

**Walsall Council**  
**Internal Audit Service**

**Catering Establishment**

**Audit Report 2008 / 2009**  
**Revised August 2009**

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## **EXECUTIVE SUMMARY**

### **A. Introduction**

1. An audit review of catering services was undertaken as part of the 2008/09 annual internal audit plan.
2. The catering service provides catering to 84 primary schools, 8 secondary schools, the town hall restaurant and engineers' canteen. It also provides vending machines and catering, including buffets and refreshments, to the council. The service has a total of 420 staff, who serve on average 10,000 meals per day and has an annual turnover of approximately £5million.
3. During March 2008 the area supervisor informed internal audit that a £60 under banking had been identified at [REDACTED] JMI on 19 December 2007. This issue has also been examined during the course of this audit and findings in relation to this are detailed in section 12 of the audit opinion and action plan.
4. The objectives of the audit were to assess the adequacy of controls governing financial and management arrangements, to assess the implementation of previously agreed audit report actions and to seek assurance that:
  - day to day procedures relevant to the catering service are recorded in writing and are available to all staff;
  - an inventory is maintained in accordance with financial and contract rules;
  - adequate stock/store control management is in place;
  - procurement is in accordance with financial and contract rules;
  - all income is promptly invoiced, collected and banked;
  - adequate arrangements are in place for the receipt and storage of cash income;
  - adequate budgetary management is in place;
  - petty cash is appropriately administered;
  - staff records e.g. flexi records, annual leave, car allowance log books are maintained to a good standard;
  - security arrangements are of a good standard;
  - adequate health and safety arrangements are in place; and
  - performance management systems are adequate, including those relating to risk management, IPM, communication, sickness management and equalities.
5. The scope of the audit is as set out on the contents' page. An overall opinion, points of good practice and an improvement action plan for each of the areas audited are attached. Actions for improvement, in general, are prioritised as high (\*\*\*), medium (\*\*) or low (\*).

6. Within a short period of issuing the final audit report, the head of service will be contacted to formally confirm that the action plan has been implemented as agreed. Managers should be aware that a formal response will be required in all cases and that details of these responses will be included within the internal audit quarterly monitoring report to the Audit Committee.
7. Under the Council's corporate governance arrangements, the outcomes of audits are reported routinely to the Audit Committee. This includes providing an overall report opinion and details of agreed actions successfully implemented.
8. The committee has expressed concern with a failure, in a number of instances, to implement agreed actions. The committee will seek explanation from executive and assistant directors failing to ensure that appropriate action is taken.
9. All audit reviews undertaken include checks that previously agreed actions have been implemented. Due to the disappointing level of overall achievement in this area, executive directors have asked for regular updates on all internal audit reviews undertaken together with details of actions agreed and actually implemented. This is included as a standing item for discussion at all directorate management team meetings.

**B. Overall Audit Opinion**

1. Internal audit is able to give an overall limited assurance opinion on the system of internal control operating within the catering establishment as described below.

<b>Overall Audit Opinion</b>		
	Full assurance	Full assurance that the system of internal control is designed to meet the organisation's objectives and controls are consistently applied in all the areas reviewed.
	Significant assurance	Significant assurance that there is a generally sound system of control designed to meet the organisation's objectives. However, some weakness in the design or inconsistent application of controls put the achievement of particular objectives at risk.
→	<b>Limited assurance</b>	<b>Limited assurance as weaknesses in the design or inconsistent application of controls put the achievement of the organisation's objectives at risk in the areas reviewed.</b>
	No assurance	No assurance as weaknesses in control, or consistent non compliance with key controls, [could result / have resulted] in failure to achieve the organisation's objectives in the areas reviewed.

2. Some good practices were noted during the audit, including; the implementation of a new procurement process, the completion of health and safety action plans and a rolling training programme for all kitchen staff for manual handling and heavy equipment. A number of areas for improvement have, however, been identified, including; the tightening of controls regarding stocks; procurement; the receipt, banking and monitoring of income; and petty cash. The prompt implementation of actions contained within this audit report will further assist in enhancing procedures undertaken.
3. The 11 agreed actions which remain applicable from the catering income audit undertaken during 2003/04 were confirmed as implemented by the service manager on 18 February 2004. Of these, 9 had been fully implemented at the time of this audit. The 2 unimplemented actions have been reiterated in this report, marked (\*) in the action plan. The 14 agreed actions which remain applicable from the catering stores audit completed during 2003/04 were confirmed as implemented by the service manager on 24 May 2004. Of these, 11 had been fully implemented at the time of this audit. The 3 unimplemented, or partially implemented actions have been reiterated in this report, marked (\*) in the action plan.

4. There are 16 high priority actions, as follows:-

Section	Action Plan Ref.	Agreed Action
Stock	3.6	<p>The transfer record sheet has now been revised to include the signature of the officer authorising the transfer of goods.</p> <p>Each stock transfer record sheet now includes the correct unit name.</p>
	3.7	<p>The unit supervisors will continue to place orders. Stock takes, which are taken 3 times a year, will also be taken by the unit supervisor with the assistance / presence of the deputy. Where a deputy is not present, a second member of staff will assist.</p> <p>The stock reconciliation sheet will be initialled by both officers undertaking the stock check.</p> <p>Training will be given to personnel who have not taken stock or verified before.</p> <p>In addition, a member of the catering management team will audit a sample of stocks each term.</p>
Procurement	4.1	<p>In accordance with the authority's financial and contract rule 8.3, official orders are now raised for all work, materials, goods or services supplied to the council, this being prior to receipt of the goods/invoice.</p> <p>Officers now adhere to financial and contract rules and have signed to acknowledge receipt of and confirmation of their intention to comply fully with them.</p>
	4.2	<p>Officers will ensure that:</p> <ul style="list-style-type: none"><li>• the officer who receives goods will sign the invoice as such and not sign as the 'unit';</li><li>• the invoice will be stamped with the correct date that it was received and paid;</li></ul>

Section	Action Plan Ref.	Agreed Action
		<ul style="list-style-type: none"> <li>the Oracle code will be included on all invoices;</li> <li>a certification box will be entered and fully completed on all invoices; and</li> <li>segregation of duties will be maintained between officers ordering and receiving goods.</li> </ul>
Income	5.2	<p>All income is now checked by two officers together who both sign the bank paying in slip.</p> <p>The unit/deputy supervisor now authorises income summary sheets and cash balance sheets to confirm that the totals entered on the income summary sheet are correct. (*)</p> <p>Bank paying in slips are now signed by a second officer, evidencing their check.</p>
	5.3	<p>Officers completing income summary sheets now ensure that the records are clear and the correct information recorded.</p> <p>Any crossings out are now initialled by the officer enacting the change.</p>
	5.5	<p>The weekly cash income reconciliation has been updated to enable the assistant monitoring and support officer to sign and date upon completion.</p> <p>The monthly summary reconciliation will be signed and dated by a senior / independent officer to evidence their review.</p>
	5.6	<p>The central monitoring officer has received training to gain a better understanding in regard to the different tills and interpreting z readings.</p> <p>The central monitoring officer will check the z readings on income summary sheets and evidence this check by signature and date.</p>
	5.11	<p>Records are now maintained of cash shortages investigated.</p> <p>Procedures have been established for the</p>

Section	Action Plan Ref.	Agreed Action
		reporting of cash shortages to management.
Budgetary Monitoring & Management Information	6.3	The predicted overspend has been appropriately reported to the Executive Director and corrective action taken as necessary.
Performance Management	11.1	IPM appraisals are now undertaken on a six monthly basis in accordance with council guidelines.
Special Investigation – ██████ JMI Banking Irregularities	12.1	<p>An investigation has now been undertaken by the area supervisor in regard to the discrepancy.</p> <p>The ██████ who had responsibility for cash at ██████ has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has been provided to officers involved in all cash receipting / banking procedures.</p> <p>Officers ensure that all documentation includes the correct details. The second officer, in the first officer's presence, checks the cash held / totals on each income summary sheet and bank paying in slip to ensure that it is correct.</p>
	12.2	<p>The ██████ who had responsibility for cash at ██████ has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has now been provided to officers involved in all cash receipting / banking procedures.</p>
	12.3	<p>The ██████ who had responsibility for cash at ██████ has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Income summary sheets are now signed by the till operator and checked by a second</p>

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Section	Action Plan Ref.	Agreed Action
		officer who signs as evidence that the check has been undertaken.



Section	Action Plan Ref.	Agreed Action
	12.4	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>In the event of a till breaking down, the income summary sheet is fully completed.</p> <p>All till breakdowns are immediately reported to head office and arrangements made for the problem to be rectified.</p> <p>Procedures have been introduced for action to be taken when a till breaks down.</p>
	12.5	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has been provided to the officers involved in cash receipting / banking procedures at [REDACTED] JMI.</p> <p>Income / bankings are monitored closely and further action is considered if discrepancies continue.</p>

**C. Summary of Findings**

	<b>Full Assurance</b>	<b>Significant Assurance</b>	<b>Limited Assurance</b>	<b>No Assurance</b>
Policies and Procedures		✓		
Inventory		✓		
Stock			✓	
Procurement			✓	
Income			✓	
Budget Monitoring and Management Information			✓	
Petty Cash			✓	
Staff Records		✓		
Physical Security		✓		
Health and Safety		✓		
Performance Management		✓		
Special Investigation – ██████ Banking Irregularities				✓

**D. Acknowledgements**

1. Please thank the purchases & premises officer and corporate catering manager, for their help and co-operation during the audit, particularly for making records available and providing suitable accommodation for the auditor.

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**1. Policies and Procedures**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- The service has been working with environmental health; safety, health & wellbeing (SHAW); and the Foods Standards Agency in developing updated procedures to comply with new legislation.
- All unit supervisors have attended a training session to raise awareness of all new procedures.
- A new manual produced by the Foods Standards Agency has been introduced and made available to all catering units.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.1	**	<p>Procedure manuals are only reviewed following the implementation of new legislation. This is due to the cost of producing and issuing new manuals.</p> <p>Procedure notes for cashing up were last reviewed in April 2007. These procedures notes had not been signed by the completing officer.</p>	In the event of query, the preparing officer may not be identifiable. Officers may be unable to conclude whether procedures are current/in date.	<p>All written procedures will be reviewed on an annual basis. The reviewing officer will then sign and date the procedure notes to evidence that a review has been completed and amendments made where appropriate. (*)</p>	<p>Service Manager</p> <p>31 August 2009</p>

(\*) Denotes previously agreed audit report action

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AUDIT OPINION & ACTION PLAN**

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
1.2	**	A procedure note for the monitoring and completion of stock checks was not available at the time of the audit.	In the absence of certain officers, other staff may not be aware of their roles and responsibilities.	<p>A procedure note for the monitoring and completion of stock checks has now been produced.</p> <p>Procedures have now been issued to relevant staff who have signed to acknowledge receipt of and confirmation of their intention to comply fully with them.</p> <p>Procedures will subsequently be reviewed on an annual basis and signed and dated by the completing officer.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**2. Inventory**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Guidance for the completion of inventories is issued to each catering unit.
- Individual equipment cards are held for each piece of equipment.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.1	*	A replacement programme for fixed assets is not in operation.	Fixed assets may not be replaced on a timely basis.	As part of the 2010/11 budget cycle the catering service has now submitted a capital and revenue bid for a fixed asset replacement programme.	Implemented
2.2	*	Manual inventory registers completed by each catering unit are held at the head office.	In the event of fire, damage, theft or loss, records may be lost.	Compilation of an electronic inventory master file, detailing all catering inventory held, will be completed.	Service Manager September 2009
2.3	**	The equipment record card template used by the town hall restaurant had not been updated since 1992.  The card did not therefore include information required in accordance with the more recent template e.g. a confirmation box for the appropriate officer to sign and date upon completion.	Out of date templates being used.  Lack of consistency in procedure.	The equipment record card has been updated to the most recent template.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
2.4	**	<p>From a sample of 8 inventory registers examined, it was found that:</p> <ul style="list-style-type: none"> <li>in 7 cases the model and serial numbers had not always been recorded. (Abbey JMI, Elmore Green JMI, Sheffield Sports &amp; Community College, Hatherton JMI, New Invention Junior, town hall restaurant and engineers' canteen).</li> <li>in 1 case the CS equipment numbers were not entered. (engineers' canteen).</li> </ul>	<p>Potential weakness in the management of authority assets.</p> <p>Authority assets may not be promptly recovered in the event of a theft.</p>	<p>The model / serial / CS number have been included in all catering inventory registers. (*)</p>	<p>Implemented</p>

(\*) Denotes previously agreed audit report action

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**3. Stock**

**AUDIT OPINION**

**Limited assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Stock certificates are completed annually and signed by the unit supervisor at each catering unit.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.1	**	Records are not maintained of goods placed into vending machines.	Misappropriation of stock may not be identified.  Lack of audit trail.	Records will be maintained of goods placed into vending machines.	Corporate Catering Manager  31 August 2009
3.2	**	Stock reconciliation sheets completed for the town hall restaurant do not show the date they were updated and they are not checked by a second officer.	Incomplete records.  Errors / omissions / theft may go unnoticed.	Stock reconciliation sheets now include the date they were updated. A second officer now checks the sheets to ensure they agree with supporting documentation and calculations are correct. The second officer now signs and dates the appropriate records to evidence their review. (*)	Implemented
3.3	**	There are several different versions of the stock reconciliation sheets being completed within catering services.	Inconsistent procedures.	A new standardised stock reconciliation sheet has now been produced for use in all catering units.	Implemented

(\*) Denotes previously agreed audit report action

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.4	**	<p>From a sample of school stock sheets examined it was found that:</p> <ul style="list-style-type: none"> <li>on 5 occasions the value of individual stock items had been incorrectly calculated. (engineers' canteen (2), Hillary JMI (3)).</li> <li>on 1 occasion the value of the stock item had not been recorded (Hillary JMI).</li> <li>on 2 occasions the quantities of stock held was not recorded despite there being a value of stock held. (Hillary JMI)</li> </ul>	Incomplete records maintained.	<p>Unit supervisors will ensure that stock records are fully completed and that stock quantities and values have been correctly recorded and calculated.</p> <p>Training is to be arranged for unit supervisors in September 2009.</p>	<p>Service Manager</p> <p>30 September 2009</p>
3.5	*	Stock checks undertaken within schools are recorded manually.	<p>Potential for errors to be made.</p> <p>Potential efficiencies in process are not being realised.</p>	<p>Consideration has been given to enabling each catering unit to have access to a computer. However, resources are not available to enable each catering unit to have access to a computer. (*)</p>	Not agreed
3.6	***	The stock transfer record sheet does not require a signature to authorise the transfer of goods. The stock transfer record sheet used within the town hall restaurant is headed 'schools'.	<p>Unauthorised transfer of goods.</p> <p>Incorrect data on sheet may lead to confusion.</p>	<p>The transfer record sheet has now been revised to include the signature of the officer authorising the transfer of goods.</p> <p>Each stock transfer record sheet now includes the correct unit name.</p>	Implemented

(\*) Denotes previously agreed audit report action



**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.7	***	The unit supervisor is responsible for ordering goods and undertaking stock checks.	Lack of segregation of duties.	<p>The unit supervisors will continue to place orders. Stock takes, which are taken 3 times a year, will also be taken by the unit supervisor with the assistance / presence of the deputy. Where a deputy is not present, a second member of staff will assist.</p> <p>The stock reconciliation sheet will be initialled by both officers undertaking the stock check.</p> <p>Training will be given to personnel who have not taken stock or verified before.</p> <p>In addition, a member of the catering management team will audit a sample of stocks each term.</p>	<p>Service Manager</p> <p>31 March 2010</p>
3.8	**	Procedures for the monitoring of stocks at schools and engineers' canteen differ to those for the town hall restaurant and vending machines.	Inconsistent procedures.	A standardised stock check procedure has now been introduced and applied in all catering units.	Implemented
3.9	*	The corporate catering manager (town hall restaurant) maintains a stock summary sheet to assist with the stock reconciliation.	<p>Inconsistent procedures.</p> <p>Potential efficiencies in process are not being realised across catering units.</p>	<p>A stock summary sheet has now been completed for use at all catering units.</p> <p>Training is to be arranged for unit supervisors in September 2009.</p>	<p>Service Manager</p> <p>30 September 2009</p>

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
3.10	**	A goods received note is not completed for stocks transferred from another unit.	Lack of accountability.  Errors / omissions / theft may go unnoticed.	A goods received note is now completed for all stock transferred between units.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**4. Procurement**

**AUDIT OPINION**

**Limited assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- A new procurement process has been introduced within the catering service. All unit supervisors have received training on the new process.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.1	***	From a sample of 15 paid invoices tested it was found that in 4 cases an order had not been raised. (ST 060608, 2008/41, ST 130608, 36526).	Non compliance with the authority's financial and contract rule 8.3.	<p>In accordance with the authority's financial and contract rule 8.3, official orders are now raised for all work, materials, goods or services supplied to the council, this being prior to receipt of the goods/invoice.</p> <p>Officers now adhere to financial and contract rules and have signed to acknowledge receipt of and confirmation of their intention to comply fully with them.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
4.2	***	<p>From a sample of 15 paid invoices examined, it was found:</p> <ul style="list-style-type: none"> <li>in 1 case goods received had been signed as 'Alumwell Comp' (ST 160508).</li> <li>in 1 case the invoice had not been stamped with the date received (ST 090508).</li> <li>in 5 cases the invoice was not stamped 'paid' (0000760867/2608, ST 040408, ST 060608, ST 090508, ST 130608).</li> <li>in 1 case, the date paid stamped on the invoice differed to the date paid on Oracle (528700).</li> <li>in 7 cases the Oracle code was not stated on invoices ( 0000760867/2608, ST 110408, ST 040408, ST 060608, ST 090508, ST 160508, ST 130608).</li> <li>in 1 case a certification box had not been stamped on the invoice (ST 130608).</li> <li>in 3 cases the same officer placed the order and signed for goods received. (ST 110408, ST 040408, ST 090508).</li> </ul>	<p>Lack of segregation of duties.</p> <p>No evidence of appropriate checking / authorisation.</p> <p>Incomplete / inaccurate records.</p>	<p>Officers will ensure that:</p> <ul style="list-style-type: none"> <li>the officer who receives goods will sign the invoice as such and not sign as the 'unit';</li> <li>the invoice will be stamped with the correct date that it was received and paid;</li> <li>the Oracle code will be included on all invoices;</li> <li>a certification box will be entered and fully completed on all invoices; and</li> <li>segregation of duties will be maintained between officers ordering and receiving goods.</li> </ul>	<p>Service Manager</p> <p>30 September 2009</p>

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**5. Income**

**AUDIT OPINION**

**Limited assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- All catering units complete an income summary sheet which is submitted on a weekly basis to the central monitoring team.
- A procedure for the completion of income summary sheets has been compiled.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.1	**	From a sample of 12 income summary sheets examined for the period 17 April 2008 to 14 July 2008, it was found that obsolete Oracle codes had been recorded on 7 of the sheets (Pinfold Street JMI, Blue Coat Junior, Croft Street JMI, New Invention Infants, Darlaston Community Science College, Brownhills Community Technology College, Alumwell Business & Technology College).	Inaccurate accounting entries may be made.  Income may be miscoded, leading to inaccurate management information ultimately compromising budgetary control.	Income summary sheets have been updated to include the correct Oracle codes.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.2	***	<p>From a sample of 12 income summary sheets examined, it was found that:</p> <ul style="list-style-type: none"> <li>in 4 cases the same officer signed as both till operator and second officer checking the cash. (Brownhills Community Technology College, Whitehall Junior, Alumwell Business &amp; Technology College, town hall restaurant).</li> <li>in 4 cases the income summary sheets were not signed by a unit/deputy supervisor as evidence that it had been checked. (Pinfold Street JMI, Blue Coat Junior, engineers' canteen, Pelsall Village JMI ).</li> <li>in 2 cases the bank paying in slip had not been signed by a second officer. (Croft Street JMI, New Invention Infants)</li> </ul>	<p>Lack of segregation of duties, leading to an increased risk of misappropriation of cash income.</p> <p>Errors or omissions may go undetected.</p>	<p>All income is now checked by two officers together who both sign the bank paying in slip.</p> <p>The unit/deputy supervisor now authorises income summary sheets and cash balance sheets to confirm that the totals entered on the income summary sheet are correct. (*)</p> <p>Bank paying in slips are now signed by a second officer, evidencing their check.</p>	Implemented

(\*) Denotes previously agreed audit report action

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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.3	***	<p>From the sample of 15 income summary sheets examined, it was found that:</p> <ul style="list-style-type: none"> <li>on 1 occasion the amounts entered on the income summary sheet were not clear due to crossings out (Alumwell Business &amp; Enterprise College).</li> <li>in 1 case the daily total cash collected was recorded as £214.05, but the correct total was £213.95 (Darlaston Community Science College).</li> </ul>	<p>Inaccurate records maintained.</p> <p>Inability to identify correct income figures, compromising audit trail.</p>	<p>Officers completing income summary sheets now ensure that the records are clear and the correct information recorded.</p> <p>Any crossings out are now initialled by the officer enacting the change.</p>	Implemented
5.4	**	At the time of the audit the price list for the town hall restaurant had not been updated since January 2007.	Potential loss of income.	Prices within the town hall restaurant have been reviewed.	Implemented
5.5	***	The assistant monitoring and support officer does not sign the weekly cash income reconciliation undertaken and it is not subject to senior / independent review.	Errors / omissions / misappropriation may go undetected.	<p>The weekly cash income reconciliation has been updated to enable the assistant monitoring and support officer to sign and date upon completion.</p> <p>The monthly summary reconciliation will be signed and dated by a senior / independent officer to evidence their review.</p>	<p>Senior Monitoring &amp; Support Officer</p> <p>7 September 2009</p>
5.6	***	The assistant monitoring and support officer does not check till z readings to the income summary sheets.	Errors / omissions / misappropriation may go undetected.	<p>The central monitoring officer has received training to gain a better understanding in regard to the different tills and interpreting z readings.</p> <p>The central monitoring officer will check the z readings on income summary sheets and evidence this check by signature and date.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.7	**	The monthly school monitoring sheet completed by the assistant monitoring and support officer details the total number of paid / free children and paid adult meals each week along with the actual cash taken / banked. There is no comparison made on the spreadsheet between the figures recorded to identify any variances / discrepancies.	Incomplete records maintained.  Errors / omissions / misappropriation may go undetected.	Work is currently underway with the strategic transformation team to assist in controlling this area. A pilot is to be carried out in 10 schools with plans to extend this to a further 10 schools in October 2009.  In the interim, compensatory controls are also in place, including: <ul style="list-style-type: none"> <li>• An average spend analysis worksheet is produced for secondary schools which identifies any variances.</li> <li>• Primary schools operate a set meal price which does need require an average spend analysis.</li> <li>• Monthly summary monitoring information is sent to the service accountant who uses it for comparison between periods and also the monthly budget monitoring.</li> </ul>	Service Manager  31 March 2010
5.8	**	A record of cumulative banking discrepancies for each till operator is not maintained by the central monitoring officer. .	Errors / omissions / misappropriation may go undetected.	The assistant monitoring and support officer now records all discrepancies for each till operator, as part of the monthly monitoring process. This ensures that any discrepancies are appropriately monitored and corrective action taken where necessary.	Implemented



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Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.9	**	<p>From the sample of 12 income summary sheets tested, it was found:</p> <ul style="list-style-type: none"> <li>in 1 case the date on the till receipt was different to the date on the income summary sheet (town hall restaurant).</li> <li>in 1 case the till receipts attached were headed with the incorrect establishment name (engineers canteen).</li> <li>in 3 cases z readings could not be reconciled to cash income summary sheets (Darlaston Community Science College, Brownhills Community Technology College &amp; Alumwell Business &amp; Technology College).</li> <li>in 1 case the z reading number was not recorded on the income summary sheet. (engineers canteen).</li> <li>in 1 case an over ring slip had been completed but the transaction number for the correct amount had not been recorded (Alumwell Business &amp; Technology College).</li> </ul>	<p>Inaccurate information maintained.</p> <p>Errors / omissions / misappropriation may go undetected.</p>	<p>Officers will ensure that tills are reconfigured to show the correct unit and date. New tills are due to be introduced in September 2009 which will be correctly programmed to eliminate errors.</p> <p>Immediate investigations will be undertaken to determine the reason for the z readings not reconciling to the cash income summary sheets for the 3 schools identified.</p> <p>Z reading numbers will be recorded on all income summary sheets.</p> <p>Over-ring slips should be fully completed.</p>	<p>Service Manager</p> <p>31 August 2009</p>

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AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.10	**	Periodic checks are not undertaken to verify that free school meals are only provided to those pupils who are entitled to such meals.	Pupils may receive free school meals to which they are not entitled, leading to loss of income to the Council.	Consultation has been carried out with revenues and benefits to improve controls in this area.	Implemented
5.11	***	The assistant monitoring and support officer does not keep a record regarding cash discrepancies that have been investigated.  Procedures have not been established for the reporting of cash shortages to management.	Lack of audit trail in the event of a query.  Cash shortages may not be reported to management.	Records are now maintained of cash shortages investigated.  Procedures have been established for the reporting of cash shortages to management.	Implemented
5.12	**	Z reading numbers do not have to be recorded on income summary sheets completed by schools.	Inconsistency in procedures.  Lack of audit trail	A standardised income summary sheet, including z reading numbers, is now used at all catering units.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
5.13	**	<p>From a sample of 6 order forms for internal catering examined it was found that:</p> <ul style="list-style-type: none"> <li>• in 2 cases the recharge could not be located on Oracle. (55139)</li> <li>• In 1 case the officer had not completed the chargeable service, section of the form or included the Oracle subjective code. (60238)</li> </ul>	<p>Loss of income.</p> <p>Incomplete records maintained.</p>	<p>The recharge for order number 55139 has now been processed.</p> <p>Officers will ensure that all sections of the internal catering order form are completed.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**6. Budget Monitoring and Management Information**

**AUDIT OPINION**

**For the financial year 2008/09 the profiled budget to January 2009 totals £1,224,267. Actual expenditure for the same period totals £ 1,527,041, giving an over spend of £302,774. Current budget forecast reports prepared by the leisure, culture and lifelong learning accountant indicate a £101,141 overspend at year end, mainly due to a shortfall of an investment bid to reduce income targets to an achievable level.**

Good practice includes:

- The service manager and accountant meet on a monthly basis to discuss the financial management information provided within the budget monitoring reports.
- The information provided within the budget monitoring statements is accurate and agrees with Oracle.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
6.1	**	Primary school budgetary information is summarised into one report, making it difficult to monitor the income and expenditure of each school.	Errors / variances may go unnoticed and therefore not acted upon.  Insufficient management information on which managers can make decisions.	A member of central office administration team has been allocated the task of analysing primary school budgets to the appropriate level of detail.	Service Manager  September 2009
6.2	**	Catering units do not have access to a computer. The recording of daily income is paper based. This can create a backlog in processing of paperwork in respect of income which can result in management information not being up to date.	Inaccurate / out of date information.  Insufficient management information on which managers can make decisions.	The development of more robust systems for the completion and processing of income is currently being investigated with the strategic transformation team.	Service Manager  31 October 2009

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

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<b>Ref</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk Exposure</b>	<b>Agreed Action</b>	<b>Responsibility &amp; Timescale</b>
6.3	***	There is a predicted overspend of £101, 141 on the budget for 2008/09 to date.	Significant overspend at year end for which finances may not be available to fund.	The predicted overspend has been appropriately reported to the Executive Director and corrective action taken as necessary.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**7. Petty Cash**

**AUDIT OPINION**

**Limited assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Reimbursements of petty cash claims are promptly made.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
7.1	**	A petty cash reconciliation is only undertaken when a reimbursement claim is submitted, approximately every 4-6 months.	Errors or omissions may go un-noticed for long periods.  Potential for misappropriation of cash held.	A monthly petty cash reconciliation is now undertaken to ensure records are accurate and any discrepancies are highlighted and resolved promptly.	Implemented
7.2	**	A deputy petty cash officer has not been designated to administer the petty cash in the absence of the key officer.	In the absence of certain officers, other staff may not be aware of their roles and responsibilities.	A deputy petty cash officer has now been designated to administer the petty cash in the absence of the key officer.	Implemented
7.3	*	Petty cash vouchers are not stamped paid upon reimbursement of a petty cash claim.	Duplicated payments may be made.	All petty cash vouchers are now stamped paid to confirm that the reimbursement has been made.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
7.4	**	A separate £10 float is held for the replacement of food probes.	Increases the risk of misappropriation of cash.	The float has now been re-banked to the appropriate Oracle code and food probes purchased from the main petty cash imprest.	Implemented
7.5	**	<p>The safe and cash box keys are held in a key cupboard which is locked at all times.</p> <p>The keys to the safe and cash box are not therefore held on the person of a responsible officer at all times and removed from the premises at night.</p>	<p>Lowers security arrangements.</p> <p>Increases the risk of misappropriation of cash.</p>	<p>Operational difficulties have been experienced in the past where keys have been removed from the premises at night. The current system is therefore considered to best meet the needs of the operation.</p> <p>The service manager has now however liaised with the risk and insurance officer to ensure that insurance arrangements are appropriate to accommodate the current system.</p>	Implemented
7.6	**	Through examination of the petty cash book it was noted that car parking had been reimbursed through petty cash rather than via the payroll system.	<p>Incorrect subsistence rates may be reimbursed.</p> <p>Corresponding tax / NI deductions may not be correctly made.</p>	Claims made by staff for reimbursement of car parking are now made through the payroll.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
7.7	*	<p>In examining the petty cash spreadsheets for the period 18 February 2008 to 9 July 2008, used to record all petty cash vouchers, it was found that:</p> <ul style="list-style-type: none"> <li>the final column headed 'date money returned and put in safe' was signed by the authorising officer instead of the date being recorded.</li> <li>in 1 case the final column had not been fully completed. (spreadsheet 31)</li> </ul>	<p>Incomplete records maintained.</p>	<p>Petty cash records are now fully and accurately completed.</p>	<p>Implemented</p>
7.8	**	<p>From a sample of 5 petty cash vouchers examined, it was found that:</p> <ul style="list-style-type: none"> <li>in 2 cases the voucher had not been certified by an authorised officer. (2947, 2956)</li> <li>in 1 case the voucher had not been signed by the claimant to acknowledge receipt of the money. (2926)</li> </ul>	<p>Unauthorised payments made</p> <p>Lack of audit trail.</p>	<p>The petty cash claim form is now completed, authorised by the appropriate officer and signed by the claimant to acknowledge receipt of the money.</p>	<p>Implemented</p>



**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

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**8.     Staff Records**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Leave cards are used for the recording of leave.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
8.1	**	From a sample of 4 annual leave cards examined, it was found that in 1 case the carry forward of annual leave was not authorised.	Unauthorised carry forward of leave.	All leave carry forward is now signed on the leave card by an authorised officer.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**9. Physical Security**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Kitchen and safe keys are kept by each unit supervisor at all times.
- All catering units are fitted with fire alarms and extinguishers which are checked on an annual basis.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
9.1	**	A key register is not maintained at each catering unit.	The location of copy key sets may not be known, which lowers security arrangements.  Keys may not be recovered when officers leave.	A key register is now maintained to include the responsible officers for keys at each catering unit.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**10. Health and Safety**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Health and safety action plans are completed and updated on a regular basis.
- A rolling programme for manual handling and heavy equipment training is in place for all kitchen staff.
- Annual service and inspection checks are carried out at each catering unit to ensure that premises and equipment meet health and safety regulations.
- A database is maintained detailing all employees' training received.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
10.1	*	<p>In examining current servicing and testing documentation for a sample of catering units, it was found that:</p> <ul style="list-style-type: none"> <li>• The Chubb fire inspection confirmation form had not been dated by the completing officer (engineers' canteen).</li> <li>• The Sovereign refrigeration check had not been signed by the engineer carrying out the check (engineers' canteen).</li> <li>• The Duct buster's confirmation sheet had not been signed and dated (engineers' canteen).</li> <li>• The unit supervisor had not completed the customer satisfaction form for an inspection carried out by Duct busters (Alumwell Business &amp; Enterprise College).</li> </ul>	<p>Incomplete records.</p> <p>Insufficient evidence regarding inspections carried out.</p>	<p>Officers now ensure that all servicing and testing documentation is fully completed, signed and dated to confirm servicing/inspections have being carried out.</p>	<p>Implemented</p>

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
10.2	**	The health and safety statement of intent has not being updated since October 2006.	Statement of intent may not be up to date.	The health and safety statement of intent is now reviewed on an annual basis. The reviewing officer now signs and dates to evidence that a review has been completed and amendments made where appropriate.	Implemented
10.3	**	There is no formal programme in place for the routine maintenance and servicing of premises and equipment.	Potential health and safety risks if servicing not undertaken promptly.	A maintenance and servicing programme has now been introduced to document and monitor inspections due and completed.	Implemented
10.4	**	The health and safety training record template had not been updated since 1992.	Out of date template in use.	The training record template has now been reviewed and updated.	Implemented
10.5	**	A record is not maintained of food wastage although a daily production record is completed listing the total number of portions produced and portions not consumed.	Misappropriation of stock may not be identified.  Lack of audit trail.	A record of food wastage pilot is currently in operation in 10 schools where monitoring of waste against production is being recorded and logged centrally.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**11. Performance Management**

**AUDIT OPINION**

**Significant assurance can be given that controls are in place to meet objectives in this area**

Good practice includes:

- Management and team meetings are held on a monthly basis.
- A catering service plan has been produced and is regularly monitored.
- Return to work forms are completed and stored at the depot.

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
11.1	***	Individual performance management (IPM'S) have not been undertaken for corporate catering staff for over 12 months.  IPM's for staff based at the depot have recently been undertaken, the previous IPM's had been carried out 12 months before.	Service aims and objectives may not be achieved.	IPM appraisals are now undertaken on a six monthly basis in accordance with council guidelines.	Implemented
11.2	**	Full staff team meetings are not undertaken.	Unclear roles and responsibilities.  Action may not be taken on decisions made.	Management team meetings now take place every 4 weeks and unit supervisor group meetings take place termly.	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

**12. Special Investigation – [REDACTED] JMI Banking Irregularities**

**AUDIT OPINION**

**No assurance can be given that controls are in place to meet objectives in this area**

**ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
12.1	***	<p>In examining the bank paying in slip it was found that the breakdown of cash actually totalled £180.60 but £190.60 was recorded. The bank stated that only £130.60 cash was received. The income summary sheets showed that £180.20 had been received.</p> <p>The income summary sheet and bank paying in slip had been checked and signed by two officers.</p> <p>The paying in slip was dated 19/12/07 but it actually related to income for 21/12/07.</p> <p>The area supervisor stated that the officers concerned could not provide any explanation for the discrepancies.</p>	<p>Incorrect / inaccurate information maintained.</p> <p>Loss of council income.</p>	<p>An investigation has now been undertaken by the area supervisor in regard to the discrepancy.</p> <p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has been provided to officers involved in all cash receipting / banking procedures.</p> <p>Officers ensure that all documentation includes the correct details. The second officer, in the first officer's presence, checks the cash held / totals on each income summary sheet and bank paying in slip to ensure that it is correct.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
12.2	***	<p>From a sample of 8 income summary sheets examined:</p> <ul style="list-style-type: none"> <li>It was not possible to agree the till z readings to the totals recorded on the income summary sheets (weeks ending: 06/12/07, 12/12/07, 13/12/07, 20/12/07, 10/01/08, 18/01/08, 24/01/08, 31/01/08).</li> <li>the z reading number is not recorded on the income summary sheet.</li> <li>In 1 case the till operator wrote 'double over' on an income summary sheet. No explanation could be provided for this (week ending: 18/01/08).</li> </ul>	<p>Inaccurate information maintained.</p> <p>Errors / omissions / misappropriation may go unnoticed.</p>	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has now been provided to officers involved in all cash receipting / banking procedures.</p>	Implemented
12.3	***	<p>From the sample of 8 income summary sheets selected, it was found that:</p> <ul style="list-style-type: none"> <li>6 of the sheets had not been appropriately signed by the till operator (weeks ending: 06/12/07, 12/12/07, 13/12/07, 10/01/08, 18/01/08, 24/01/08).</li> <li>4 of the sheets had not been signed by a second officer (weeks ending: 06/12/07, 20/12/07, 10/01/08, 18/01/08).</li> </ul>	<p>Errors or omissions may go undetected.</p> <p>Potential inadequate segregation of duties.</p>	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Income summary sheets are now signed by the till operator and checked by a second officer who signs as evidence that the check has been undertaken.</p>	Implemented

**Catering Establishment  
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Agreed Action	Responsibility & Timescale
12.4	***	From the sample of 8 income summary sheets, it was found that the till had been recorded as 'broken' by the till operator on 5 separate days and the total amounts of cash collected was not recorded. Head office had not been made aware of the problems with the till. (Ref – 4/12/07, 5/12/07, 6/12/07, 08/01/08, 09/01/08)	Errors / omissions / misappropriation may go unnoticed.	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>In the event of a till breaking down, the income summary sheet is fully completed.</p> <p>All till breakdowns are immediately reported to head office and arrangements made for the problem to be rectified.</p> <p>Procedures have been introduced for action to be taken when a till breaks down.</p>	Implemented
12.5	***	In examining the 8 income summary sheets it was found that discrepancies were recorded by the till operator on the majority of occasions.	<p>Incorrect / inaccurate information maintained.</p> <p>Errors / omissions / misappropriation may go unnoticed.</p>	<p>The [REDACTED] who had responsibility for cash at [REDACTED] has now been moved from that unit, and has also relinquished cash responsibilities.</p> <p>Training has been provided to the officers involved in cash receipting / banking procedures at [REDACTED] JMI.</p> <p>Income / bankings are monitored closely and further action is considered if discrepancies continue.</p>	Implemented