

The Highland Council

Audit and Scrutiny Committee – 24th September 2014

Agenda Item	4
Report No	AS/16/14

Internal Audit Reviews and Progress Report – 09/06/14 to 12/09/14

Report by the Head of Internal Audit & Risk Management

Summary

This report provides details of work in progress and other information relevant to the operation of the Internal Audit Section.

1. Final Reports

- 1.1 There have been seven final reports issued in this period. Whilst only the Report Summaries and relevant Action Plans are attached for consideration by Members, it should be noted that full copies of reports are available if requested.

SERVICE	SUBJECT	OPINION
Community Services/ Corporate Development	Business Continuity Planning Arrangements (follow up)	Limited
Corporate Development	Corporate Governance Arrangements 2013/14	Substantial
Development & Infrastructure	Contractors' Framework Agreement for Works up to £50,000	Reasonable
Finance	Creditor Payments	Reasonable
Finance	Revenue Budgetary Control	Substantial
Finance	Housing Benefit Payments 2013/14	Substantial
Finance	End User Computing (Spreadsheet controls)	Substantial

Each report contains an audit opinion based upon the work performed in respect of the subject under review. The five audit opinions are set out as follows:

- (i) **Full Assurance:** There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
- (ii) **Substantial Assurance:** While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iii) **Reasonable Assurance:** Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
- (iv) **Limited Assurance:** Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the

put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.

- (v) **No Assurance:** Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

2. Other Work

2.1 In addition to the reports referred to in the table at section 1.1 above, the Section has been involved in a variety of other work which is summarised below:

(i) Irregularity/ Fraud Investigations

The Section has been involved in the following irregularity/ fraud investigations:

- Income due to the Council but not banked.
- School Fund/ Devolved School Management anomalies

Some of the above investigations are ongoing. Where appropriate, once any disciplinary action has been considered and addressed, any control weaknesses identified from the audit investigation will be reported to the next available Audit & Scrutiny Committee meeting.

(ii) Grant Claims

Internal Audit is responsible for auditing several grant claims during the course of the year. One such audit of Hitrans – Smart Peripheral and Remote Airports (SPARA) 2020, has taken place during the period in question.

(iii) Work for other organisations, Boards or Committees

Work has been undertaken on behalf of the Valuation Joint Board, High Life Highland, the Pension Fund and Hi-trans in accordance with the Audit Plan. In addition, computer audit work has been undertaken on behalf of Western Isles Council.

(iv) Advice, Assurance and Other Work

Work has been undertaken in respect of the following:

- Action tracking of outstanding audit actions.
- Reviewing the Section's compliance with the Public Sector Internal Audit Standards and drafting an action plan.
- Revising the Internal Audit Charter.
- Revising the guidance notes attached to Financial Regulations and updating the online training following the revision of the Financial Regulations reported to the previous Committee.
- Collating the Finance Service's Record Retention Schedules for the Information Management project.
- Examining the Finance Service's data storage practices and costs with a view to exploring potential future savings.
- Investigating an alleged breach of Contract Standing Orders.
- Undertaking a review of the procedures in place for the performance of

rent reviews in respect of Nairn Common Good Fund.

- Attending the Project Board for the new Financial Management Information System.

(v) Scrutiny Working Group

At the previous meeting in June, following a suggestion by the Chair and Vice Chair, it was agreed that the next topic for consideration by the Scrutiny Working Group would be around the Council's performance in managing sickness absence. Membership of the Group may be drawn from the Council as a whole providing that this retains the political balance of the Council. On that basis, the political groups have been contacted and asked to put forward nominations.

Once nominations have been received it is proposed that a brief meeting of the Scrutiny Working Group is held in order to scope the objectives of the review; identify the expected outcomes and the resources required in terms of Members and officers, including audit staff. In addition the meeting will agree future meeting dates, dates to review findings and reporting dates.

The scope of the review will be presented for approval to the next meeting on 20th November.

A report has now been drafted of the scrutiny review which considered the Council's position with regard to the Audit Scotland National Reports: "Using cost information to improve performance: are you getting it right?" and "Managing performance: are you getting it right?" Once the action plan has been received the report will be finalised and presented to the next meeting.

3. Staffing Resources, Vacancies and Training

- 3.1 The team is fully resourced and is operating with a full complement of ten staff.

4. Progress Against the 2014/15 Plan

- 4.1 At the previous meeting it was reported that progress against the Annual Plan would, in future, be reported on a quarterly basis. In this regard, Members requested that monitoring reports should indicate the date that drafts reports are finalised in order to establish whether these are finalised timeously.

Appendix 1 provides details of the progress with regard to quarter 1 (April to June) of the Audit Plan and shows progress against the reviews which were due to be commenced within this period. Attention is drawn to the following:

- Various reviews were brought forward from the 2013/14 Audit Plan owing to staff vacancies, particularly to deliver a restructuring of the Section.
- A revised structure was put in place from 1st September 2013 in order to deliver efficiency savings. The revised structure is less reliant on qualified staff to deliver the Audit Plan with a Trainee Auditor and an Assistant Auditor replacing two previous qualified posts. In view of this there has been an initial requirement to train staff.

One review (National Recruitment Portal) has been removed from the Audit Plan as a new system is being introduced which unlikely to be in place until the end of the year.

At this stage it is envisaged that the Audit Plan will be delivered and this will continue to be monitored through future quarterly reports.

5. Implications

5.1 Resource implications are referred to within this report.

5.2 There are no Legal; Equalities; Climate Change/Carbon Clever; Risk, Gaelic and Rural implications as a direct result of this report.

Recommendation

Members are invited to consider the Final Reports referred to in Section 1.1 above, note the current work of the Internal Audit Section and note the deletion of an audit of the National Recruitment Portal from the Audit Plan.

Designation: Head of Internal Audit & Risk Management

Date: 15th September 2014

Author: Nigel Rose, Head of Internal Audit & Risk Management

Background Papers

Internal Audit – Summary of progress against the 2014/15 Plan

Quarter 1 to 30th June 2014

Audit		Planned timing	Terms of reference issued	Fieldwork complete	Draft report issued	Response received	Final report issued	Report to A&S
Completion of reviews brought forward from 2013/14								
Care & Learning	Inspection of Equipment in Schools	Q1					✓	Jun 14
Care & Learning	School Meals Income Collection and Monitoring	Q1					✓	Jun 14
Care & Learning	Payments to Nursery Providers	Q1					✓	Jun 14
Community Services	Grass Cutting Contract	Q1					✓	Jun 14
Community Services	School Transport	Q1					✓	Jun 14
Corporate Development/ Care & Learning	Storage of Council Records at Highland Archive Centre						✓	Jun 14
Corporate Development	Verification of Performance Indicators 12/13	Q1					✓	Jun 14
Care & Learning	School Fund – System Weaknesses	Q1	n/a	n/a	06/08/14	12/09/14	12/09/14	Sept 14
Community Services/ Corporate Development	Business Continuity Planning Arrangements (follow up)	Q1	27/01/14	25/04/14	02/07/14	31/08/14 & 04/09/14	09/09/14	Sept 14
Corporate Development	Corporate Governance Arrangements 13/14	Q1	07/04/14	28/04/14	23/06/14	17/07/14 & 28/07/14	06/08/14	Sept 14
Development & Infrastructure	Contractors' Framework Agreement	Q1	23/08/13	28/05/14	26/08/14	12/09/14	15/09/14	Sept 14
Finance	Creditor Payments	Q1	13/03/14	10/04/14	17/06/14	22/08/14	28/08/14	Sept 14
Finance	Revenue Budgetary Control	Q1	25/02/14	05/06/14	18/07/14 & 02/09/14	28/08/14 & 15/09/14	15/09/14	Sept 14
Finance	End User Computing	Q1	25/10/13	06/03/14	23/07/14	22/08/14	11/09/14	Sept 14
Chief Executive's Office	Inverness City Arts Group	Q1	24/02/14	-	-	-	-	-
Care & Learning	Information Security in Schools	Q1	25/03/14	-	-	-	-	-
Care & Learning	Commissioning of Children's Services	Q1	n/a	31/07/14	-	-	-	-
Development & Infrastructure	Uniform System	Q1	12/03/14	17/08/14	-	-	-	-
Development & Infrastructure	Review of Employability Service	Q1	16/05/14	15/08/14	-	-	-	-
Finance	Oracle Financials	Q1	13/03/14	-	-	-	-	-
2014/15 reviews								
Finance	Housing Benefit Payments 2013/14	Q1	02/06/14	20/06/14	24/07/14	22/08/14	27/08/14	Sept 14
Care & Learning	Children's Units	Q1	22/03/13	28/06/13	14/05/14	01/08/14	-	-
Care & Learning	School Off-site Excursions	Q1	12/09/13	05/02/14	15/07/14	-	-	-
Care & Learning	Childcare Income	Q1	13/06/14	-	-	-	-	-
Care & Learning	Highland Instrumental Unit	Q1	24/06/14	-	-	-	-	-

Audit		Planned timing	Terms of reference issued	Fieldwork complete	Draft report issued	Response received	Final report issued	Report to A&S
Care & Learning	Community Payback Orders	Q1	12/08/14	-	-	-	-	-
Care & Learning	School Lets	Q1	02/09/14	-	-	-	-	-
Finance	Matters Arising from the Statement of Internal Control 2013/14	Q1	n/a	28/07/14	-	-	-	-
Development & Infrastructure	Asset Management	Q1	29/07/14	-	-	-	-	-
Development & Infrastructure	Pultneytown People's Project	Q1	25/06/14	-	-	-	-	-
Corporate Development/ All Services	Corporate Control of Overtime	Q1	30/07/14	-	-	-	-	-
Corporate Development	Human Resource Security	Q1	24/06/14	14/08/14	-	-	-	-

AUDIT REPORT SUMMARY

Report Title

Business Continuity Planning Arrangements (follow-up)

Report No.	Type of Audit	Issue Date	
HH01/001.bf	Systems	Draft Report	02/07/12
		Final Report	09/09/12

1. Introduction

- 1.1 An Internal Audit report (reference HH11/002) on the business continuity planning arrangements was issued on 21/02/13. The audit reviewed the Council's business continuity planning arrangements at corporate and Service level, and also reviewed the Council's IT business continuity planning policy and procedures and facilities. The report had an opinion of "Limited Assurance" and contained five high and four medium recommendations. The agreed actions in response to these were due to be completed by 31/01/14, with a review of the corporate Business Continuity Plan due to be carried out by 31/07/14.
- 1.2 As a result of the audit opinion, a follow-up audit was included in the 2013/14 audit plan.

2. Review Objectives

The objectives of the review were to ensure that the management agreed actions had been implemented which will ensure that:

- 2.1 The Council has an established and approved business continuity management policy and procedures, which are regularly reviewed and meet the requirements of the Civil Contingencies Act.
- 2.2 Roles, responsibilities and accountabilities have been formally allocated, recorded and communicated, and appropriate training provided.
- 2.3 A change management process is in place to identify and take into account the implications of any changes that occur, including training needs for new staff.
- 2.4 A clearly defined and documented testing programme and post-exercise review process have been established.
- 2.5 Policies and procedures have been established to ensure relevant information, data, documentation and IT facilities are held securely and readily accessible by authorised officers.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was partly achieved as the two agreed actions to create and approve a general corporate Business Continuity Plan (BCP) and to establish Service-specific BCPs have been started but not completed. A corporate BCP has been written, however the Plan includes information relating to the Service-specific BCPs and it had not been updated to reflect the new Service structure. This action was due to be implemented by 31/08/13 with a review of the corporate BCP by 31/07/14. The first stage of creating Service-specific BCPs has been completed except for the former Education Culture & Sport (EC&S) Service. There are also two further stages to be completed before Service-specific BCPs will be in place; these stages include the Weekly Business Meeting challenging risks identified, and then the Services writing their Service-specific BCPs. This action was due to be implemented by 31/01/13 with a review of the Service-specific BCPs by 31/07/14.
- 3.2 This objective was not achieved as the agreed action to carry out BCP awareness training (due 31/12/13) cannot commence until the Service-specific BCPs have been completed.

3.3 This objective was achieved as both of the actions, to complete and update the Emergency Communication Directory had been completed at the time of the original audit. The update of the Directory was to be carried out on an ongoing basis and it will need to be updated once the Service-specific BCPs have been completed. The software to distribute the Directory has not been installed due to computer security control issues, but this is being addressed by distributing the list by email.

3.4 This objective was partially achieved as while there had been progress made on the action it had not been completed. The agreed recommendation to fully implement the corrective actions in the Inverness College flooding 2010 report by 31/07/13 was almost complete with review of a piece of software (which has been deemed to be non-critical) and the network design review outstanding.

Work has been carried out on the design review and in particular on the single point of weakness, which was due to be completed by 31/10/13. This has involved providing two network routes to access the data centre and the Internet. These two routes are through different buildings with a network connection installed between them which could be used to divert traffic should either building have network issues. The only part of this redesign which is not in place is to document the process to reprogram routing tables to provide a manual switch from one building's network to the other should an assessment of the network problem(s) determine that this is required. The routing work was put on hold due to other prioritised work for Public Services Network (PSN) infrastructure and configuration changes but is now scheduled for completion by the end of September 2014.

3.5 This objective was not achieved as only 1 of the 4 agreed actions had been fully completed. This was due to be completed by 31/01/14. The completed action was to create an appendix of Council officer's job titles to be used with the IT BCP documents. The agreed action to update the business continuity disaster recovery plan for data centres has been amended as it has been agreed that the Business Impact Analysis process, being carried out by Community Services, will identify critical business areas within Services and these will be ranked by time category.

The agreed action to determine the list of critical applications, including those provided by third parties, for the reduced capacity restraints of the back-up data centre cannot be finalised until the Service-specific BCPs have been produced and this should be included in the corporate BCP. These actions were due to be completed by 31/10/13. ICT Services has contacted the Services that completed the first stage of creating Service-level BCPs and established if any change was required to the existing list of critical applications. This has not been concluded as this stage has not been completed by the former EC&S (see (3.1) above).

The agreed recommendation to carry out annual testing of the data centre was due to be carried out by the 31/07/13. This action was completed when the first annual test took place on 18/04/13.

4. Conclusion

4.1 The majority of the previous audit agreed actions have not been completed and this follow-up audit has the same opinion of "Limited Assurance" as the original audit. The most recent progress update to the Transport, Environmental and Community Services Committee was on 16/05/13 and this stated that all relevant Service actions were on track to be completed by their target dates except Service-specific BCPs, which would be completed at the same time as the corporate BCP. The ICT Services actions predominantly relate to the process of producing Service-specific BCPs and will be completed as part of this process, being led by Community Services.

4.2 This follow-up has highlighted issues in action tracking by managers and the failure to communicate changes of target dates with Internal Audit. This point was reported separately to the Audit & Scrutiny Committee on 19/06/14 within the Statement on Internal Control and Annual Report 2013/14. Business Continuity Planning has been recognised as a risk within the Council and appears on the corporate Risk Register. In order to ensure that this risk is appropriately managed and the Council's arrangements comply with the requirements of the Civil Contingencies Act 2004, it is important that prompt action is taken to ensure critical public services are not put at risk.

4.3 As a result, there are 4 high and 4 medium grade recommendations in this report, which have been accepted by management. All the agreed actions will be completed by 30/04/15.

5. **Audit Opinion**

5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Limited Assurance** can be given in that weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

The Action Plan contains **8** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	4
Medium	4
Low	0
Total recommendations	8

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.1	High	(1) The corporate BCP is incomplete as it contains information that relates to the Service-specific BCPs. This is to ensure these issues are not lost sight of while the Service-specific BCPs are being developed.	(1) The corporate BCP should have the additional service level information removed once the Service-specific BCPs have been completed.	Additional Service-level information to be removed to a separate document in order to not lose sight of it.	Emergency Planning and Business Continuity Manager	Complete
		(2) The corporate BCP does not reflect the Council's new Service structure.	(2) The corporate BCP should be updated to reflect the new corporate structure.	This is currently work in progress.	Emergency Planning and Business Continuity Manager	31/08/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
		(3) There is no evidence to show that the corporate BCP was approved at a Weekly Business Meeting.	(3) The revised corporate BCP should be approved by the Executive Leadership Team (ELT) and this should be minuted.	On completion of 3.1.1 (2), the revised plan to be submitted for approval at an appropriate future ELT meeting. This should also afford an opportunity for challenging the risks identified in the various business impact analyses.	Emergency Planning and Business Continuity Manager	30/09/14
3.1.2	High	The process of preparing Service-specific BCPs has not been completed.	(1) The Service-specific BCPs should be completed. (2) A Service (such as Development and Infrastructure Service) should take the lead in assessing which Council properties are useable and the facilities available in each building.	Plans to be completed by individual Services. Noted. Development and Infrastructure Service to be approached to undertake this role.	Emergency Planning and Business Continuity Manager Emergency Planning and Business Continuity Manager	31/01/15 31/10/14
3.1.3	Medium	BCP training has not taken place because Service-specific BCPs have not been completed (see 3.1.2).	BCP awareness training should be made available to all relevant officers and Services once the Service-specific BCPs have been completed.	Awareness training to be undertaken at the appropriate time after completion of Service BCPs.	Emergency Planning and Business Continuity Manager	Training to commence 31/03/15

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.4	Medium	(1) The Emergency Communication Directory (ECD) has been updated. This will require further amendment to accord with the Service-specific BCPs.	(1) The ECD should be updated following the completion of the Service-specific BCPs.	Update is currently underway to reflect new Service structures. Additional detail will be included if Service BCPs reflect this.	Emergency Planning and Business Continuity Manager	30/09/14
		(2) The ECD distribution software has not been implemented because of issues with computer security controls.	(2) The software should be installed to distribute the ECD.	This is in hand however individuals who will administer the software require basic disclosure checks before it can be used. This may take in excess of 4 weeks to complete after the process has commenced. In addition, all managers who will use the system will similarly require basic checks (this is also a requirement for the use of GCSX email addresses).	Emergency Planning and Business Continuity Manager	30/09/14
3.2.1	High	(1) The Council has resolved the majority of the issues of the single point of weakness. However the routing work needed to complete this has not been completed.	(1) The network solution resolving the single point of weakness should be implemented.	Document the manual Routing Procedure.	ICT Delivery Manager	30/09/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
		(2) The servers that remain in Inverness, because they (or their applications) could not be migrated to Fujitsu's data centre, do not have a back-up facility.	(2) If any of the applications running on servers in Inverness are highlighted by the BCP process to be a critical application then disaster recovery facilities for the application should be reviewed for appropriateness.	Where applications are identified as critical, and not currently part of the Disaster Recovery (DR) service, the DR service will be reviewed with Services and Fujitsu.	ICT Delivery Manager	30/04/15

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.2.2	Medium	The business continuity disaster recovery plan for data centres (THC BCDR) has been updated; however the plan does not detail which actions are short, medium and long term solutions.	The THC BCDR should be updated to include details regarding which actions are short term, medium term and long term solutions.	<p>The Business Impact Analysis process addresses this by identifying critical business areas within Services. These are then ranked by time categories as follows;</p> <ul style="list-style-type: none"> • Must be maintained 24/7. • Can be interrupted for up to 3 days. • Can be interrupted for up to 7 days. <p>The BCDR document has been updated.</p> <p>As part of Service Reviews (see actions 3.2.3 and 3.2.4), ICT Services will provide advice and guidance to Services on the ICT aspect of their BCP arrangements, with reference to ICT Service's BCDR plan.</p>	<p>See 3.1.2</p> <p>ICT Delivery Manager</p> <p>ICT Delivery Manager</p>	<p>-</p> <p>Completed</p> <p>30/04/15 or 3 months after completion of 3.1.2 if action is delayed.</p>

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Community Services/ Corporate Development Service - Business Continuity Planning Arrangements (follow-up)

HH01/001.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.2.3	High	The list of critical services, which will be run within the 10% capacity restraints of the back-up data centre, cannot be updated until the Service-specific BCPs have been completed.	(1) The list of critical services should be reviewed once the Service-specific BCPs have been completed. This should be updated annually and it should be ensured that all the selected services can run within the 10% capacity restraints. (2) The capacity of the back-up data centre should be included in the corporate BCP Strategy, to ensure it is managed correctly.	Where applications are identified as critical, and not currently part of the Disaster Recovery service, the DR service will be reviewed with Services and Fujitsu.	ICT Delivery Manager	30/04/15
				Specific mention of this limited capacity is made in the plan.	Emergency Planning and Business Continuity Manager	Completed
3.2.4	Medium	Service-specific reviews have not taken place and therefore it has not been possible to assess if applications supplied by third parties are critical applications which require business continuity planning arrangements to be put in place.	As part of the Service reviews, those IT services supplied by third parties should be assessed, and where a service is critical a BCP agreement with the third party supplier should be included in the Service's BCP.	Where Services have identified applications as critical, and these are not currently part of the Disaster Recovery service, ICT Services will provide advice and guidance to Services on the ICT aspect of their BCP arrangements (with third party suppliers), with reference to ICT Services' BCDR plan	Service Delivery Manager	30/04/15

AUDIT REPORT SUMMARY

Report Title

Corporate Development Service – Corporate Governance Arrangements 2013-14

Report No.	Type of Audit	Issue Date	
HA49/006.bf	Systems	Draft Report	09/05/14
		Final Report	06/08/14

1. Introduction

- 1.1 This audit was undertaken as part of the annual plan for 2013/14. The Council's arrangements are in accordance with the requirements of the CIPFA/SOLACE guidance "Delivering Good Governance in Local Government". The framework set out in the guidance is followed and a Local Code (the Code) is produced.
- 1.2 The Code is updated annually and was agreed by the Highland Council on the 5th September 2013. The Code details the actions that need to be completed in order to further improve the Corporate Governance arrangements in the Council, and the actions completed during the previous year. The 2013/14 Code consists of 77 actions aimed at continuing to improve governance of which 41 were recorded as completed.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 The Council has adequate Corporate Governance arrangements in place. In particular:
 - Actions are allocated to appropriate officers;
 - Progress is monitored on a regular basis to ensure that actions are on target;
 - There is evidence to show that the appropriate action has been taken; and
 - Where actions are not on target, appropriate remedial action is taken or these are carried forward to next year's Code
- 2.2 As part of this audit, a sample of 12 actions which were due to be completed during the year was selected from the Code for review. This included some actions carried forward from the previous year's Code.

3. Main Findings

The main findings of the review, referenced to the above review objective, is as follows:

- 3.1 The above objective was substantially achieved. A review of the Code shows that each action is allocated to a named officer and, where not completed, has a target date for completion. The monitoring undertaken and progress achieved to date on each requirement varies between each action. Of the 12 incomplete actions reviewed, 8 were achieved with the remaining 4 incomplete actions to be carried forward to next year's Code. It is acknowledged that various plans have been put into operation to bring these actions back on track in the current financial year.

4. Conclusion

- 4.1 Good progress has been made in strengthening the Council's Corporate Governance arrangements with the majority of actions either completed or on target to be delivered. These arrangements will be strengthened further when the remaining incomplete actions are achieved.
- 4.2 There is 1 recommendation made as a result of this audit at medium priority grade. The recommendation has 5 agreed actions which are allocated to different officers within the Council and have various target dates with the final action due to be implemented by 31/12/14.

5. Audit Opinion

5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. It is the opinion that **Substantial Assurance** can be given in that while there is a generally a sound system, there are areas of weakness which put some of the system objectives at risk, and/or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Corporate Development Service – Corporate Governance Arrangements 2013-14

HA49/006.bf

The Action Plan contains **1** recommendation as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	1
Low	0
Total recommendations	1

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.	Medium	4 of the 12 actions in the 2013/14 Code reviewed have not been fully achieved.	In reviewing progress with implementation of the actions from the 2013/14 Code, the above actions should be recorded as incomplete. They should be carried forward to the 2014/15 Code and priority given to their completion.	All actions carried forward to be clearly marked in the Code.	Depute Chief Executive and Director of Corporate Development	04/09/14
		Inverness Leisure has not reported to the Culture and Leisure Contracts Scrutiny Sub-committee any financial or performance reporting since at least 2012.	Inverness Leisure should submit financial and performance information to the Culture and Leisure Contracts Scrutiny Sub-committee on the basis as defined in their Service Delivery Contract.	Inverness Leisure will submit financial and performance information to the Culture and Leisure Contracts Scrutiny Sub-committee on the basis as defined in the finalised Service Delivery Contract.	Leisure & Learning Client Manager	30/09/14
		Performance under the new complaints procedure should be reported twice yearly to Audit and Scrutiny Committee. To date it has only been reported once, in June 2013.	The Head of Digital Transformation should ensure that six-monthly reports detailing the number and type of complaint for each Service are provided to the Audit and Scrutiny Committee.	A complaints report was taken to Audit & Scrutiny Committee on 19/6/14 and the next report will be taken on 20/11/14.	Head of Digital Transformation	20/11/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Corporate Development Service – Corporate Governance Arrangements 2013-14

HA49/006.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1. (cont.)		The Corporate Risk Register has not been reviewed every 6 months by the Management Team and Audit and Scrutiny Committee.	The Corporate Risks should be reviewed twice a year.	The Corporate Risk Register was reviewed by the Executive Leadership Team in May 2014 and the result of this review was reported to the Audit & Scrutiny Committee (ASC) on 19/06/14. The next review will be undertaken in November and reported to the ASC on 20/11/14.	Audit & Risk Manager	20/11/14
		The Communications Strategy has not been completed and presented to the Community Safety, Public Engagement and Equalities Committee for approval.	The draft Communications Strategy should be finalised and then presented to the Community Safety, Public Engagement and Equalities Committee for approval.	Communications Strategy to be presented to Committee.	Corporate Communications Manager	31/12/14

AUDIT REPORT SUMMARY

Report Title

Development & Infrastructure/Community Services: Contractor's Frameworks Agreement for Works up to £50,000 (Follow up)

Report No.	Type of Audit	Issue Date	
HD11/003.bf	Follow up	Draft Report	26/08/14
		Final Report	15/09/14

1. Introduction

- 1.1 A report on the operation of the Housing & Property Service's framework agreement for construction works of less than £25,000 was issued on 07/09/12 and this identified that there were instances where work was awarded to contractors out-with the framework agreement. The audit also identified that there was no formal procedure whereby officers awarding work to contractors were provided with feedback on contractors' performance gathered from tenant surveys. This report had 5 recommendations consisting of 1 High, 2 Medium and 2 Low, with an audit opinion of "Limited Assurance" and as a result, a follow-up audit was included in the 2013/14 audit plan.
- 1.2 The aim of this follow-up report is to ensure that the management agreed actions arising from the original report were satisfactorily implemented and these were due to be completed by 01/04/13.
- 1.3 A new framework was introduced in September 2012 and this increased the value of construction works included up to £50,000 in line with the Council's Contract Standing Orders. This framework also provides more flexibility to allow new contractors to be added, or existing trades or areas of work to be amended, every 6 months. There are currently 412 contractors on the framework.

2. Review Objectives

The objectives of the review were to ensure that the recommendations made in the previous report have been implemented and the following objectives can be achieved:

- 2.1 The process for establishing the Contractors' Framework Agreement for Construction Works up to £50,000 complied with the Council's Contract Standing Orders and procurement legislation.
- 2.2 The operation of the Contractors' Framework Agreement for Construction Works up to £50,000 complies with the Council's Contract Standing Orders and procurement legislation.
- 2.3 The operation of the Contractors' Framework Agreement is effectively monitored.
- 2.4 Sample testing of contractors and works awarded under the new framework agreement since September 2012 was undertaken as part of this follow-up review.

In addition, the scope of this audit was expanded slightly following the receipt of an anonymous letter which alleged that certain contractors were being favoured in the award of works. This allegation was investigated and has been included within this report as it directly links to the operation of the framework agreement.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was partially achieved, as documentation to evidence receipt of applications to be included on the framework was not held for the majority (28/38) of contractors selected for sample testing. Similarly, the Supplier Appraisal Questionnaire (SAQ) submitted by contractors in support of their application was not held for 30 of the 38 contractors reviewed. As a result, it could not be verified that the 2 management agreed actions relating to this objective from the previous audit have been implemented.

Responsibility for receipting and storing applications, and entering details into the frameworks database, was delegated to Shared Business Support at the outset of the framework agreement. However, the member of staff responsible for this task has since left her post with the Council, and colleagues within Shared Business Support have been unable to trace the documentation. As a result the audit was unable to verify that applications were fully completed and submitted within the relevant deadline.

Where documentation had been submitted to the then Housing & Property Service or electronically through Public Contracts Scotland, it was verified that each contractor within the sample tested had fully completed their SAQ and submitted it within the deadline, with the exception of 1 contractor who only provided 1 technical and financial reference rather than the 2 requested.

The audit found that the process for establishing the current framework agreement complied with the Council's Contract Standing Orders and procurement legislation.

- 3.2 This objective was substantially achieved, and testing demonstrated that 90% of the 67,212 jobs awarded between 01/09/12 and 01/03/14 had been awarded to framework contractors, with only 3 jobs awarded to non-framework contractors. The remaining 10% of jobs were outwith the scope of the framework (work done by specialist contractors, consultants and work relating to capital contracts). This shows significant progress from the findings of the original audit. However, due to limitations within the IT systems used to record the issue of jobs, there is no authorisation process to demonstrate that Maintenance Officers have obtained line manager approval where required for works issued to non-framework contractors or to framework contractors for trades other than those for which they are registered.
- 3.3 This objective was not achieved as the management agreed actions had not been implemented at the date of the audit. It is intended that the introduction of the new Corporate Asset Management System (known as the K2 system) in November 2014 will provide the functionality to enable the previous management agreed action to be introduced by providing a means to monitor contractor performance, and to enable reminders to be issued to contractors whose insurance, health & safety or trade certifications have elapsed.
- 3.4 It was alleged that a member of staff was unfairly awarding works to 2 companies which were named. Examination of the works awarded to the named contractors identified that although they have been awarded a high volume of work in comparison with other framework contractors, this has originated from various Council officers with very little of this recorded as being issued by the named individual. The only area of concern was the award of plumbing works and installation of new bathrooms to one of the companies as they are not registered for this trade on the framework agreement (this point is already discussed at (3.2) above). The sum involved for these works was just over £164,000 for 2012/13 and 2013/14.

One issue that has been identified in investigating the above allegation is that due to the way in which the framework agreement is operated there is no evidence that the award of works to the 2 named companies was unfair even though this is high in comparison to that awarded to other contractors in the same trade category. Providing that the cost of the works is within the £50,000 threshold, staff can select any appropriate contractor and issue a works order without having to record or justify their decision. In particular, there is no policy in place requiring that work is rotated between contractors. As a result, this process could mask any bias or favouritism by staff or alternatively leave staff exposed to the risk of complaints by contractors.

4. Conclusion

- 4.1 Not all recommendations from the previous audit have been implemented although the new framework is operating effectively with the vast majority of applicable jobs being awarded to contractors on the framework. Jobs awarded to non-framework contractors are few in both absolute number and as a proportion of work awarded. Satisfactory explanations were given for the use of non-framework contractors in these instances and the adoption of the new K2 system will provide systematic management approval when

using non-framework contractors.

Some application documents have been lost and it was not possible to verify that applications had been received by the deadline. However these problems are the result of processes which are no longer followed and it is intended that from September 2015 online forms will be used to receive framework applications. This will improve the application process by ensuring that applications cannot be submitted after the deadline, and that applications can only be submitted when all fields within the application have been completed.

Similarly the new K2 system is expected to address the provision of feedback on contract performance and identify when trade qualifications have expired and issue routine reminders to contractors.

One particular area of concern raised by this review is that it cannot be demonstrated that the selection of contractors from the framework has been fair and this therefore exposes the Council to the risk that the process could be challenged by contractors who are included on the framework agreement but are rarely used.

- 4.2 Therefore the follow-up audit has found that previous recommendations have either been addressed, or are in the process of being addressed. A further 3 recommendations are made within the follow-up report, all of which are medium priority. In addition, a new high grade recommendation has been made following investigation of the allegations made in the anonymous letters received. All recommendations have been accepted by management, with agreed action due to be completed by 30/09/15.

5. Audit Opinion

- 5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Development & Infrastructure/Community Services: Contractor's Frameworks Agreement for Works up to £50,000 (Follow up)

HD11/003.bf

The Action Plan contains **4** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	1
Medium	3
Low	0
Total recommendations	4

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1	Medium	<p>Evidence of the date of receipt of SAQs was only held for 10 of the 38 contractors checked, all of which had been received before the relevant deadline.</p> <p>The SAQ was only held for 8 of the 38 contractors tested, 7 of which had been fully completed and provided the necessary supporting documentation</p> <p>Shared Business Support were responsible for the receipt and storage of SAQs at the commencement of the £50K framework but have been unable to trace the SAQs.</p>	<p>(1) Details from Supplier Appraisal Questionnaires should continue to be entered into the framework database and the SAQs stored in the appropriate folder.</p> <p>(2) Steps should be taken to ensure that all SAQs are retained when the next new framework commences in September 2015.</p>	<p>The Supplier Appraisal Questionnaires (SAQs) will be entered into the contractor's framework database and will be stored in the appropriate property service folder.</p> <p>All future SAQs will be retained electronically for easy access and reference.</p>	Property Support Officer.	Complete
					Property Support Officer.	Complete

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Development & Infrastructure/Community Services: Contractor's Frameworks Agreement for Works up to £50,000 (Follow up)

HD11/003.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.2	Medium	<p>Analysis of works processed through the Total and Recorder systems, and clarification with staff identified 3 jobs given to non-framework contractors</p> <p>Further investigation identified that there were legitimate reasons for the award of two jobs. For the remaining job, the Officer who awarded the work is now retired, therefore it could not be determined why a non-framework contractor was used or whether line manager approval was sought.</p> <p>It was found that Maintenance Officers are able to book non-framework contractors without prior line manager approval as the Recorder and Total Repairs Systems do not have the functionality to record authorisation. The management agreed action from the previous audit report required that any instances where a non-framework contractor was used should be authorised by a line manager. Where the authorisation is not recorded, there is no assurance that a line manager has approved the use of a non-framework contractor, and there is a risk that the Maintenance Officer has bypassed the framework process.</p>	<p>(1) Until the new system is adopted the reason for the use of non-framework contractors should be clearly documented and duplications archived when found for jobs awarded through Recorder. This should also be done on an ongoing basis for jobs awarded through the Total system.</p> <p>(2) The workflow functionality within the K2 system should be utilised to demonstrate that authorisation was provided where required.</p>	<p>(1) The line management approval and reason for use of non-framework contractors will be recorded via an exemption report for works instructed through Recorder/K2 and Total (Works Order System).</p> <p>(2) The workflow functionality within K2 will be utilised to demonstrate that line manager authorisation is being provided where necessary for the use of a non-framework contractor.</p>	<p>Area Community Services Managers (4) and the Performance and Building Maintenance Manager.</p> <p>Head of Property.</p>	<p>28/11/14</p> <p>31/03/15</p>

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Development & Infrastructure/Community Services: Contractor's Frameworks Agreement for Works up to £50,000 (Follow up)

HD11/003.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.3	Medium	<p>During the initial audit meeting, the Property Support Officer confirmed that due to limitations with the existing IT systems a robust system to collate feedback had yet to be developed. Similarly, there was not currently a means of providing reminders to contractors whose insurance, health & safety or trade qualification documents had expired. Therefore the management agreed action from the previous report in respect of these two actions had not been implemented.</p> <p>It is intended that this will be addressed by the new Corporate Asset Management System (K2 system) which is due to be implemented in November 2014.</p>	<p>(1) The K2 system should be used to monitor contractor performance and enable officers to address issues where poor performance is identified.</p> <p>(2) The K2 system should be used to issue reminders to contractors whose documents are due for renewal.</p>	<p>A contractor performance management system will be deployed within both K2 and Total (Works Order System) to enable officers to monitor contractor performance.</p> <p>The framework database will issue reminders to contractor's 2no weeks in advance of documents requiring to be updated to ensure that they continue to be available for selection.</p>	<p>Head of Property (K2) and Performance and Building Maintenance Manager (Total).</p> <p>Head of Property.</p>	<p>30/09/15</p> <p>31/03/15</p>

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Development & Infrastructure/Community Services: Contractor's Frameworks Agreement for Works up to £50,000 (Follow up)

HD11/003.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.4	High	<p>It was not possible to substantiate the allegations of unfair award of works to specific contractors which were made in anonymous letters.</p> <p>However, the investigation did identify that there is no system to demonstrate that the award of works to contractors on the framework agreement has been fair and above board.</p> <p>In addition, one of the contractors named in the allegations had undertaken works in a trade that it was registered for in the framework agreement.</p>	<p>(1) Consideration should be given to introducing systems which demonstrate the fair award of works to contractors from the framework agreement. Implementation of the monitoring of contractor's performance referred to at section 3.3 will also support the rationale for the selection of contractors.</p> <p>(2) The award of the bathroom and plumbing works to company 1 should be investigated and action taken to ensure that contractors are only awarded works in relation to the trades they have registered for on the framework agreement.</p>	<p>(1) A process for the rotation of the use of contractors from the framework will be developed and deployed to be used by all operational staff responsible for instructing works.</p> <p>(2) The Area Community Services Manager is to investigate the award of bathroom and plumbing works to Company 1 and if necessary deal with any non-compliance found.</p> <p>All future works are to be awarded in line with Council Contract Standing Orders and any other service specific conditions that apply.</p>	(1) Head of Property.	31/03/15
					(2) Area Community Services Manager	12/12/14
					Area Community Services Managers (4) and Building Maintenance Manager.	12/12/14

AUDIT REPORT SUMMARY

Report Title

Finance Service – Creditor payments

Report No.	Type of Audit	Issue Date	
HK07/013.bf	Systems	Draft Report	14/07/14
		Final Report	28/08/14

1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review of the Creditors system in the financial year 2013/14. In the financial year 2013/14 there were 185,932 invoices paid with a value of £427m.
- 1.2 Audit Scotland are looking to place reliance on this audit as part of their annual audit.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 There is an adequate control framework over access to and operation of the Accounts Payable system.
- 2.2 Expenditure is properly authorised and recorded in the Accounts Payable ledger in a consistent and timely manner and is complete, accurate and valid.
- 2.3 Payments are made only to valid suppliers, are authorised and properly recorded in the Accounts Payable ledger.
- 2.4 Outputs from the Accounts Payable ledger are complete, accurate and valid and are produced in a consistent and appropriate format in a timely manner.
- 2.5 Data within the Accounts Payable system is protected against loss, corruption or system failure.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was substantially achieved as there is an adequate control framework over access to and operation of the Accounts Payable and Pecos systems. No user had both input and authorisation responsibilities in either system.
- 3.2 The number of "superusers" was restricted to appropriate personnel within the Finance teams except for one where their post did not require this responsibility. This had been identified by the Finance System Administration Team (FSAT) as part of a superuser review during 2013 but they were not properly deactivated at this time. This has now been done. In addition, this officer was on maternity leave but FSAT were not advised by the relevant Service Finance Manager of this or to end any of her access rights.
- 3.3 This objective was partially achieved in that:
 - Out of a sample of 41 transactions, 24 payments were correctly processed. However, there were 15 transactions where there was no order where one should have been raised in terms of the Council's Financial Regulations; instead payment was made directly on the supplier's invoice. In 9 instances the supplier was available on Pecos, and for a further 6 the correct process should have been to have the supplier set up on Pecos and then an order raised. In addition, 2 further invoices had been subject to orders raised in Pecos but the invoice was entered directly into Accounts Payable rather than being paid through Pecos. With regard to one of these the order was overlooked in error whereas the other related to a High Life Highland invoice where the organisation uses Pecos to raise orders but makes subsequent payment in Accounts payable.

- The supplier's invoice reference is not always input into Oracle, contrary to the guidance issued which forms part of Financial Regulations. In particular, approximately 3% of all invoices paid during 2013/14 used the date as the reference.
- Where an invoice is entered directly into Accounts Payable, Financial Regulations require that the description field contains sufficient detail to describe the transaction. However, this is not complied with as 7 out of 32 invoices entered directly from the sample reviewed did not convey the nature of the transaction properly.
- Where orders had been raised they contained adequate detail of the purchase and had all been authorised by an appropriate officer.

3.4 This objective was fully achieved as all transactions reviewed were supported by an official invoice from the supplier and BACS payments reviewed had been properly authorised and could be traced to the financial ledger and the Council's bank statements.

3.5 This objective was partially achieved as Accounts Payable reconciliations are undertaken daily and the cumulative daily month-end reconciliation is checked by a senior officer and evidenced accordingly.

3.6 A number of exception reports are produced, checked and appropriate action taken to ensure items are cleared. However, there is no proactive stance taken with Services in order to reduce the overall level of duplicate payments. Services are only involved insofar that they are instructed by the Creditors Team to recover genuine duplicate payments. Also, the disabling of bank accounts for obsolete suppliers is also taking too long to complete.

3.7 This objective was fully achieved as data within the Accounts Payable system is protected against loss, corruption or system failure through appropriate the back-up procedures.

4. Conclusion

4.1 Overall, the Accounts Payable system is operating adequately. All orders (where raised) and invoices were authorised and all transactions reviewed supported by a proper invoice. Accounts Payable reconciliations, exception reports, BACS payment controls, system back-ups and user access controls are all operating satisfactorily. In view the above controls, the audit opinion of "Reasonable Assurance" has been given despite the weakness in the failure to use official ordering systems. There is a need for officers within the Services to comply with the requirements of Financial Regulations, particularly with regard to use of official purchasing systems, checking of invoice price and the input of transaction descriptions. In addition, the accurate input of invoice references is important to avoid the risk of duplicate payments being made.

4.2 There are six recommendations in this report; 2 are classified high priority and 4 as medium priority. All recommendations are to be implemented by 01/06/15.

5. Audit Opinion

5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Reasonable Assurance** can be given in that while the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service – Creditor payments

HK07/013.bf

The Action Plan contains **6** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	2
Medium	4
Low	0
Total recommendations	6

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.2	Medium	One user was identified whose profile was not suspended as they were on maternity leave and they had a superuser responsibility not required for their post.	(1) Managers should ensure that a user's access rights are deactivated by informing FSAT at the start of any lengthy absence. (2) The full list of user access rights issued annually by FSAT should be subject to appropriate checking by the Service Finance Managers to ensure that access rights are appropriate or that any changes required are promptly actioned.	FSAT will issue an email to all users of the finance system reminding them to notify FSAT of periods of extended absence.	Systems Administration Manager	31/08/14
3.2.1	High	15 out of 41 payments reviewed had not used an appropriate purchasing method as they had no supporting order raised.	Services should be reminded of the need to comply with the requirements of Financial Regulations and the Framework of Regulation for Procurement with regard to: <ul style="list-style-type: none"> the need to raise orders or use one of the other official purchasing methods for the procurement of goods and services. checking the invoice sums back to the supporting orders and where an official supplier has been used, to the contract schedule of rates. 	The Director of Finance will issue an email prepared by the Head of Procurement underlining the requirement to raise orders or use an official purchasing method; and that invoices are checked backed to the supporting order and for official suppliers, the contract schedule of rates.	Head of Procurement	30/09/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service – Creditor payments

HK07/013.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.2.2	Medium	Despite guidance being issued by Creditors Team to Services with regard to recording a genuine invoice reference, approximately 3.1% of all invoices used the date as the invoice reference.	Reminders should be to be issued to Services setting out the need to input the correct invoice reference in order to trace supporting documentation for any payment transaction and to prevent duplicate payments.	The Director of Finance will issue an email prepared by the Payroll and Pension Manager underlining the requirement to input correct information.	Payroll and Pension Manager	30/09/14
3.2.3	Medium	Of the sample of 41 invoices reviewed, 32 had been entered directly into Accounts Payable, of which 7 had inadequate descriptions which failed to convey the nature of the transaction properly.	Services should be reminded that where invoice details are entered directly into Accounts Payable that the description field in the system must be completed and provide sufficient detail to describe the transaction.	The Director of Finance will issue an email prepared by the Payroll and Pension Manager underlining the requirement to input correct information.	Payroll and Pension Manager	30/09/14
3.4.2	Medium	The level of duplicate payments remains constant despite the regular review of duplicates by the Creditors Team. Services as not as proactive as they should be in addressing root causes.	Services should be reminded to be vigilant regarding the possibility of duplicate payments with a note prepared by Creditors Team, of common causes distributed to Services.	The Director of Finance will issue an email prepared by the Payroll and Pension Manager underlining the requirement to input correct information.	Payroll and Pension Manager	30/09/14
3.4.3	High	6 months after the last obsolete suppliers report had been run there were 188 bank accounts still active on inactive supplier references.	All bank accounts of obsolete suppliers should be deactivated manually within three months of the supplier being deactivated.	Bank accounts will be deactivated as per the recommendation.	Payroll and Pension Manager	01/06/15

AUDIT REPORT SUMMARY

Report Title

Finance Service - Revenue Budgetary Control

Report No.	Type of Audit	Issue Date	
HK30/007.bf	Systems	Draft Report	18/07/14
		Final Report	15/09/14

1. Introduction

- 1.1 Budgetary control is the process of preparing plans and budgets and then monitoring actual activity and expenditure or income. Where the actual differs from budget, then appropriate corrective action needs to be taken and reported¹.
- 1.2 The purpose of this report is to record the findings of a recently completed audit of Revenue Budgetary Control. The audit was undertaken as part of the annual plan for 2013/14. Audit Scotland will look to place reliance upon the Internal Audit work undertaken.
- 1.3 For the financial year 2013/14, the revenue budgets agreed by a Special Meeting of the Highland Council on 07/02/13, was £548.436m, and included Education, Culture and Sport £234.890m, Health and Social Care £131.154m and Transport, Environmental & Community Services £58.408m.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 The responsibilities of Council Officers and Members for the setting and control of budgets are properly defined.
- 2.2 Budgets are set in accordance with the priorities set out in the Council's Programme.
- 2.3 Revenue items are properly controlled by the effective periodic monitoring of financial out-turns against detailed budgets.
- 2.4 Significant variances are promptly identified, reported and acted upon.
- 2.5 The system contributes to the Council's ability to demonstrate that resources are being used in an economical, effective and efficient way.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was fully achieved as the Council's Scheme of Delegation confirms the Resources Committee has the responsibility for setting and controlling the Council's finances. Financial Regulations together with the relevant guidance notes, clearly set out the roles of Members and officers for the setting and control of budgets, and these are available to all staff on the intranet.
- 3.2 This objective was fully achieved. The Council Programme lists the priorities the Council wishes to deliver over the period 2012-2017. These priorities are grouped under seven main themes. Service plans list objectives under the corporate themes and link to priorities, detailing enabling actions to achieve these priorities along with measures to monitor performance. A sample of items was selected from these Service plans and they were properly reflected in the Service budget and consistent with the corporate plan, although the budgets are not all detailed at section level.
- 3.3 This objective was partly achieved as the financial information system (Oracle) provides accurate budget information and the system data is regularly and sufficiently backed-up. However, there is a need to update the guidance note on budgetary control within Financial

¹ TIS Online definition

Regulations as there is no longer the requirement for budget holders to record the action taken to recover an overspend position, or the communications with their line manager regarding these actions.

While the financial information in the Revenue Budget Monitoring Reports highlight variances clearly, the narrative does not always include information explaining these variances and sometimes the explanation is not clear. The TEC Service (now Community Services) statements were the best laid out reports with clear variance explanations and recommendations.

- 3.4 This objective was partially achieved as budget monitoring reports for all areas of Council activities are provided to the appropriate Council Committee. However, these reports do not always detail what appropriate action will be taken in response to adverse variances, or identified problems.

The Council has 6 trading operations. The budget monitoring reports for these operations did not always specifically state if individual financial objectives are expected to be met. From the financial year 14/15 trading operations have no statutory objectives except for Fishery Piers and Harbours, which has retained its financial objective (of breaking even after depreciation over a rolling three year period).

- 3.5 This objective was only partially achieved. There is consideration of Best Value in the budgeting process, which can be seen in Council Services achieving the savings required during the current downturn. However, recent reports from Audit Scotland recommend that the Council should go further in order to demonstrate Services are achieving best value. Their report "Options Appraisal: are you getting it right?" (2014) states that *"Members and officers need to consider a wide range of options when considering what services to provide and how to deliver them. They must ensure that Services provide value for money and can demonstrate Best Value by continuous improvement."* In another report "Using cost information to improve performance: are you getting it right?" (2012) it reminds Councils that they have a statutory duty to provide Best Value, as set out in the Local Government in Scotland Act 2003. The report explains that a sound understanding of costs is central to making informed policy decisions, assessing the efficiency and effectiveness of Council services and demonstrating that the Council is delivering *"good value for the public money they spend."* Also, a review during the audit of committee minutes found that there were no specific instances of best value challenges during budget monitoring.

4. Conclusion

- 4.1 Overall there are sufficient arrangements for the control and reporting of revenue budgets. This report highlights improvements to the process, which includes an amendment to Financial Regulations, improvements to the narrative of the Revenue Budget Monitoring Reports, clearer reporting of the remaining trading operation objective, examining the different options to achieve Best Value and more specific reporting of best value challenges to budgets.

- 4.2 There are 3 medium recommendations and 1 low grade recommendation in this report, which have been accepted by management. All the agreed actions will be completed by 30/09/15.

5. Audit Opinion

- 5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service - Revenue Budgetary Control

HK30/007.bf

The Action Plan contains **4** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	3
Low	1
Total recommendations	4

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.3.1	Low	<p>Financial Regulations contains budget monitoring guidance which is no longer relevant to current budget monitoring practice.</p> <p>Monthly budget monitoring reports are now sent by email to budget holders. However, Financial Regulations Guidance Note – Budgetary Control section 5.1 requires that “action proposed to recover an overspend position should be recorded along with contact made with a line manager.” This relates to previous arrangements when budget monitoring reports were provided as printed reports. Also, a small sample of budget holders contacted confirmed that they were not complying with this requirement.</p>	<p>Financial Regulations Guidance note - Budgetary Control section 5.1, requiring budget holders to formally record corrective action made to their budgets, should be removed because it is no longer required now budget information is provided electronically.</p>	<p>The requirement to recover an overspend position still lies with the budget holder but accept the fact that the need to record every recovery action is overly bureaucratic and the guidance note will be amended.</p>	Head of Corporate Finance	31/10/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service - Revenue Budgetary Control

HK30/007.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.3.2	Medium	<p>(i) The audit found that Revenue Budget Monitoring Reports to Members do highlight variances clearly but the narrative does not always include information explaining these variances.</p> <p>(ii) Also, the audit found that the former TEC Services Committee (now Community Services) had the best laid out reports with clear variance explanations and recommendations.</p>	<p>(i) Information on significant variances should be included in the narrative if there is likely to be an impact on service delivery.</p> <p>(ii) The Finance Service should consider using the TEC Services Committee format for all committee reports.</p>	The narrative is the responsibility of the Director but Finance Managers will be asked to ensure major variances are explained	Head of Corporate Finance	30/09/14
3.4.1	Medium	<p>There is regular monitoring of the Council's 6 trading operations' budgets but this does not always specifically state whether their individual financial objectives are expected to be met.</p> <p>The majority of trading operations have now had the statutory objectives of breaking even removed. The only trading operation with targets now is Fishery Piers and Harbours.</p>	For Fishery Piers and Harbours there should be specific mention of whether the financial objectives are expected to be met, specifically to break even after depreciation.	Agreed	Finance Manager (Community Services)	30/09/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service - Revenue Budgetary Control

HK30/007.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.5.1	Medium	While there is some consideration of Best Value in the budgeting process, the Council could improve its best value review process to better demonstrate that resources are being used in an economical, effective and efficient way.	The Executive Leadership Team (ELT) should discuss the Audit Scotland reports and the recommendations for Services to develop a more wide-ranging review of service best value to ensure performance (both financial and non-financial) is measured effectively across the Council.	This has been discussed initially by the ELT. They will take forward a review of performance management systems within the Council, and bring forward detailed recommendations.	Executive Leadership Team	30/09/15

AUDIT REPORT SUMMARY

Report Title

Finance Service - Housing Benefit Payments 2013/14

Report No.	Type of Audit	Issue Date	
HDB03/001	Systems	Draft Report	01/08/12
		Final Report	27/08/12

1. Introduction

- 1.1 The review of the award and payment of Housing Benefits is undertaken on an annual basis on behalf of Audit Scotland. The review uses their worksheet called HB COUNT (count once, use numerous times) to test the awards calculation and classification. This process was designed by the Accounts Commission and has a specific module developed for use by auditors in Scotland.
- 1.2 At the request of Audit Scotland, who will look to place reliance on the findings of this review, the audit work also included a review of uprating of the Revs & Bens system parameters for 2014/15.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Benefits are awarded to valid applicants only, claims are accurately assessed and benefit is calculated and classified in accordance with the relevant Regulations and Department for Work and Pensions (DWP) rates.
- 2.2 The system parameters in relation to Housing Benefits for 2014/15 have been correctly uprated in accordance with DWP HB Circular A24/2013 (Revised).
- 2.3 The agreed actions arising from the previous audit report on Housing Benefit and Council Tax Benefit 2012/13 (HK12/011) issued on 17/03/14 were satisfactorily actioned by management.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was substantially achieved as 16 out of 20 claims examined had been accurately assessed and calculated in accordance with the Regulations and DWP rates. Also, all claims were supported by a benefit application form signed by the claimant. However, there were 4 claims where errors had been made:
Three cases resulted in small underpayments of benefits to the claimants. Two of these were caused by input errors; in one case the Housing Association rent had been input as 90p less than the actual rent being charged, (£1.11 underpaid) and in the other case, the claimant's payslip was misread as £85 instead of £65 (£5.84 underpaid). In the third case the conversion of rent and ineligible insurance costs from calendar month to weekly had not been applied consistently (£39.19 underpaid). All of these have been corrected.
In the fourth case, the information was also input incorrectly into the Revs & Bens system. The benefit entitlement calculation was correct but as this was a de-regulated tenancy, rent has to be classified as above or below the Rent Officer's Determination of a reasonable rent, in this case £110. This was wrongly entered as £100, resulting in a loss of £48 of subsidy income. This has been corrected on the Revs & Bens system and will be claimed as part of the 2014/15 subsidy.

All claims reviewed as part of this audit were supported by a signed benefits claim form held on the Civica Electronic Content Document Management (ECDM) system. However, the retention of paper file claims for those last reviewed before the introduction of the ECDM system is in contradiction with the Council's Retention policy.

It is believed that the Verification Framework (VF) checklists (forms MC1 & CL2) are being completed more often than they are actually required.

- 3.2 This objective was fully achieved as a review of all parameters within the Benefits system showed all had been increased by the amounts or percentages set out in the DWP Up-rating Circular. The Policy and Development Team's evidence trail was comprehensive and clear in demonstrating that the annual up-rating had been fully and correctly applied.
- 3.3 This objective was fully achieved as all the agreed actions arising from the previous audit report on Housing Benefit and Council Tax Benefit 2012/13 (HK12/011) issued on 17/03/14 were satisfactorily actioned by management.

4. Conclusion

- 4.1 The Benefits team is faced with diverse and onerous challenges as a result of the need to make complex benefit determinations on a daily basis and deal with constantly evolving legislation. Case testing revealed that whilst all details are verified and evidence retained, input errors and an inconsistent calculation led to 3 small underpayments of benefits and 1 where subsidy entitlement was lost. The errors have been corrected, with underpayments being paid and the subsidy correction to be reclaimed in 2014/15.
- 4.2 There are a total of 3 recommendations in this report all at medium priority grade. All recommendations are to be implemented by 31/8/15. This is due to the timeframe it will take to approve, procure, test and implement any new risk based verification software, which must be compatible with the Revs & Bens system and meet DWP criteria.

5. Audit Opinion

- 5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** in that while there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service - Housing Benefit Payments 2013/14

HDB03/001

The Action Plan contains **3** recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	3
Low	0
Total recommendations	3

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.1	Medium	Errors were detected in 4 out of the 20 cases reviewed. In 2 cases verified rent and income details were input incorrectly into the benefit entitlement calculation. In another case a monthly rent had not been converted on a consistent basis to an equivalent weekly rent. In these 3 cases the errors made resulted in claimants being under-paid. In the other case the classification of rent was incorrect – this had a subsidy impact for the Council but no effect on the claimant.	Processing clerks should be reminded that only verified values should be used in the benefit entitlement calculation and that they should double check figures input as all the errors identified were as a result of input errors. Where there is doubt as to the correct treatment for any element of the entitlement calculation; reference should be made to guidance and regulations.	Staff reminded by email 20/8/14.	Assistant Operations Manager	20/08/14
3.1.2	Medium	As it cannot be determined whether every live claim is supported by a signed claim form on Civica, paper files are being retained, in excess of the period set out in the Finance Service's retention schedule.	The Policy & Development Team should liaise with the Department of Works & Pensions to determine their requirements regarding the retention of Housing Benefit claims processing documents and to clarify the requirements to review claims, as compliance with the Highland Council's retention schedule could result in pre-Civica claims being unsupported by a signed claim form.	It has now been accepted at the Information Management Governance Board that the Retention Schedule will have to change to remove any risk to subsidy etc.	Senior Policy & Development Officer	30/09/14

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service - Housing Benefit Payments 2013/14

HDB03/001

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1.3	Medium	Verification Framework checklists are being completed more often than they are required.	The Policy & Development Team should review whether to make the Verification Framework (VF) checklists optional within the Civica maps. The risk that checklists are not completed should they be made optional should also be considered.	There are 9 Civica maps containing the VF checklist. In order to minimise the risk of non-completion of VF checklists changes to Civica will be considered when we are researching then option to introduce Risk Based Verification (RBV).	Senior Policy & Development Officer	31/08/15

AUDIT REPORT SUMMARY

Report Title

Finance Service – End User Computing Spreadsheet Controls

Report No.	Type of Audit	Issue Date	
HA20/019.bf	Computer	Draft Report	23/07/14
		Final Report	11/09/14

1. Introduction

- 1.1 The purpose of this report is to record the findings of a review of the Council's important financial spreadsheets taking into account the guidance relating to good practice for the production of spreadsheets that has recently been produced by the Chartered Institute of Public Finance (CIPFA) and Accountancy and the Institute of Internal Auditors (IIA). The different levels of training provided by the Learning and Development Team in the maintenance of Excel spreadsheets were also established.
- 1.2 The review was carried out as part of the 13/14 computer audit work plan.

2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 Staff who design, create and use spreadsheets are adequately trained and aware of good practice.
- 2.2 The Council is aware of its important spreadsheets, where they reside and who is responsible for them.
- 2.3 Existing important spreadsheets are well designed and error-free. Good practice is in place for the design, creation and use of important spreadsheets used within the Council.

3. Main Findings

The main findings of the review, referenced to the above review objectives, are as follows:

- 3.1 This objective was partially met in that, although the Learning and Development Team provides different levels of Excel training which incorporates some good practice, there is no corporate good practice guidance document provided. Hence a variety of different operational design practices are utilised by different members of staff.
- 3.2 This objective was met in that senior staff are aware of who is responsible for important spreadsheets in the sample tested and where they reside.
- 3.3 The objective was almost fully met in that, although there were design differences as stated in the paragraph 3.1, the sample of important spreadsheets reviewed was almost entirely error free. A previous debtors audit found that two invoices had not been issued by staff using a Community Services spreadsheet to monitor commercial refuse and recycling collection invoices and payments. However the invoices were issued and subsequently paid when this omission was pointed out.

4. Conclusion

- 4.1 Although the good practice guidance needs to be updated the most important control, that the reviewed spreadsheets were error free, was achieved.

5. Audit Opinion

5.1 The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service – End User Computing Spreadsheet Controls

HA20/019.bf

The Action Plan contains 2 recommendations as follows:

Description

Major issues that managers need to address as a matter of urgency.

Important issues that managers should address and will benefit the Organisation if implemented.

Minor issues that are not critical but managers should address.

Priority	Number
High	0
Medium	2
Low	0
Total recommendations	2

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1	Medium	<p>Corporate Spreadsheet Guidance</p> <p>The Learning and Development Team provides different levels of Excel training which includes some good practice. However it does not include all the recently produced IIA and CIPFA guidance.</p> <p>The effect of the lack of corporate guidance is that a variety of different operational design practices were utilised by different members of staff.</p>	<p>The Learning and Development Team should issue the following corporate guidance taken from CIPFA and IIA guidance:</p> <p>1) The spreadsheet workbook should have an index sheet showing the author, version, change history dates, data sources, its security classification and access controls, purpose of the spreadsheet and description of how it operates.</p> <p>2) If personal data is held the owners must ensure that they comply with the Data Protection (DP) Act. It may be appropriate that the spreadsheet is recorded with the ICT Services to ensure that the Council is compliant with the DP Act and the spreadsheet contents are notified to the DP</p>	<p>Guidance sheet to be provided at all levels of spreadsheet training to cover points 1 – 9</p> <p>Exercises used within all levels of spreadsheet training to be reviewed to ensure they reinforce all points on the Guidance sheet.</p> <p>Links provide to detailed spreadsheet training material held on L&D website</p>	<p>Learning and Development Advisor</p> <p>Learning and Development Advisor</p> <p>Learning and Development Advisor</p>	<p>31/10/14</p> <p>Complete</p> <p>30/09/14</p>

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service – End User Computing Spreadsheet Controls

HA20/019.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1 (cont)			Registrar.			
			3) The level of protection required for the spreadsheet should be considered. If necessary a password to open it may be required.	To be incorporated within the above guidance	Learning and Development Advisor	30/10/14
			4) The spreadsheet should be held on a server drive to ensure it is backed up nightly.	As above	As above	As above
			5) Significant changes should be reviewed and approved by an independent person. This review and approval should be recorded on the spreadsheet change history.	As above	As above	As above
			6) The default setting when a workbook is opened is that all the error checking functions are ticked - to verify go to file/options/formulas and make sure all error checking is ticked. All worksheets should then be checked to ensure no errors are shown.	As above	As above	As above
			7) Control totals should be used to show that data copied into the spreadsheet from other sources has been copied in correctly.	As above	As above	As above

AUDIT REPORT ACTION PLAN

Report Title

Report No.

Finance Service – End User Computing Spreadsheet Controls

HA20/019.bf

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
3.1 (cont)			8) Data values should not be hardcoded into formulas, e.g. a formula should be '=A1 * A2' where A1 contains 5 and A2 contains 5, not '= 5 * A2' where the value 5 is hardcoded into the formula.	As above	As above	As above
			9) Formulas should be locked to prevent unplanned changes – this can be achieved quickly for each sheet by right clicking on the sheet tab and clicking protect sheet.	As above	As above	As above
3.3	Medium	<p>Design of Spreadsheet Used to Monitor Payments</p> <p>A previous debtors audit found that two invoices included within the Refuse collection bookings spreadsheet which is used to monitor commercial refuse and recycling collection invoices and payments had not been issued. The spreadsheet only recorded the quarterly bill totals as opposed to individual payments. The invoices were issued and subsequently paid when the omission was identified.</p>	Finance guidance should be issued to ensure that if Services use spreadsheets to monitor payments then each expected payment should be individually identified in the spreadsheet and checked off to ensure it has been paid.	The income notes that accompany Financial Regulations will be amended	Income Recovery Manager and	30/09/14