

AUDIT COMMITTEE

16 OCTOBER 2006

AGENDA
ITEM

SUBMISSION OF INTERNAL AUDIT REPORTS FOR SCRUTINY

Summary of report:

This report presents the two reports selected for scrutiny at the meeting of 04.09.06.

Background papers: Internal audit reports/files/working papers.

Reason for scrutiny:

The audit committee's activities include ensuring an effective internal control environment is maintained and regular ongoing scrutiny of internal audit work.

Recommendation:

Signed

Executive Director: Carole Evans

6 October 2006

Resource and legal considerations:

The cost of providing internal audit is charged to services based on audit activity. These projects were included in the annual risk assessed audit programme discussed with managers before the start of the respective financial year.

Citizen impact:

Report scrutiny assists in demonstrating that the council and its officers are protected and provides an assurance to stakeholders about the security of the council's operations.

Environment impact:

None arising from this report.

Vision impact:

The work undertaken by internal audit contributes towards the council's vision in ensuring we operate a sound control environment and provide excellent customer services.

Equality Implications:

None arising from this report

Consultation:

The annual audit work programme was discussed with relevant senior managers before the start of the year. Following completion of each audit, the auditee's agreement to implement the recommendations was sought before issuing the final report. Shortly afterwards, the relevant manager was asked to formally confirm that the agreed action plan recommendations had been implemented.

Author

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SUMMARY OF REPORTS SELECTED FOR SCRUTINY

1 BT Global

1.1 This contract formed part of internal audit's planned review of 2005/6 revenue contracts undertaken across council services. BT Global provides communication services and for the year ended 30 September 2005 the contract spend totalled £980,998.

1.2 The objective of the audit was to report to managers upon the safety of the controls employed to regulate this contract. The overall conclusion in the final report (**Appendix 1**) issued on the 28.04.06 was that:

'The procedures and controls relating to this contract were found to be of a poor standard. The system in place to control the contract exhibited limited areas of good practice, although officers were aware of the procurement and contract making procedures. However, there were a number of significant control weaknesses. Critically, there is no formal contract in place. The efficiency and effectiveness of this arrangement together with any areas where improvements may be made are therefore not subject to any periodic assessment. In addition, during the contract making stage the relevant documentation had not been forwarded to the council's legal services for review and there is no evidence that a full set of tender documentation had been sent to all bidders.'

1.3 The acting head of ICT stated that many of the issues highlighted within the report have arisen due to ISS officers having to spend time on the PTCF contract which was originally intended to commence in early 2005 but upon which a decision to not progress was taken in January 2006. Had this contract progressed many of the findings would not have been relevant.

1.4 He further stated that the manager responsible for the original contract was unavailable at the time of the audit and that had he been available a good deal of the evidence requested could probably have been provided. This evidence, however, has not subsequently been provided to audit officers.

1.6 A total of 18 recommendations were agreed; 7 being at high priority. This review would not have been subject to internal audit follow up until November 2006 but in contacting the acting head of ICT on 3.10.06 for progress in implementing the report recommendations, he stated that 12 of the 18 actions are now complete. The remaining actions are being progressed with a view to completing within the original timescale ie end of October 2006.

2 Rushall Mews Rehabilitation Centre

2.1 This audit took place in March 2005 and involved a review of the controls operating within systems at the centre, to test the accuracy of records maintained and assess the implementation of previously agreed audit recommendations.

2.2 The overall conclusion in the final report (**Appendix 2**) issued on 05.05.05 were that:

'The financial and other systems operated at Rushall Mews Rehabilitation Centre were found to be of a poor standard. While a number of good practices were noted, in particular controls surrounding personal allowances, food and cleaning material stocks, several areas for improvement were identified including inventory, property and savings, staff records, security and procedures. The prompt implementation of recommendations contained within this report will assist in enhancing the control environment present.'

2.3 A total of 35 recommendations were agreed by the centre manager; 18 being at high priority. The manager formally confirmed to internal audit on the 30 6 05 that 33 of the recommendations had been implemented, two no longer being relevant. During internal audit's next visit in September 2006; all 33 recommendations had been actioned.

Walsall Council
Internal Audit Service

Revenue Contract Audit
ISS - BT GLOBAL

Audit Report 2005/2006
April 2006

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**Revenues Contract Audit
ISS - BT Global
Audit Report 2005/06**

EXECUTIVE SUMMARY

A. Introduction

1. An audit review of the council's contract with BT Global has been undertaken as part of the 2005/06 audit plan. A number of revenue contracts across the council directorates are examined each year as part of the audit service's planned work.
2. The objective of the audit was to report to managers upon the safety of the controls employed to regulate this contract. The company provides communication services. For the year ended 30 September 2005 the council's expenditure in relation to this contract was £980,998.
3. 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. Audit recommendations, in general, are prioritised as high (***) , medium (**) or low (*).
4. Within a short period of issuing the final audit report, the head of service will be contacted to formally confirm that the action plan recommendations have been implemented as agreed.
5. 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 recommendations successfully implemented.
6. The committee has expressed concern with a failure, in a number of instances, to implement agreed recommendations. The committee will seek explanation from managers failing to ensure that agreed recommendations are actioned.

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B. Overall Audit Opinion

1. The procedures and controls relating to this contract were found to be of a poor standard, as described below:

Overall Audit Opinion		
	Good	Controls are in place and operating satisfactorily. Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
	Adequate	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
➔	Poor	Controls are in place but operating poorly or controls are inadequate. Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.
	Unsatisfactory	Controls are failing or not present. No assurance can be given that the system, process or activity will achieve its objectives safely and effectively.

2. The system in place to control the contract exhibited limited areas of good practice, although officers were aware of the procurement and contract making procedures. However, there were a number of significant control weaknesses. Critically, there is no formal contract in place. The efficiency and effectiveness of this arrangement together with any areas where improvements may be made are therefore not subject to any periodic assessment. In addition, during the contract making stage the relevant documentation had not been forwarded to the council's legal services for review and there is no evidence that a full set of tender documentation had been sent to all bidders.
3. The acting head of ICT stated that many of the issues highlighted within the report have arisen due to ISS officers having to spend time on the PTCF contract which was originally intended to commence in early 2005 but upon which a decision not to progress was taken in January 2006. Clearly had this contract progressed many of the findings would not have been relevant.

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4. Further it was stated by the acting head of ICT that the manager responsible for the original contract was unavailable at the time of the audit and that had he been available a good deal of the evidence requested could have been provided.
5. There were no recommendations to be brought forward from previous audits.
6. There are 7 high priority recommendations, as follows:

Section	Action Plan Ref.	Recommendation
Procurement	1.1	The total value of the contract should be documented and held on file together with details of the duration of the contract.
	1.2	All contracts should be listed on the PIN on a timely basis by the responsible officer in the service area. If it is not possible to list a contract in the council's annual PIN then consideration should be given to preparing a separate PIN for the relevant contract.
	1.3	Details should be retained for each tender received and the name of the officers that opened the tenders.
	1.5	The written authorisation of the relevant director should be sought in writing prior to tenders exceeding £100,000 being sought.
Contract Making	2.1	Evidence should be retained to show that the senior manager has supplied legal officers with the relevant documentation in a timely manner to compile the contract.
Conduct and Monitoring	3.1	Invoices should be checked to the contract to ensure that the method and timing together with the pricing is in accordance with agreed terms.
Recording of Tenders	5.1	For all tenders received the council should ensure the consistent recording of price, signatures, opener's initials and the tender registration form.

C. Summary of Findings

**Revenues Contract Audit
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	Good	Adequate	Poor	Un-satisfactory
Procurement				✓
Contract Making				✓
Conduct and Monitoring		✓		
Reporting		✓		
Recording of Tenders				✓

D. Acknowledgements

1. Please thank all staff for their help and co-operation during the audit and particularly for making records available to the auditor.

**Revenues Contract Audit
ISS – BT Global
AUDIT OPINION & ACTION PLAN**

1. Procurement

AUDIT OPINION

Controls in this area are unsatisfactory.

Good practice includes:

- Officers were aware of EU procurement requirements.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
1.1	***	Documentation stating the total value and duration of the contract could not be provided.	The total spend with a contractor is not known resulting in overspends and applicable contract procedure rules (CPR) not being fully adhered to.	The total value of the contract should be documented and held on file together with details of the duration of the contract.	Agreed.	The acting head of ICT. Within 6 months.
1.2	***	The contract had not been listed on the 'Prior Indicative Notice' (PIN), for publication in the 'Official Journal of the European Union' (OJEU). An annual PIN is prepared by the procurement manager. However, due to poor response from the heads of service it does not reflect a complete list.	Notice periods are lengthened and delays may occur in attaining contracts. Insufficient information in the PIN may leave the council open to claims of anti-competitive practices.	All contracts should be listed on the PIN on a timely basis by the responsible officer in the service area. If it is not possible to list a proposed contract in the council's annual PIN then consideration should be given to preparing a separate PIN for the relevant contract.	Agreed.	The acting head of ICT. Within 6 months.

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AUDIT OPINION & ACTION PLAN**

ACTION PLAN						
Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
1.3	***	Evidence could not be provided that shows the number of tenders that were received or the name of the officers that formally opened the tenders.	It cannot be demonstrated that an open and fair procurement has taken place.	Details should be retained for each tender received and the name of the officers that opened the tenders. Subsequently any contracts greater than £100k, should be opened by the legal and democratic services, in accordance with contract procedure rules 23.	Agreed.	The acting head of ICT. Within 6 months.
1.4	**	Documents could not be provided to prove that a requirement for the provision of service had been authorised.	Entities are engaged to fulfil an unauthorised requirement.	Evidence should be retained on file showing that a requirement for procurement has been identified and approved, by an authorised officer.	Agreed.	The acting head of ICT. Within 6 months.
1.5	***	Evidence could not be provided to prove that tenders for contracts exceeding £100,000 had not been issued until the appropriate executive director had approved the tender issue in writing.	Tenders are issued without the appropriate authorisation, thereby breaching contract procedure rules.	The written authorisation of the relevant executive director should be sought in writing prior to tenders exceeding £100,000 being issued.	Agreed.	The acting head of ICT. Within 6 months.
1.6	**	The process used to identify the most economically advantageous tender by the service (MEAT) was not documented.	This compromises management's ability to demonstrate that it has complied with a formal assessment process.	The process used to identify the most advantageous tender should be documented and the details made available to relevant officers, authorised to accept the tenders.	Agreed.	The acting head of ICT. Within 6 months.

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AUDIT OPINION & ACTION PLAN**

ACTION PLAN						
Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
1.7	**	Documents could not be provided to prove that relevant details such as the service specification and a draft contract form had been forwarded to the relevant organisation. This breaches the requirements of CPR 21.	Organisations are not informed of the details of a contractual arrangements. This increases the risk of incomplete bids and breaches of contract, which in turn could compromise the quality of service.	Evidence that documents outlined in CRP 21 have been forwarded to the relevant organisations should be retained on file.	Agreed.	The acting head of ICT. Within 6 months.
1.8	**	A criteria is in place to identify firms capable of providing the required service. No documentation was available to evidence this process or to show that the assessment process was communicated to tendering firms.	The method of assessing tendering firms is not made available to relevant officers or firms	The means of identifying the firms that are capable of providing a specific service and the process used to evaluate tenders received should be documented and held on file. Details of the evaluation process should be communicated to tendering firms.	Agreed.	The acting head of ICT. Within 6 months.

**Revenues Contract Audit
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AUDIT OPINION & ACTION PLAN**

2. Contract Making

AUDIT OPINION

Control in this area is unsatisfactory.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
2.1	***	<p>Legal services are used for the compiling of contracts.</p> <p>No evidence could be provided at the time of the audit to show that legal service officer had been issued with the information required to compile the contract.</p>	<p>Contracts are not compiled in line with CPR's and legal advice.</p>	<p>Evidence should be retained to show that the senior manager has supplied legal officers with the relevant documentation in a timely manner to compile the contract in a timely manner.</p>	<p>Agreed.</p>	<p>The acting head of ICT.</p> <p>Within 6 months.</p>
2.2	**	<p>A letter of appointment, forwarded to the successful firm could not be provided.</p> <p>Nor was there evidence to suggest that the unsuccessful firms had been appropriately informed.</p>	<p>Contractual undertakings are uncertain because tender bids are not formally accepted.</p>	<p>An appointment letter should be forwarded to relevant firms, outlining the success of their tender and a copy should be retained on file.</p> <p>Consideration should also be given to appropriately notifying unsuccessful bidders.</p>	<p>Agreed.</p>	<p>The acting head of ICT.</p> <p>Within 6 months.</p>

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ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
2.3	**	There was no evidence to suggest that the senior manager ensured that Contract Award Notices (CAN) are submitted in accordance with the relevant EU directive.	Breach of EU procurement directives.	Where contacts are awarded under any of the EU procedures, the senior managers should ensure that CANs are promptly submitted.	Agreed.	The acting head of ICT. Within 6 months.
2.4	**	Evidence could not be provided to show that relevant legislation had been investigated (CPR 20) or suppliers insurance was of the required level (CPR 30)	Contractors are not covered by the required legislation or insurance cover.	Investigations should be made into the factors outlined in CRP20 and 30 and findings recorded on file.	Agreed.	The acting head of ICT. Within 6 months.
2.5	**	The contract with BT Global Services could not be located at the time of the audit.	The contract is not made available to relevant officers and not included in the contract's register. Expected service outcomes and the council's financial liability are uncertain.	A copy of the contract, sealed as necessary, should be retained in a designated place.	Agreed.	The acting head of ICT. Within 6 months.
2.6	**	Officers were not aware of the location of the contract and there was no evidence to suggest that a contract register was held.	The numbers, nature and periods of contractual agreements are uncertain.	Details of the contract should be included on a contract register, which should be maintained on an ongoing basis. This should be made available to relevant staff.	Agreed.	The acting head of ICT. Within 6 months.

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AUDIT OPINION & ACTION PLAN**

3. Conduct and Monitoring

AUDIT OPINION

Control in this area is adequate.

Good practice includes:

- All invoices paid are easily retrievable.
- Internal recharges are properly documented to service areas within the council.
- Invoices are certification stamped and authorised prior to payment.
- Records are maintained on system failures as a means to monitor the service provide by BT Global Services.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
3.1	***	The contract was not made available at the time of the audit and therefore payments made could not be agreed to the contract.	Payment terms do not agree with the contract.	Invoices should be checked to the contract to ensure that payments are in accordance with agreed terms.	Agreed.	The acting head of ICT. Within 6 months.
3.2	**	There was no evidence to suggest that a 'pre start' meeting was held.	Firms are not made aware of contract specifics before commencing services.	Minutes of 'pre start' meetings should be documented and retained.	Agreed.	The acting head of ICT. Within 6 months.

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AUDIT OPINION & ACTION PLAN**

4. Reporting

AUDIT OPINION

Control in this area is adequate.

Good practice includes:

- Budget monitoring is undertaken by a designated officer.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
4.1	**	Customer Services Manager is responsible for compiling and monitoring budgets for ISS. These documents are reviewed by the acting Head of ICT but this review is not evidenced.	Errors and omissions may go undetected.	All budget monitoring checks undertaken should be appropriately evidenced, by the acting head of ICT on an ongoing and timely basis.	Agreed.	The acting head of ICT. Within 6 months.

**Revenues Contract Audit
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AUDIT OPINION & ACTION PLAN**

5. Recording of tenders

AUDIT OPINION

Control in this area is unsatisfactory.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
5.1	***	Tenders pertaining to the bids made for this specific provision of service were not retained.	No evidence is available to support the tender chosen and that the council had adhered to the tendering process.	Documentation relating to all tenders received and assessed should be retained.	Agreed.	The acting head of ICT. Within 6 months.

Walsall Metropolitan Borough Council
Internal Audit Service

Rushall Mews Rehabilitation Centre

Audit Report 2004/2005

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EXECUTIVE SUMMARY

A. Introduction

1. An audit review of Rushall Mews Rehabilitation Centre was undertaken by Mandy Arrowsmith and Sue Cooper, on 9 March 2005, as part of the cyclical audit plan.
2. The objectives of the audit were to assess the controls operating within systems at the centre, to test the accuracy of records maintained and assess the implementation of previously agreed audit recommendations.
3. 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. Audit recommendations, in general, are prioritised as high (***), medium (**) or low (*).
4. Within a short period of issuing the final audit report, the head of service will be contacted to formally confirm that the action plan recommendations have been implemented as agreed.
5. 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 recommendations successfully implemented.
6. The committee has expressed concern with a failure, in a number of instances, to implement agreed recommendations. The committee will seek explanation from managers failing to ensure that agreed recommendations are actioned.

**Rushall Mews Rehabilitation Centre
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B. Overall Audit Opinion

1. The financial and other systems operated at Rushall Mews Rehabilitation Centre were found to be of a poor standard, as described below:

Overall Audit Opinion		
	Good	Controls are in place and operating satisfactorily. Reasonable assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
	Adequate	There are some control weaknesses but most key controls are in place and operating effectively. Some assurance can be given that the system, process or activity should achieve its objectives safely and effectively.
➔	Poor	Controls are in place but operating poorly or controls are inadequate. Only limited assurance can be given that the system, process or activity will achieve its objectives safely and effectively.
	Unsatisfactory	Controls are failing or not present. No assurance can be given that the system, process or activity will achieve its objectives safely and effectively.

2. While a number of good practices were noted in particular controls surrounding; personal allowances, food and cleaning material stocks, several areas for improvement were identified including; inventory, property and savings, staff records, security and procedures. The prompt implementation of recommendations contained within this report will assist in enhancing the control environment present.
3. There are 18 high priority recommendations, as follows

Section	Action Plan Ref.	Recommendation
Telephones, Photocopying and Faxes	3.1	A record should be maintained of collections from the payphone which should include the date, amount collected and date banked. Both officers present during this process should also sign the record.

**Rushall Mews Rehabilitation Centre
Audit Report 2004/2005**

Section	Action Plan Ref.	Recommendation
	3.2	The coin operated telephone call box should be emptied on a regular monthly basis and the monies counted and banked immediately.
Inventory	4.1	In accordance with financial procedure rule 6.2, an inventory should be maintained, in a form approved by the chief internal auditor, in which an adequate description of all items of equipment with a value of £50 or over should be recorded.
Petty Cash	5.3	The key to the petty cash tin should be held on the person of a responsible officer at all times.
Property and Savings	8.1	A receipt should be issued to all residents/relatives who hand in property/cash for safekeeping.
	8.2	A safe contents' record should be maintained; each entry should be initialled by two members of staff. The safe contents should be regularly reconciled to the register and there should be evidence of this check.
	8.4	All deposits/withdrawals to and from residents' monies should be witnessed by two members of staff who should both sign the corresponding record sheet.
	8.5	Staff should be reminded that receipts should be obtained for all items purchased on behalf of residents.
	8.6	Checks undertaken of residents' personal monies balances should be undertaken by two members of staff who should both sign the corresponding record sheet.
Staff Records	10.6	The key to the lunch money tin should be held on the person of a responsible officer at all times.
	10.7	Lunch money should be banked at regular monthly intervals.

**Rushall Mews Rehabilitation Centre
Audit Report 2004/2005**

Section	Action Plan Ref.	Recommendation
	10.8	Staff should be reminded that any outstanding money for meals should be recovered from staff prior to their leaving the authority's employment.
	10.9	Staff should be instructed to pay for meals when they are taken, to prevent balances accruing.
Staff Changeover	11.1	Cash held should be checked at every duty handover and evidenced by signature of the officers' involved.
Security	12.1	The safe key should be held on the person of a responsible officer at all times.
	12.5	Information systems services should up date the inventory.
Residents Fund Raising and Day Trips	14.1	Staff should not be involved with the finances when fund raising activities are undertaken.
Procedures	16.1	All office procedures should be documented in writing, dated and issued to all relevant staff, who should sign to acknowledge receipt.

**Rushall Mews Rehabilitation Centre
Audit Report 2004/2005**

C. Summary of Findings

	Good	Adequate	Poor	Un-satisfactory
Ordering Procedures		✓		
Procurement		✓		
Telephones, Photocopying and Faxes			✓	
Inventory				✓
Petty Cash		✓		
Cash Held, Receipt Books and Postage		✓		
Admissions and Discharges		✓		
Property and Savings				✓
Personal Allowances	✓			
Staff Records				✓
Staff Changeover				✓
Security			✓	
Food Stocks and Cleaning Materials	✓			
Residents Fund Raising and Day Trips				✓
Budgetary Control		✓		
Procedures				✓
Performance Management		✓		

D. Acknowledgements

1. Please thank Peter Blackburn, centre manager and June Jenkins, administrative assistant for their help and co-operation during the audit, particularly for making records available and providing suitable accommodation for the auditors.

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

1. ORDERING PROCEDURES

**AUDIT
OPINION**

Ordering procedures are of an adequate standard.

Good practice includes:

- All internal requisitions and orders had been appropriately authorised.
- Goods are checked to the delivery note on receipt.
- There were no presigned orders/requisitions.
- Invoices are verified to the corresponding order.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
1.1	**	Internal requisitions are not used in sequentially numbered order.	Requisitions may be lost, unnoticed.	Internal requisitions should be used in sequentially numbered order. Further, a sequence check should be undertaken of completed internal requisitions to ensure all requisitions have been processed.	Agreed.	Peter Blackburn Centre Manager Immediately
1.2	*	Delivery notes are destroyed once the goods received have been verified.	Potential loss of audit trail.	Delivery notes should be attached to the corresponding invoice. Both documents should be forwarded to the finance section within social care and supported housing.	Agreed.	Peter Blackburn Centre Manager Immediately

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

2. PROCUREMENT

**AUDIT
OPINION**

Processes were found to be adequate.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
2.1	**	A payment had been made to The Walsall Disability Centre for £3,940. It was found that this had been coded to a Rushall Mews rehabilitation services oracle financial code instead of an occupational therapy oracle financial code in error.	Incorrect expenditure against budget.	The miscoding should be corrected.	Agreed.	Peter Blackburn Centre Manager Immediately

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

3. TELEPHONES, PHOTOCOPYING AND FAXES

**AUDIT
OPINION**

Procedures regarding telephones, photocopying and faxes are of a poor standard.

Good practice includes:

- Individual call records are maintained.
- Payphones are emptied by two members of staff.
- Procedures are in place for the recording and paying for private photocopies and faxes.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
3.1	***	Records are not maintained of monies collected from the payphone.	Lack of audit trail	A record should be maintained of collections from the payphone which should include the date, amount collected and date banked. Both officers present during this process should also sign the record.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005
3.2	***	The payphone is not emptied on a regular basis.	Loss of income to the council where money is not banked promptly.	The coin operated telephone call box should be emptied on a regular monthly basis and the monies counted and banked immediately.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

4. INVENTORY

**AUDIT
OPINION**

Procedures are of an unsatisfactory standard.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
4.1	***	An inventory is not maintained at Rushall Mews rehabilitation centre.	Non compliance with financial procedure rule 6.2.	In accordance with financial procedure rule 6.2, an inventory should be maintained, in a form approved by the chief internal auditor, in which an adequate description of all items of equipment with a value of £50 or over should be recorded.	Agreed.	Peter Blackburn Centre Manager 31 May 2005
4.2	**	Items of valuable portable equipment had not been security marked.	Reduced security of portable equipment.	All items of valuable portable equipment should be security marked.	Agreed.	Peter Blackburn Centre Manager 31 May 2005
4.3	**	An inventory certificate had been completed on 6 April 2004, without adequate supporting documentation.	Non compliance with financial procedure rule 6.2.	In accordance with financial procedure rule 6.2, an annual check of all inventory items should be carried out, on or about 31 March of each year in order to verify their location, review their condition, and to take action in relation to surpluses or deficiencies. The inventory should be signed after each check has been undertaken.	Agreed.	Peter Blackburn Centre Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

5. PETTY CASH

**AUDIT
OPINION**

Procedures are adequate.

Good practice includes:

- All expenditure was under £50 and appeared reasonable.
- The petty cash imprest was found to balance.
- Petty cash is held in the safe.
- VAT is correctly accounted for.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
5.1	**	There is only one key to the petty cash tin.	Operational difficulties in the event of staff absence / loss of the key.	A spare key to the petty cash tin should be obtained which should be held on the person of a responsible officer at all times.	Agreed. A new box has been ordered.	Peter Blackburn Centre Manager Immediately
5.2	**	The officer undertaking the reconciliation of the petty cash imprest does not sign the petty cash book.	Lack of evidence that check has been undertaken.	The officer undertaking the reconciliation of the petty cash imprest should sign the petty cash book.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
5.3	***	The key to the petty cash tin is held in a locked tin in the manager's desk drawer. The key to the tin is held in the unlocked key cabinet situated in the residential office. Both offices have key coded pads and only the manager and four senior care staff know the code.	Potential lack of security.	The key to the petty cash tin should be held on the person of a responsible officer at all times.	A wall mounted key box with a combination lock has been ordered. All keys will be held in the box overnight and on the person of a responsible officer during the day. This has been agreed with the insurance section.	Peter Blackburn Centre Manager 30 April 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

6. CASH HELD, RECEIPT BOOKS AND POSTAGE

**AUDIT
OPINION**

Procedures are adequate.

Good practice includes:

- All cash was held in the safe.
- A record of mail issued is maintained.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
		None				

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

7. ADMISSIONS AND DISCHARGES

**AUDIT
OPINION**

The admissions and discharges register was adequately maintained.

Good practice includes:

- The admissions and discharge register was up to date at the time of the audit visit.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
		None				

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

8. PROPERTY AND SAVINGS

**AUDIT
OPINION**

Procedures relating to property and savings are unsatisfactory.

Good practice includes:

- Record sheets are maintained for each service user which detail deposits/withdrawals and current balance.
- Residents' monies are held in individually named wallets in the safe.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
8.1	***	Receipts should be issued to all residents/relatives who hand in property/cash for safekeeping.	No evidence of receipt of monies in the event of a dispute.	A receipt should be issued to all residents/relatives who hand in property/cash for safekeeping.	Agreed.	Peter Blackburn Centre Manager 31 May 2005
8.2	***	A safe contents' record is not maintained.	Lack of accountability.	A safe contents' record should be maintained; each entry should be initialled by two members of staff. The safe contents should be regularly reconciled to the register and there should be evidence of this check.	Agreed.	Peter Blackburn Centre Manager 31 May 2005
8.3	**	The cash held on behalf of a resident (NB) was £3.56 higher than the balance recorded on the personal allowance record.	Lack of control/security of residents' monies, in the event of a dispute.	The discrepancy in NB's personal monies should be investigated and the record corrected accordingly.	The discrepancy has been investigated and the record amended accordingly.	Peter Blackburn Centre Manager Complete

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
8.4	***	Several occasions were noted where deposits/withdrawals from residents' monies had not been witnessed by two members of staff.	Lack of control/security of residents' monies, in the event of a dispute.	All deposits/withdrawals to and from residents' monies should be witnessed by two members of staff who should both sign the corresponding record sheet.	Agreed.	Peter Blackburn Centre Manager Immediately
8.5	***	Receipts could not be found for three purchases made on behalf of a resident (NB) during the period 15 January to 5 March 2005.	Lack of control/security of residents' monies, in the event of a dispute.	Staff should be reminded that receipts should be obtained for all items purchased on behalf of residents.	Agreed.	Peter Blackburn Centre Manager Immediately
8.6	***	Checks are undertaken on a regular basis of resident's personal money balances but only by one member of staff.	Lack of control/security of residents' monies, in the event of a dispute.	Checks undertaken of residents' personal money balances should be undertaken by two members of staff who should both sign the corresponding record sheet.	Agreed.	Peter Blackburn Centre Manager Immediately

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

9. PERSONAL ALLOWANCES

**AUDIT
OPINION**

Processes are good.

Good practice includes:

- Residents' personal allowances are distributed by two members of staff who both sign the personal allowance sheet.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
		None				

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

10. STAFF RECORDS

**AUDIT
OPINION**

Procedures are unsatisfactory.

Good practice includes:

- Staff had not exceeded their annual leave entitlement.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
10.1	**	The administrative officers work flexible working hours. For the flexi period checked it was found that the flexi sheets were not carbonised and therefore it was not possible to verify the entries to the signing in book.	Potential lack of audit trail.	Officers working flexible working hours should sign in using a carbonised flexi sheet.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005
10.2	**	One of the flexi sheets had not been certified by a second officer.	Errors/omissions may go undetected.	Flexi sheets should be certified by a second officer.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005
10.2	**	A weekly record is maintained of meals taken by staff and balances due. A note is issued to staff each week informing them of amounts due and the appropriate week's sheet is marked once a payment is made. Due to the number of sheets held it was difficult to verify monies held to the weekly sheets.	Potential lack of audit trail.	Records should be updated to ensure that amounts collected and banked can be easily verified.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
10.4	**	There is only one key to the lunch money tin.	Operational difficulties in the event of staff absence / loss of the key.	A spare key to the lunch money tin should be obtained which should be held on the person of a responsible officer at all times.	Agreed. A new box has been ordered.	Peter Blackburn Centre Manager Immediately
10.5	***	The key to the lunch money tin is held in the unlocked key cabinet situated in the residential office. This office has a key coded pad and only the manager and four senior care staff know the code.	Lack of security.	The key to the lunch money tin should be held on the person of a responsible officer at all times.	See 5.3.	See 5.3.
10.6	***	Lunch money is not banked on a regular basis.	Loss of income to the council where money is not banked promptly.	Lunch money should be banked at regular monthly intervals.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005
10.7	***	The sheet for week ending 21.02.05 showed that two members of staff had left the authority who owed lunch money of £6.02 and £3.57 respectively.	Loss of income to the council.	Staff should be reminded that any outstanding money for meals should be recovered from staff prior to their leaving the authority's employment.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005
10.8	***	The sheet for week ending 21.02.05 showed that a total of £112.84 lunch money was owed by staff.	Loss of income to the council.	Staff should be instructed to pay for meals when they are taken, to prevent balances accruing.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
10.9	**	Charges for certain meals taken by staff (such as salads and jacket potatoes) have been devised at the centre which are not in accordance with the provision of the green book as advised to the centre by the business support manager on 17.08.04.	Potential loss of income to the council.	Advice should be sought from the business support manager to determine whether charges being made for certain meals are acceptable.	Agreed.	Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

11. STAFF CHANGEOVER

**AUDIT
OPINION**

Cash held is not checked at every duty handover.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
11.1	***	Cash held is not checked at every duty handover.	Cash discrepancies may not be promptly identified.	Cash held should be checked at every duty handover and evidenced by signature of the officers' involved.	This is not considered to be possible due to time constraints and also there is not a constant shift pattern. Checks will be made on a weekly basis.	Peter Blackburn Centre Manager Immediately

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

12. SECURITY

**AUDIT
OPINION**

Security within the centre is poor.

Good practice includes:

- A key pad device is fitted to the manager's and residential office's doors.
- Passwords are individual to members of staff and are changed at frequent intervals.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
12.1	***	The key to the safe is held in a locked tin in the manager's desk drawer whose office has a key coded pad. The code is known by the manager and 4 senior care staff. The key is not removed from the building at night.	Potential lack of security.	The safe key should be held on the person of a responsible officer at all times.	See 5.3.	See 5.3.
12.2	**	It is not possible to lock the key cabinet.	Lack of security.	A lockable key cabinet should be obtained.	See 5.3.	See 5.3.
12.3	**	A key register is not maintained.	Lack of security.	A key register should be maintained which should record the detail of the type of key held by each officer.	Agreed.	Peter Blackburn Centre Manager Immediately
12.4	**	A copy of the authority's computer security policy was not retained on site.	Staff may not be aware of the policy.	A copy of the authority's computer security policy should be retained on site. Staff should be made aware of the policy.	Agreed.	Peter Blackburn Centre Manager/ Tracey Martin Administration Team Manager Immediately

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
12.5	***	New computer equipment purchased for the centre was not on information systems services' inventory.	The council's inventory is not up to date.	Information systems services should up date the inventory.	Agreed.	Moira McDonald Customer Services Officer 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

13. FOOD STOCKS AND CLEANING MATERIALS

**AUDIT
OPINION**

Processes are of a good standard.

Good practice includes:

- Stocks were found to be reasonable in amount and type.
- Stock is held securely.
- Cleaning material stocks records are held

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
		None				

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

14. RESIDENTS FUND RAISING AND DAY TRIPS

**AUDIT
OPINION**

Processes are of an unsatisfactory standard.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
14.1	***	Staff at the centre organise fund raising events, such as Christmas fayres, and any money raised from such events is stored in the safe. Residents are asked what they would like purchased with the funds and then staff purchase the items requested. No records are maintained.	Lack of protection to officers/ increased risk of misappropriation.	Staff should not be involved with the finances of fund raising activities undertaken.	Agreed. Discussions will be held with the service manager (elderly services).	Peter Blackburn Centre Manager/ Tracey Martin Administration Team Manager 31 May 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

15. BUDGETARY CONTROL

**AUDIT
OPINION**

The net expenditure budget for the period 1 April 2004 to 31 January 2005 totals £605,263 compared against actual net expenditure for the same period of £600,684 resulting in a forecasted under spend for the year (approx £5,000).

Good practice includes:

- Monthly oracle reports are produced and monitored.
- The manager is aware of the budget monitoring and control manual.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
		None				

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

16. PROCEDURES

**AUDIT
OPINION**

Office procedures have not been documented in writing.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
16.1	***	At the time of the audit visit, office procedures had not been documented in writing.	Staff may not be aware of their duties/ responsibilities.	All office procedures should be documented in writing, dated and issued to all relevant staff, who should sign to acknowledge receipt.	Agreed.	Tracey Martin Administration Team Manager 30 September 2005

**Rushall Mews Rehabilitation Centre
AUDIT OPINION & ACTION PLAN**

17. PERFORMANCE MANAGEMENT

**AUDIT
OPINION**

Processes are adequate.

Good practice includes:

- Monthly news and views meetings are held and attended by all staff.
- All staff received a copy of the code of conduct for employees.
- The manager is aware of, and has access to the council's risk management policy.

ACTION PLAN

Ref	Priority	Finding	Risk Exposure	Recommended Action	Response	Responsibility & Timescale
17.1	**	Staff, with the exception of the manager, have not yet had any one to one meetings in accordance with the council's IPM arrangements. The manager intends to commence these shortly.	Non compliance with the council's IPM arrangements.	All staff should have regular one to one meetings with their manager.	Agreed.	Peter Blackburn Centre Manager 31 May 2005