



**Report to: Audit Sub-Committee**

**Subject: Points forward from Last Meeting**

**Date: 9 June 2005**

**Author: Manager of Resource Services**

**1. PURPOSE OF REPORT**

To provide feedback on issues raised at the previous meeting of the Audit Sub-committee.

**2. HOUSING RECOMMENDATIONS NOT IMPLEMENTED**

At the last meeting a key financial system audit report relating to the debtors system was presented. This showed that the Housing department had four high-risk recommendations of which two were due for implementation by the end of March 2005. These were:

- That system procedure notes should be prepared to enable staff to follow procedures in cases of absence or cover. Such procedure notes must be kept up to date of any changes.
- That wherever possible a standard request form should be used to raise a debtor unless an acceptable documentation exists.

The first recommendation is two thirds complete and the final part will be complete by the end of August 2005. Internal Audit will monitor progress against this target.

The second recommendation has been fully implemented.

### 3. **DIRECT SERVICES RECOMMENDATIONS NOT AGREED**

In the key financial system report relating to cash receipting the Direct Services department had not agreed to four of the recommendations. These were all medium risk recommendations. I have since discussed the recommendations with the Admin and Customer Services Manager responsible for the controls in this area.

The four recommendations not agreed were:

- a) Two members of staff should be involved in post opening.
- b) On a regular basis the spreadsheets and collection records for recording income be reconciled to FMS. This should be completed by a member of staff who is not involved with the completion of the spreadsheet/collection records.
- c) Income awaiting banking should be held in the safe until such time that staff are ready to take the income to the cash office.
- d) Additionally a record be maintained of all income ready for banking that is placed in the safe. This record to be a bound book, be completed when items are placed in the safe ready for banking and be signed by the person taking the income to the Civic Centre.

When reviewing these recommendations the benefits of the additional controls were considered and in a couple of instances the recommendations have been amended slightly to meet practical requirements. This is what has been agreed and implemented:

- a) Post is opened in an office where there is more than one member of staff present. The main method of payment via the post is cheque made payable to the Authority. If cash were to be received in the post the officer opening the mail would request one of the others in the office to check and record the payment. It is very rare for cash to be received through the post.

It was agreed that the procedures for opening the post and recording income are satisfactory.

Cash is occasionally received from the public when visiting the offices this is recorded in the same way and the manual miscellaneous receipts books are used to issue receipts to the public.

- b) This recommendation has not been implemented and is still a control issue. It is intended that the new member of staff will undertake this reconciliation.

Internal audit will review progress.

- c) It has been agreed that during the day income will be kept in a locked drawer in the office which is always manned. If income is not taken to cash office at the end of the day, it will be transferred to the safe for overnight storage.

This is satisfactory.

- d) This recommendation becomes superfluous following the changes in (c) above.

#### **4. BANK ACCOUNTS OUTSTANDING RECOMMENDATION**

The report identified that verification of bank account reconciliations were not being undertaken in a timely manner and although the recommendation was accepted with immediate effect audit monitoring confirmed that progress towards improvement had not been made.

Since the last audit committee meeting the Head of Finance has reminded staff of the need to undertake verification of the monthly reconciliation process and the situation has improved with verifications taking place in line with the agreed recommendation. Internal Audit will review this as part of the next routine audit.

#### **5. CONCLUSION**

The issues raised at the last committee meeting have been resolved to a satisfactory level. Where there remains a couple of minor outstanding points internal audit will continue to monitor progress.