

Internal Audit Monitoring Report

Audit	Report status	Assurance
Council Tax	Final	Satisfactory

Overview and Key Findings

Council Tax and NNDR processes and procedures are a core financial system of the Council and appropriate control over their operation is fundamental to the financial management element of the Council's statement of internal control.

The main objectives of the review have been to test the adequacy and effectiveness of internal controls; to ensure that current processes are meeting the requirements of internal policy, procedural standards and targets; and to ensure the processes are meeting external codes of practice, good practice and, as appropriate, statutory regulations.

Areas of work tested during the review have included property valuations (RV and banding); liability; exemptions; discounts; comparative collection rates; reports and agreement to Council Tax reforms (discounts and exemptions) to be implemented in 2013/14; billing timetables and 'billing cycle pack', including parish, police and county precepts. Results of all testing indicate a high level of compliance with required processes and procedures and no issues arose from the testing undertaken. Procedures remain well managed with experienced officers fully aware of their roles and responsibilities.

One area of concern that has arisen relates to the significant number of adverse performance issues with the open revenues software system. Since October 2011 there have been significant problems with the system in terms of slow processing and some downtime. This was initially attributed to a move from a physical to virtual server, compounded by virus issues from around November 2012. More detail on all this is included in the body of the report. In February 2013 an upgrade of the windows environment on the server has improved operating speeds but the Revenues Manager states that, currently, this is still slower than 2 years ago.

These problems with systems operating speeds were also identified in the Housing Benefits audit report and similar recommendations relating to this were made in that report.

Management Response

The systems performance issues have had a significant impact on the staff and the service and it has been an extremely frustrating time. It has not been possible to run many system processes or complete scheduled tasks. Prioritisation has minimised the effect on customers.

There is no legal requirement for a form to be completed so that a single person discount can be awarded. In some cases we do require a form but in many cases discounts are awarded following information being provided over the phone or by email. Any requirement for customers to complete and sign a form in every case would be poor customer service, delay the issue of bills and create inefficient working processes. A

review of single person discount cases to confirm eligibility is undertaken each year with the council tax bill		
Service Governance - GOSS	Final	Satisfactory
Overview and Key Findings <p>The partner organisations have all agreed, contractually defined GOSS governance requirements, covering reporting structures, roles & responsibilities, review groups, terms of reference, voting rights and all are, in the main, working effectively. Linked to this, we would suggest that the different position in respect of meeting quorum and voting rights for JMLG and COG, be more clearly defined, both for practical purposes and to avoid any ambiguity. We also found that the JMLG 'Terms of Reference' required updating as its main purpose is still linked to the GO Programme which has closed.</p> <p>The contractual arrangements are complex as they include, Business Case, Collaboration and Variation Agreements, s101s and Addendum, and are all linked to each other, but it is accepted that they have served a purpose in the development of the shared service operation. In the future, however, it is important that any changes to a specific document are not viewed in isolation.</p> <p>We recognised that there was potential for conflict of roles for the Head of GOSS, who is also the Head of Finance and S151 Officer for CDC. As such, we raised this with the post-holder and relevant S151 Officers who assured us that they had no specific concerns and felt that any potential risk was appropriately mitigated.</p> <p>As far as the financial position is concerned, we received information from the GOSS Head of Finance (CDC & WODC), that the recharging split to the 4 partner councils has been defined and invoices have just been raised for staff salaries with the finalisation of other charges is currently being resolved. We believe it is unclear whether allocation of all final costs and percentage savings will be wholly in line with original, individual council expectations. On the basis that the final cost outcome and percentage savings position will shortly be defined, we would suggest that the S151 Officers, representing the 4 partner councils, be accountable for acceptance that these financial outcomes are acceptable, reported accurately and completely and continue to meet the original savings expectations of the shared service project. If they do not, full explanation of overspends should be reported to the partner councils.</p> <p>As a result of the overall findings, which are generally sound, we are able to give this first review of GOSS corporate governance arrangements a 'satisfactory' level of assurance. Further improvements can be made by implementing the 'Action Points' noted in the report, which includes, improved demonstration of accountabilities/decision making, acceptance of the financial outcomes for individual partner councils and developing other corporate governance areas, i.e. risk and performance management.</p>		
Management Response to Findings <p>The relevant client officers accepted the report and no specific comments were requested to be included here</p>		
Housing & Council Tax Benefit	Final	Satisfactory

Overview and Key Findings

This audit has been completed as part of the annual review of the core financial systems which are fundamental to the financial management of the Council.

Appropriate control over the operation of this system is fundamental to the financial management element of the Council's annual governance statement.

Housing and Council Tax Benefits are a core financial system and as such are audited each year; the fundamental control testing is a requirement of Grant Thornton the external auditor and is included in the Internal Auditing testing.

The main objectives of the review have been to test the adequacy, efficiency and effectiveness of internal controls in place; to ensure that current processes are meeting the requirements of internal policy, procedural standards and targets for each system reviewed; and to ensure the processes are meeting external codes of practice, and, as appropriate, statutory regulations.

The work undertaken during the review has been sufficient to address these objectives and gain an opinion on the level of assurance that can be placed on the system of controls operating within the Council. This opinion is given at the end of this section of the report

Our review focused the following areas: fundamental processing controls, implementation of new legislation and policies, planning for future change, ICT application management, the interface with Go shared Services, fraud prevention, detection and investigation, overpayment detection and recovery. We have also followed up recommendations agreed with management from our prior year audit.

Standardised detailed checklists for Housing and Council Tax Benefit new claims and Change in Circumstances claims are not being completed during the reviewing process, however weekly monitoring worksheets are completed by monitoring officers to assess the accuracy, completeness and validity of claims processed on the Open Revenues Benefit system.

Department for Work and Pensions (DWP) Access Management compliance checks are being completed by the Benefits Team within the agreed DWP deadlines, however DWP Management Check records were not fully completed or properly reviewed by Benefits Officers.

During our audit, we evidenced that a significant number of ongoing adverse performance issues with the Open Revenues and Benefits system. We identified frequent periods of system down time, which in turn affected the Revenues and Benefits staff performing their day to day duties.

Our follow up reviews from the 2011-12 audits identified a number of outstanding proposed actions by ICT: the upgrade on the virtual server and the server memory increase on the Benefit system has not been implemented by the ICT, this has also contributed to the on adverse performance of the Open Revenue Benefit system

Management Response

2012/13 has been a difficult year with the ongoing reduction in network speed, which reached to unacceptable levels back in October 2012, system downtime and the knock on affect of staff morale. In addition to this we had two major housing benefit regulation changes to plan for, the abolition of council tax benefit and the implementation of the new localised council tax support scheme.

In February 2013, the server work was started and the live system was placed on its on server, which has given us back the network speed we had before October 2012. Further work has been promised to improve network speed and we await a timetable for change from the new Joint ICT manager with Forest of Dean.

The splitting of the servers allowed us to fully test the council tax support scheme, benefit regulation changes, complete the year end uprating work and produce all the new award letters with limited disruption to the service ready for year end rollover.

In 2011/12 the system thinking team reviewed the whole of the quality monitoring process and cut out a lot of unnecessary form filling and waste to enable the reduced team to still monitor the same amount of claims. If we brought back the management checklist then we would either need to increase staff again or reduce the % of claims checked. The alternative option of just adding the checking officer's signature to the daily monitoring schedules has been adopted.

DWP management checks are completed by officers and checked by the senior benefit officer. Audit found one record in its sample which had been completed, officer's name printed, but not signed by the officer. A larger check found no other errors and was put down to human error. The senior benefit officer has spoken to all staff to remind them of the importance of the check lists and he will double check for signatures, when he validates that the DWP enquiry was in respect of a valid HB/CTB claim.

GOSS Payroll	Final	Limited
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Overview and Key Findings

The GO Shared Service (GOSS) was created on 1 April 2012 and the new structure established in the autumn of 2012 with officers in post and operating from 1 November 2012. However, since November 2012 a number of staff changes especially in the HR/Payroll area have and are still occurring. Working practices within this area are also still developing. The Payroll review commenced in November 2012 and has been carried out in this fluid environment.

Payroll services are being delivered for CBC (including an additional three smaller organisations), FODDC, CBH Ltd and Ubico Ltd from the West HR/Payroll Business Centre based in Cheltenham. The East HR/Payroll Business Centre based in Cirencester is providing the service for CDC (including the Cotswold Conservation Board) and WODC.

The main objective of payroll systems is to pay the right employee the right amount on time. Since the GOSS took responsibility for the payroll function, each partner/clients payroll has been delivered on time.

However, the control environment needs to be enhanced as the accuracy of both fixed and variable data do not ensure the service objective (payment of the right amount) can be consistently assured.

High level controls which mitigate the risk of significant error and inaccurate accounting records were either not operated or not operating effectively. These controls are:

- Ensuring payments shown in the main accounting records are accurate and complete

- Ensuring there are no significant errors in the payroll and resulting payments
- Ensuring payment is only made to valid employees.

One of the key aims of GOSS is to drive efficiencies through effective processing arrangements and to add resilience to service delivery arrangements. Standardised processes can enhance efficiency and effectiveness and help build resilience; however, we found evidence of inconsistent processes between the two Business Centres. Examples include reconciliation procedures, reviewing of exception reporting, and submission of the BACS payment files. We also found inconsistencies in the set up of payment and deduction codes across the clients.

The audit opinion at this current time is limited as assurance cannot be placed upon the controls currently operating at either Business Centre. Recommendations have been made to improve the control environment and ensure management obtain greater assurance over the payroll; that it is accurately delivered for each client and each individual.

Management response

At the time the audit was completed, new payroll teams were just being formed, and team members still getting to grips with a new system. GOSS is a complex, multi-site operation, delivering to six major customers, and a number of smaller payroll bureau customers. The pace of change has been huge during 2012-13, with a TUPE transfer of all staff to an employing council, a restructure, and a 25% reduction in staffing (in advance of the real gains to be had from self-service implementation). What is clear at the end of this financial year, is that the service is still some way off where it was anticipated to be at this point in time, given the issues with the Agresso system implementation. It is in this context that the audit needs to be considered

Capacity and resource constraints are high on the agenda. For payroll, GOSS have appointed an additional Payroll Business Partner, who will commence in role in the middle of May 2013. This will release the West Payroll Business Partner (former Agresso Payroll Process Lead) as a development role to focus on a review of systems, controls, (including recording of inputting errors and their resolution), standardisation, month end routines, and knowledge sharing and training.

A work plan will be put in place, and a meeting is being held on 20th May 2013 with Payroll Business Partners and HR Managers to construct the work plan priorities, and address issues of capacity and resilience. This work will address the majority of the issues in this report.

Following the TUPE transfer of staff in April 2012 to Cotswold DC as the employing council, and following consultation, the new GOSS structure was implemented from November 2012. The issue of accommodation and service location for both HR and Finance was fully considered by GOSS Senior Management team as part of the process. Partner Councils and staff were also fully consulted, and it was determined that, for business reasons, the HR Payroll service would be located at, and operate from two main administrative sites, these being Cheltenham and Cirencester. GOSS HR Management team is working hard with the Payroll Business Partners to ensure that the resilience and capacity issues are resolved. The wider GOSS SMT held a team session with all GOSS staff on 24th April 2012. The issue of capacity and resilience was identified as one of the GOSS improvement themes and a task and finish group will be set up, to be led by the Head of HR and Head of Finance (East).

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