocation £663K and Riverside Contribution of £150K). The demands upon the initial budget have proved it to be insufficient. However, a further contribution from Riverside of £150K has revised the current budget to £963K. The Council is waiting for confirmation of a possible additional £150K from a local Health Authority (through Cumbria County Council) which would increase the budget further. Accountancy has also re-profiled the awards since receipt of the additional contribution to the initial budget.
- 3.10. As a result of the demands being placed on the budget for mandatory DFG awards the service has introduced a scoring system to ensure that applications are prioritised (so that resources are directed to those with the greatest need). This is undertaken whilst still meeting the requirement to make a decision on a properly completed DFG application within 6 months of receipt.

4. SCOPE

- 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 detailed findings are shown within Section 2 - Matters Arising:

Section 1 – Management Summary

Section	Area Examined
1.	Eligibility
2.	Approval
3.	Estimates
4.	Works
5.	Conditions
6.	Payments
7.	Repayments
8.	Government Grant

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Disabled Facilities Grants which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Assistant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of Improvement Grants was previously carried out in 2010/11. Appendix A lists the recommendation made and the action agreed to be taken.
- 5.2. It is concluded that the recommendation is no longer applicable as it referred to Minor Works Grants which have been suspended for 2011/12.
- 5.3. If Minor Works Grants are re-instated then management should revisit the recommendation and ensure that the agreed action is implemented.

6. RECOMMENDATIONS

- 6.1. Each recommendation 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	For consideration only - action at manager's discretion.

Section 1 – Management Summary

**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 B; and
- 1 at grade C.

7. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

7.1. A number of opportunities to further enhance controls have been identified and these are shown in Appendix B – Summary of Audit Recommendations and Action Plan.

7.2. Overall, good controls were in place and found to be operating as intended. The key issues arising from this review are:

- Lack of day to day operational framework over the administration of grant repayments. More specifically the authorisation and recording of grant repayments that have been waived; and
- Audit testing identified that there were instances whereby improvements to the audit trail should be made regarding a couple of files.

8. STATEMENT OF ASSURANCE

8.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
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.

8.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.

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- 8.3. From the areas examined and tested as part of this audit review, we consider the current controls operating within Improvement Grants provide **REASONABLE** assurance.
- 8.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations /Action Plan is attached as Appendix B.

COMMUNITY ENGAGEMENT DIRECTORATE

AUDIT FOLLOW UP OF IMPROVEMENT GRANTS
(Final report issued 11 October 2010)

SUMMARY OF PREVIOUS RECOMMENDATIONS

REF	RECOMMENDATION	GRADE	ACTION TAKEN	SUCCESSFULLY IMPLEMENTED <i>(Completed by Audit Services)</i>
R1	Commencement of work notices or pre-commencement meetings should take place to agree the commencement date of the minor works to be undertaken. Evidence of commencement date should be retained on the relevant minor works file.	B	Action no longer required.	Recommendation no longer applicable. The recommendation referred to Minor Works Grants which have been suspended for 2011/12.

COMMUNITY ENGAGEMENT DIRECTORATE

Audit of Improvement Grants – December 2011

SUMMARY OF RECOMMENDATIONS & ACTION PLAN

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	Testing revealed a lack of audit trail.	<p>Management should ensure an appropriate audit trail is retained on file. In particular:</p> <ul style="list-style-type: none"> • The commencement date of works is recorded on file; and • The inspection prior to the approval notice being granted is recorded on file. 	C	Action agreed.	Strategic and Private Sector Housing Manager	4 January 2012
R2	There is a lack of framework to the administration of grant repayments.	<p>A clear framework over the administration of repayments should be prepared and implemented:</p> <ul style="list-style-type: none"> • All grant repayments should be recorded and classed in accordance with; <ul style="list-style-type: none"> - Less than £5K where repayment not due; - Greater than £5K where repayment is due/received; and - Greater than £5K where the repayment has been waived and the reason/s for this. • The waiver of grant repayments should be undertaken by the Assistant Director (Community Engagement) and the Portfolio Holder (Community Engagement). 	B	Action agreed.	Strategic and Private Sector Housing Manager	4 January 2012



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Value Added Tax

Draft Report Issued: 22nd December 2011

Final Report Issued: 4th January 2012

The Chief Executive and relevant Assistant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of this final report at the meeting to be held on 13th January 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1. As part of the audit planning process, VAT was identified as a medium risk service area and has therefore been selected for review as part of the agreed Audit Plan for 2011/12.
- 1.2. The Council's VAT system was most recently inspected by Her Majesty's Revenue & Customs (HMRC) in March 2007.
- 1.3. The Council's VAT system was most recently internally audited in September 2007 and included 10 recommendations.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The lead auditor for this review was Graham Jordan.
- 2.2. The audit report has been distributed to the following officers.

Recipient	Action Required
Alison Taylor, Financial Services Manager	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.
Peter Mason, Assistant Director Resources Steven Tickner, Chief Accountant	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.

3. BACKGROUND INFORMATION

- 3.1. Risks identified by Internal Audit from the Council's Financial Services Risk Register in June 2011 are:
 - A potential loss of VAT relating to the Partial Exemption Status resulting in the potential for a significant amount of VAT to become irrecoverable and a potential cost to the Council. It is rated as having a marginal impact with a remote likelihood.
- 3.2. The Current Action Status / Control Strategy is that it is currently envisaged that the 5% limit will not be breached. This is monitored on a quarterly basis with projections for future years being reviewed. Potential capital schemes and exempt activity projects will be monitored closely to ensure that they have a limited impact on the partial exemption and ways to mitigate any potential impact will be examined. HMRC are currently reviewing the Partial Exemption scheme and whether it should be changed.
- 3.3. This was discussed with the Chief Accountant and findings are within Section 2 – Matters Arising.

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4. SCOPE

- 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 detailed findings are shown within Section 2 - Matters Arising:

Section	Area Examined
1.	Policies & Procedures
2.	Non Business Activities
3.	Deminimis level
4.	Input VAT – creditors
5.	Output VAT – debtors
6.	Accounting for VAT (including the reconciliation authorisation and timely submission of VAT returns)
7.	Records and Administration (including retention of records)

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to VAT which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Assistant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be reviewed by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. The Council's VAT system was most recently internally audited in September 2007. The 10 recommendations in that report have been incorporated into the scope of this audit.

6. RECOMMENDATIONS

- 6.1. Each recommendation 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	For consideration only - action at manager's discretion.

Section 1 – Management Summary

**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 8 recommendations arising from this review :

- 7 at grade B
- 1 at grade C

7. STATEMENT OF ASSURANCE

7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
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.

7.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the system for managing VAT provide **REASONABLE** assurance.

8. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

8.1. The reasonable assurance level provided by this audit has been influenced by a number of factors: including stability of systems audited, non adherence to procedures and the recommendations made.

8.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix A – Summary of Audit Recommendations and Action Plan. The key issues arising from this review are:

- The accounting process for VAT following debts written off and written on needs to be reviewed.
- The VAT guidance notes need to be up-dated – with the author identified and dated on the document.

Section 1 – Management Summary

- The Travel & Subsistence Policy for employees needs to be updated – in particular the inclusion of guidance requiring that Vat receipts for fuel must be attached to mileage claims.
- There is a lack of VAT information/guidelines available to non-finance section employees.
- There is a lack of specific VAT training for budget holders and employees involved in debtors and creditors.

RESOURCES DIRECTORATE

AUDIT OF VALUE ADDED TAX

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	<p>The guidance is un-authored and is not an example of good practice.</p> <p>The guidance is not accessible to staff who should be aware of their responsibility in ensuring Council is compliant with legislation</p>	The VAT guidance should be updated annually and signed off by a senior manager. A reader-friendly edition should also be available on the intranet	C	The VAT guidance, which forms part of the Financial Guide, will be updated and signed off by the Financial Services Manager, with a refreshed Financial Guide issued on the intranet in 2012	Chief Accountant	31/12/12
R2	<p>The contract with PWC is un-verified and the risks include:</p> <ul style="list-style-type: none"> • legality and liability of any advice given • the level of training to be undertaken by PWC • the duration of the arrangement, • how will it be monitored? 	The service arrangement with Price Waterhouse Cooper (PWC) should be formalised into a contract that is signed by both parties.	B	Arrangements will be formalised	Financial Services Manager	31/01/12

R3	<p>The need for VAT receipts to be submitted by employees is not stated in the Travel & Subsistence Policy and is a contradiction with the Member's Policy. This is compounded by the Council's VAT Policy and guidance not being available to all employees via the Intranet.</p> <p>The message to employees is therefore unclear as to what employees need to do and why they need to do it – as borne out by the 50:50 split of the most recent claims submitted.</p>	<p>(a) The Council's Travel & Subsistence Policy for employees should be updated and aligned with the existing Members Policy to incorporate the need for mileage claims to be supported by VAT receipts for fuel.</p> <p>(b) The mileage claim forms should be amended to state something to the effect that payment will not be made unless VAT receipts for fuel are provided.</p> <p>(c) This key issue should be brought to the attention of all employees by an acknowledged email or employees not on the network, to be cascaded by managers</p>	<p>B</p> <p>B</p> <p>B</p>	<p>The Travel & Subsistence Policy and any necessary claim forms will be amended and all employees reminded of the requirement to submit VAT receipts with mileage claims</p>	<p>Service Support Team Leader</p>	<p>29/02/12</p>
R4	<p>The amounts of VAT relating to debts written off have not been accurately accounted for in the returns submitted to HMRC.</p>	<p>The extent of the Debtors system not accounting for the VAT element of written off debts must be ascertained and a declaration be made to HMRC.</p>	<p>B</p>	<p>Systems will be reviewed to ensure full recovery of VAT on debts written off and an assessment made of previous write offs</p>	<p>Principal Finance/ Systems Officer</p>	<p>29/02/12</p>
R5		<p>A route cause analysis must be carried out to ascertain how the debtors system is not separating the amounts into the appropriate codes for GL and VAT when debts are written off.</p>	<p>B</p>			
R6		<p>Re-training must be implemented for staff involved in the process.</p>	<p>B</p>	<p>Changes will be made as</p>		

R7	The layout of the Debtors write-off and write-on forms do not give an accurate reflection of the invoiced gross and net amounts.	The Debtors write-off and write-on forms should include Gross, Net and VAT columns together with formal lines for the authoriser to sign and print their name and date what are prime documents.	B	appropriate		
R8	The terminology used in the debtors system is misleading where all amounts are seemingly flagged as having been "Fully Paid" when they have not been paid.	The Debtors system terminology needs to be revised to portray the status of each debt accurately.	B	No local control over the terminology used but has been suggested as part of a future Civica development		No control