

20 April 2006

MONITORING PROGRESS OF RECOMMENDATIONS RAISED BY PKF – INTERIM REPORT JULY 2005

APPENDIX 2

RECOMMENDATIONS ARISING FROM 2004/05 AUDIT WORK

Conclusions from work	Recommendations	Priority	Management response	Responsibility	Timing
REVIEW OF CORE FINANCIAL SYSTEMS <i>The following recommendations arose from our review of the Authority's systems of internal financial control</i>					
<p>NNDR – exception reports</p> <p>Although the Authority produces exception reports from the NNDR system there is no evidence available to verify that issues within them have been actioned. There is therefore a risk that errors are not being properly addressed.</p>	<p>The Authority should develop and implement an audit trail for the use and verification of the errors identified.</p>	<p>Medium</p>	<p>Accepted.</p> <p>11/05 CBC has agreed that exception report evidencing will be in place under the terms of the contract. Currently there is a problem in that our release of ACADEMY is not up to date and affects their workflow. Sungard Vivista is hoping to address position by 1/12/05.</p>	<p>Revenues & Benefits Manager</p>	<p>Implemented</p> <p>DELETE</p>
<p>Housing rents – reconciliation</p> <p>Internal Audit's work highlighted from discussions with officers that the reconciliation between the Rents system and the general ledger is still not being produced due to a lack of knowledge of its preparation following staff departures in the prior year. There is therefore a risk that the Authority is not recording the related income correctly.</p>	<p>Ensure that the issues relating to this reconciliation are rectified as a matter of priority to enable the reconciliation to be completed at regular intervals to ensure that the Housing Rents system is accurate.</p>	<p>High</p>	<p>Accepted. New post of Housing Finance Officer has been created and an appointment in place. This post will be responsible for reconciliations of Rent and Supporting People</p> <p>End of year reconciliation of rent cash income, other than Supporting People, was completed</p>	<p>Housing Finance Officer</p>	<p>Implemented but will continue to be reviewed by Internal Audit as part of annual Audit Plan</p> <p>DELETE</p>

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FOLLOW UP OF RECOMMENDATIONS ARISING FROM PREVIOUS YEARS

Conclusions from work	Priority	Responsibility	Timing	Action to date	Resolved	Revised timing
OPINION WORK ON THE FINANCIAL SYSTEM <i>The following recommendations arose from our review of the Authority's financial systems.</i>						

<p>Housing Rents – reconciliations</p> <p>It should be ensured that there are procedures in place on how the relevant reconciliations are to be carried out, i.e. which reports are used, so that in staff absences, reconciliations can still be carried out with ease and old reconciliations can be followed up.</p>	High	Head of Revenues and Housing Management	March 2005	Accepted. Internal Audit had already raised this issue and action is being taken to ensure comprehensive audit trails are in place for reconciliation procedures.	No	<p>March 2006.</p> <p><i>Update 13/3/06</i></p> <p>Implemented but will continue to be reviewed by Internal Audit as part of annual Audit Plan</p> <p style="text-align: right;">DELETE</p>
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<p>Housing Rents – arrears chasing It should be ensured that this is carried out on an ongoing basis to maximise recovery.</p>	<p>High</p>	<p>Housing Manager</p>	<p>-</p>	<p>Implementation of this recommendation is dependent upon staffing. Current tenants being managed. Former tenants now being dealt with</p>	<p>Partial</p>	<p>Ongoing. <i>Update 11/05</i> HRHM wishes to ensure that satisfactory measures are in place for ongoing management of former tenant debts before sign-off <i>Update 13/3/06</i> Implemented but will continue to be reviewed by Internal Audit as part of annual Audit Plan DELETE</p>
<p>Benefits – reconciliations This reconciliation should be carried out regularly to ensure that all benefit has been correctly recorded in the general ledger.</p>	<p>High</p>	<p>Business Support Manager</p>	<p>December 2004</p>	<p>Reconciliation was carried out for the 2003/04 year-end and a monthly reconciliation developed. Reconciliations now being undertaken, process to be verified</p>	<p>Partial</p>	<p>March 2006 Implemented but will continue to be reviewed by Internal Audit as part of annual Audit Plan DELETE</p>

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Conclusions from work	Priority	Responsibility	Timing	Action to date	Resolved	Revised timing
REVIEW OF SYSTEMS OF INTERNAL FINANCIAL CONTROL <i>The following recommendations arose from our review of the Authority's Systems of Internal Financial Control</i>						
<p>Statement of Internal Control</p> <p>The Authority should consider and finalise arrangements for the preparation of this mandatory Statement for inclusion in the Statement of Accounts (for which the statutory deadline for preparation is 31 August). Arrangements should include ensuring that sufficient evidence is available to support the position being outlined and to which the Leader and the Chief Executive must approve.</p>	High	<p>CD (FES)</p> <p>Will move to Head of Finance, Audit & Performance Management</p>	March 2005	<p>March 2006</p> <p>Some action has been taken to improve the preparation of the SIC. A revised questionnaire has been sent to HOS & Service Managers to provide better coverage by 31/3. The draft statement will also be reported to the Audit Committee.</p>	Revised procedures will need time to be embedded.	<p><i>Further updates to be provided</i></p> <p>June 2006</p> <p>March 2007</p>
<p>Council Tax – procedure notes</p> <p>The current review should be finalised and updated procedure notes made available for reference at the earliest opportunity.</p>	High	Revenue and Benefits Manager	May 2005	<p>Accepted.</p> <p>11/05 Current draft being reviewed by External Consultant</p>	No	<p>Feb 2006</p> <p>Implemented</p> <p>DELETE</p>

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<p>Housing Rents – procedure notes Procedure notes should be promptly reviewed, updated and communicated to relevant staff.</p>	<p>High</p>	<p>Housing Manager</p>	<p>Following new housing rents software</p>	<p>Accepted. This will be developed following the implementation of the new rents system.</p>	<p>No</p>	<p>March 2006 <i>Update 13/3/06</i> SAFFRON system now fully implemented. Housing Manager is about 50% through redrafting procedural notes (at 1/3). Should be completed by 31/3/06. <i>Note from Internal Audit 31/3/06</i> Procedures in place for all operations impacted upon by new system. Other procedure notes are in place and will be updated when circumstances requires DELETE</p>
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