

Derby City Council – Internal Audit Progress Report

(Covering the period 1st June 2014 to 31st October 2014)

Audit & Accounts Committee: 8th December 2014



Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

Contents

Summary	3
Audit Coverage	4
Audit Performance	12
Recommendation Tracking	15

Page

Contacts

Richard Boneham
Head of the Audit Partnership
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643280
richard.boneham@derby.gov.uk

Adrian Manifold
Audit Manager
c/o Derby City Council
Council House
Corporation Street
Derby
DE1 2FS
Tel. 01332 643281
adrian.manifold@centralmidlandsaudit.gov.uk



Derby City Council – Internal Audit Progress Report

Summary

Role of Internal Audit

The Internal Audit Service for Derby City Council is provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the Public Sector Internal Audit Standards – PSIAS). CMAP also adheres to the Internal Audit Charter.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk.
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit & Accounts Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive a None or

Derby City Council – Internal Audit Progress Report

Limited assurance assessment will be highlighted to the Audit &

Accounts Committee in Audit's progress reports.

Audit Coverage

Progress on Audit Assignments

The following tables provide Audit & Accounts Committee with information on how audit assignments were progressing as at 31st October 2014.

In Progress at year end - 2013-14 Audit Plan Assignments B/Fwd	Type of Audit	Current Status	% Complete
Data Quality 2013-14	Governance Review	Draft Report	95%
Payroll 2013-14	Key Financial System	Final Report	100%
HR Payroll Project	Governance Review	Cancelled	100%
Fixed Assets 2013-14	Key Financial System	Final Report	100%
Treasury Management 2013-14	Key Financial System	In Progress	75%
Main Accounting System 2013-14	Key Financial System	Draft Report	95%
Better By Bus Project Funding	Key Financial System	Completed	100%
Creditors 2013-14	Key Financial System	Final Report	100%
Cashiers 2013-14	Key Financial System	Final Report	100%
Housing & Council Tax Benefits 2013-14	Key Financial System	Final Report	100%
GIS Application Security Assessment	IT Audit	Final Report	100%
Virtualisation Management	IT Audit	In Progress	75%
Oracle Business Intelligence	IT Audit	In Progress	75%
Wireless Network Infrastructure	IT Audit	In Progress	30%
Network Access Management	IT Audit	In Progress	70%
Oracle EBS R12 Security Assessment	IT Audit	In Progress	75%

Derby City Council – Internal Audit Progress Report

Progress on Audit Assignments (Cont.)

2014-15 Audit Plan Assignments	Type of Audit	Current Status	% Complete
Corporate Programmes	Systems/Risk Audit	Allocated	10%
Public Health 2014-15	Systems/Risk Audit	Final Report	100%
Regeneration	Investigation	In Progress	95%
CYP Establishment	Investigation	Complete	100%
Payroll 2014-15	Key Financial System	In Progress	20%
Business Support	Systems/Risk Audit	In Progress	30%
Teachers Pensions 2013-14	Key Financial System	In Progress	75%
Local Transport Plan Grant Certification 2014-15	Key Financial System	Complete	100%
Rogue Landlord Funding 2013-14	Key Financial System	Complete	100%
Anti-Fraud & Corruption 2014-15	Governance Review	In Progress	60%
Internal Groups 2014-15	Advice/Emerging Issues	In Progress	35%
Council Tax 2014-15	Key Financial System	Allocated	10%
Non-Domestic Rates 2014-15	Key Financial System	Allocated	10%
Housing Benefits & Council Tax Support 2014-15	Key Financial System	In Progress	70%
Configuration Management	IT Audit	In Progress	75%
Job Evaluation	Investigation	In Progress	95%
Asset Management & Estates	Systems/Risk Audit	Reviewed	90%
Carbon Reduction Commitment Certification 2014-15	Key Financial System	Complete	100%
Leisure Facilities	Systems/Risk Audit	Final Report	100%
Traffic & Transportation	Systems/Risk Audit	In Progress	60%
Licensing	Systems/Risk Audit	In Progress	75%
Strategic Housing	Systems/Risk Audit	In Progress	60%
Integrated Commissioning: Younger Adults	Systems/Risk Audit	Allocated	5%
Schools Self Assessments 2014-15	Schools	In Progress	25%
25 Schools SFVS Assessments	Schools	Various	Various

Another 10 planned audit assignments have yet to commence.

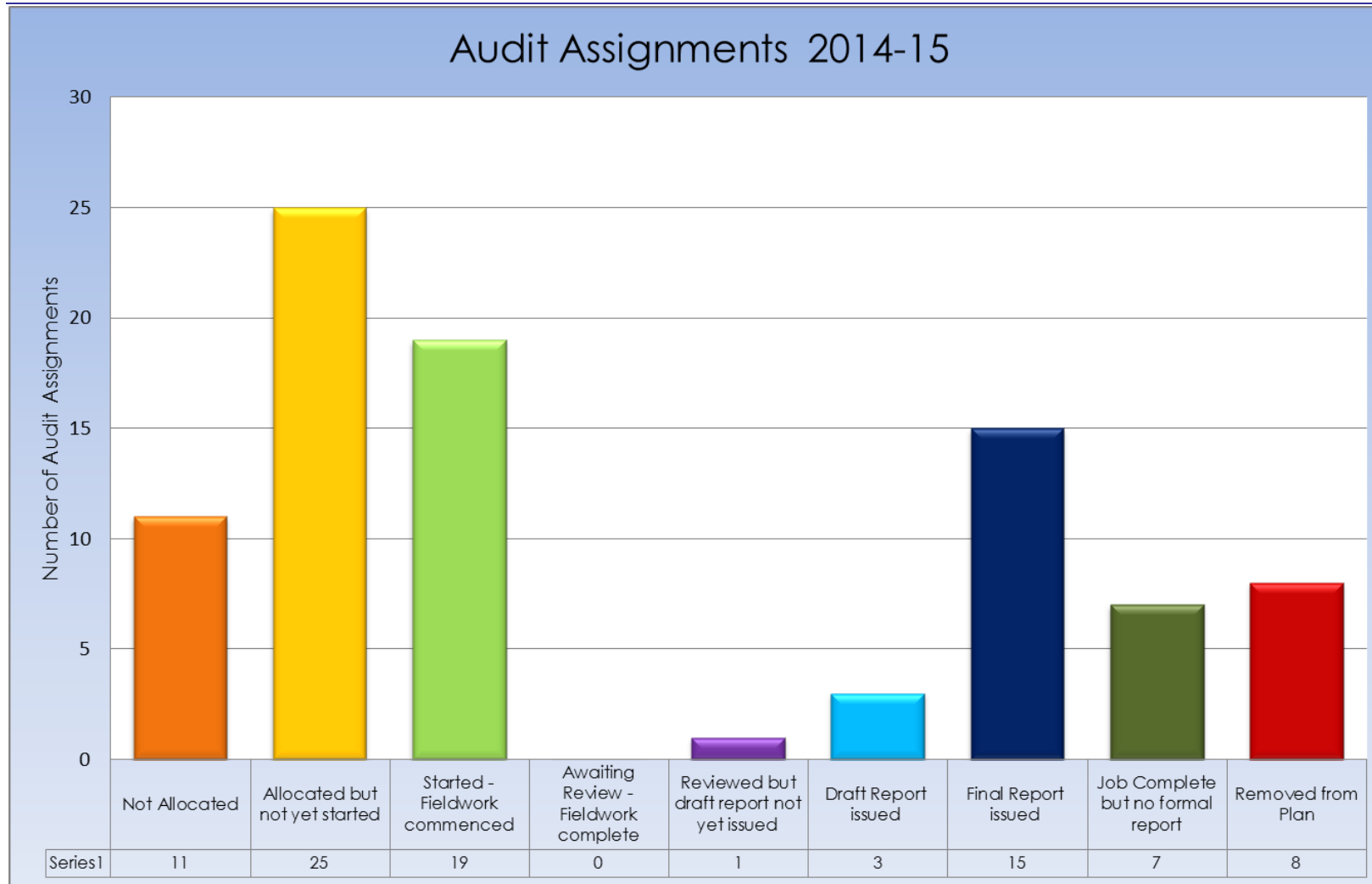
Derby City Council – Internal Audit Progress Report

Audit Coverage

Progress on Audit Assignments Chart

The following graph provides Audit & Accounts Committee with information on what stage audit assignments were at as at 31st October 2014.

Derby City Council – Internal Audit Progress Report



Audit Coverage

Completed Audit Assignments

Derby City Council – Internal Audit Progress Report

Between 1st June 2014 and 31st October 2014 Internal Audit has completed the following 13 audit assignments for Derby City Council as well as completing 3 School's Financial Value Standard reviews:

Audit Assignment	Overall Assurance Rating
Public Health 2014-15	Reasonable
CYP Establishment	Not Applicable
Local Transport Plan Grant Certification 14-15	Not Applicable
Rogue Landlord Funding 2013-14	Not Applicable
Payroll 2013-14	Limited
Fixed Assets 2013-14	Reasonable
Better By Bus Project Funding	Not Applicable
Creditors 2013-14	Comprehensive
Cashiers 2013-14	Comprehensive
Housing & Council Tax Benefits 2013-14	Comprehensive
GIS Application Security Assessment	Reasonable
Carbon Reduction Commitment Certification 14-15	Not Applicable
Leisure Facilities	Reasonable

All audits leading to a rating of "Limited" or "None" will be brought to the Committee's specific attention. Accordingly, Committee's attention should be drawn to the Payroll 2013-14 assignment which attracted a Limited assurance rating.

The following summarises the internal audit work completed in the period and seeks to highlight issues which Committee may wish to review in more detail at the next meeting.

Chief Executives

Public Health

This audit focused on the adequacy of the financial management arrangements in place to help ensure Public Health expenditure was being properly monitored against budget and accurately reported to senior officers and external agencies. From the 20 key controls

evaluated in this audit review, 12 were considered to provide adequate control and 8 contained weaknesses. This report contained 8 recommendations, 5 of which were considered a low risk and 3 were considered a moderate risk. All 8 of the control issues raised within this report were accepted and positive actions were agreed to address 1 of the control issues by 30th September 2014, another 4 by 31st October 2014, 2 by 1st November 2014 and the remaining 1 by 1st December 2014.

Children & Young People

CYP Establishment

In 2013-14 Internal Audit assisted management with the investigation of potential financial irregularities at a Council run establishment. Internal Audit was asked to provide support for a scheduled disciplinary hearing which was cancelled when the officer resigned.

Resources

Local Transport Plan Grant Certification 2014-15

For the year 2013/14 we confirmed spending totalling £4,112,420 on capital projects, leaving a remaining balance to carry forward into 2014/15 of £539,969. Internal Audit examined the documents to support the various projects and having scrutinised a sample of payments, offered the following opinion: "To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination 2013/14: No 31/2150 have been complied with."

Rogue Landlord Funding 2013-14

For the year 2013/14 we confirmed spending totalling £95,200. Internal Audit examined the documents to support the various projects and having scrutinised a sample of payments, was able to offer the following opinion: "To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in

Derby City Council – Internal Audit Progress Report

our opinion, in all significant respects, the conditions attached to Rogue Landlord Funding Programme Number No 31/2286 have been complied with."

Payroll 2013-14

This audit focused on testing a large sample of Payroll transactions from the old payroll system (Dynamic Connect, provided by Selima), to give assurance that the transactions for 2013/14 were processed accurately and were supported by appropriate evidence. Dynamic Connect was being run in parallel with the new payroll system (iTrent/MiPeople) from August 2013 to February/March 2014. From the 46 key controls evaluated in this audit review, 2 were considered to provide adequate control and 44 contained weaknesses. This report contained 4 recommendations, 2 of which were considered a low risk and 2 were considered a significant risk. All 4 of the control issues raised within this report were accepted and positive action was agreed to be taken to address each issue. One action had already been taken to address one low risk issue. The other low risk issue was agreed to be addressed by 31st August 2014, with the 2 remaining significant risks being addressed by 30th September 2014 and 31st October 2014 respectively.

Fixed Assets 2013-14

During 2013/14, a new Fixed Asset Register was purchased and implemented part way through the year. This impacted upon the scope of the audit considerably as it required us to focus on the arrangements in place to ensure that the detail from the old Fixed Asset Register was successfully transferred into the new Fixed Asset Register. Plans to cover valuations and physical checks were not fully covered as they had not yet commenced on the new system and any issues arising in this area would relate to the old, obsolete system. From the 14 key controls evaluated in this audit review, 13 were considered to provide adequate control and 1 contained weaknesses. This report contained 4 recommendations, 1 of which was considered a moderate risk and the other 3 a low risk. All 4 of the control issues raised within this report were accepted and positive action was agreed to be taken to address each of the issues. One

low risk issue had already been addressed. The moderate risk issue was agreed to be addressed by 30th September 2014, with the 2 remaining low risk issues scheduled for implementation by 30th November 2014 and 31st March 2015.

Better By Bus Project Funding

Derby City Council received and used £2,176,000 (£1,116,000 capital funding and £1,060,000 revenue funding) which had been allocated to the Council as at 7th January 2014. Following the completion of the project, Internal Audit examined the documents to support the various projects and having scrutinised a sample of payments, were able to offer the following opinion: "To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Better Bus Areas Grant Determination 2012: No 31/2012 have been complied with".

Creditors 2013-14

This audit focused on the monitoring of the approval of creditor payments and supplier management, including one-time suppliers. From the 13 key controls evaluated in this audit review, 10 were considered to provide adequate control and 3 contained weaknesses. This report contained 4 recommendations, all 4 of which were considered a low risk. All 4 of the control issues raised within this report were accepted and positive action was agreed to be taken to implement the agreed actions by 1st November 2014.

Cashiers 2013-14

This audit focused on assessing the adequacy of the Council's systems for ensuring that the payments made via the self-pay kiosks were properly accounted for. A large sample of payments received were examined and confirmed to the General Ledger. From the 4 key controls evaluated in this audit review, 3 were considered to provide adequate control and 1 contained weaknesses. This report contained 2 recommendations, both of which were considered a low risk. Both of the control issues raised within this report were

Derby City Council – Internal Audit Progress Report

accepted and positive action had already been taken to address one of the issues raised. In respect of the remaining issue, Management decided not to take any mitigating action and chose to accept the risk. Accordingly, this issue is recounted in full detail at the end of this report.

Housing & Council Tax Benefits 2013-14

This audit focused on ensuring that claims for benefit were supported by an application and appropriate evidence to ensure benefit was correctly awarded and adhered to regulations. The audit also sought to ensure that claims were only backdated where good cause had been shown and that Discretionary Housing Payments were awarded in accordance with Council policy and were appropriately approved. From the 42 key controls evaluated in this audit review, 39 were considered to provide adequate control and 3 contained weaknesses. This report contained 3 recommendations which were all considered a low risk. All 3 issues raised within this report were accepted. Positive action had already been taken to address 2 of the issues raised with action being taken to address the final issue by the end of September 2014.

GIS Application Security Assessment

This audit focused on the GIS applications and supporting server infrastructure. At the time of the audit, this comprised of the file server for storing geographical information and project files, the Geognosis servers running web services that support web based GIS applications, the public facing GIS using Cadcorp Web Map Layers solution, and the GIS SQL Server. We did not include the development GIS servers in the scope of this review. From the 31 key controls evaluated in this audit review, 19 were considered to provide adequate control and 12 contained weaknesses. This report contained 7 recommendations 4 of which were considered a moderate risk and the other 3 a low risk. All 7 of the issues raised were accepted and positive actions had been agreed to address 6 of the control weakness by the end of September 2014, and the final control weakness to be addressed by the end of March 2015.

Carbon Reduction Commitment Certification 2014-15

The Carbon Reduction Commitment (CRC) Guidance issued by the Environment Agency requires that an annual audit is conducted and retained in the Evidence Pack maintained by the Maintenance & Energy Division. As part of this year's audit we:

- Checked for supporting evidence for emissions data reported on CRC registry.
- Checked to ensure that the figures on the register had been accurately transferred on to the Master spreadsheet which is the basis for allowances purchased.
- Examined the adequacy/clarity of written procedures for the reporting process.

Based on the evidence and procedural documentation provided, we were satisfied that the figures being reported to the Environment Agency were accurate and that there was sufficient detailed guidance to assist officers performing the various tasks required.

Neighbourhoods

Leisure Facilities

This audit focused on reviewing the funding and management of the Markeaton Park Restoration Project over the life of the project to date and reviewing the current income management arrangements for activities at Markeaton Park. From the 29 key controls evaluated in this audit review, 22 were considered to provide adequate control and 7 contained weaknesses. This report contained 7 recommendations, 6 of which were considered a low risk and 1 was considered a moderate risk. All 7 issues raised within this report have been accepted and action has been taken to address 3 of the recommendations at the time of finalising the report. Action was agreed to be taken to address 2 of the issues by 30th September 2014, 1 of the issues by 31st December 2014 and the final issue being addressed by 6th April 2015.

Changes to the Audit Plan

Derby City Council – Internal Audit Progress Report

Audit Plan Changes	Days
Data Quality 2014-15	-15.00
Locality Services	-20.00
Democratic Services	-15.00
Procurement	-20.00
Insurance	-15.00
IT Infrastructure	-20.00
IT Infrastructure	-20.00
HR Payroll Project	-20.00
Investigation Contingency Used	-25.00
Reduction to Key Financial Systems Audits	-25.00
Requirements of the Host Contingency	-25.00
Total Days Removed from Audit Plan	-220.00
Investigation - Regeneration	50.00
Investigation - Job Evaluation	150.00
Investigations - Conflicts of Interest	20.00
Total Days added to Audit Plan	220.00

Derby City Council – Internal Audit Progress Report

Audit Performance

Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The chart across summarises the average score for each question from the 44 responses received between 1st April 2013 and 31st October 2014. The overall average score from the surveys was 50.5 out of 55. The lowest score received from a survey was 29, whilst the highest was 55 which was achieved on 12 occasions.

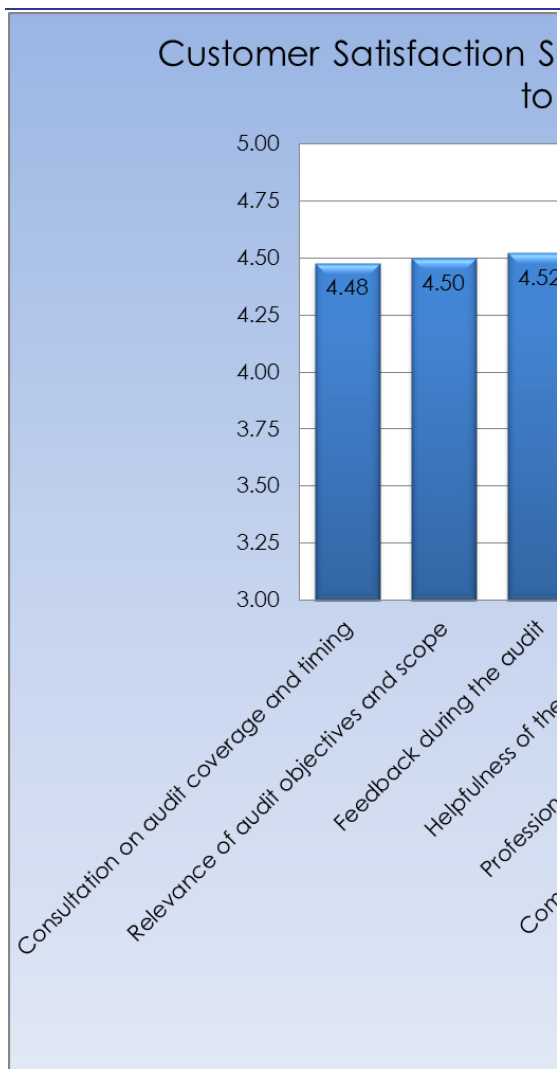
The overall responses are graded as either:

- Excellent (scores 47 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 33 of 44 responses categorised the audit service they received as excellent, another 10 responses categorised the audit as good and 1 categorised the audit as fair. There

were no overall responses that fell into the poor or very poor categories.

Derby City Council – Internal Audit Progress Report



Derby City Council – Internal Audit Progress Report

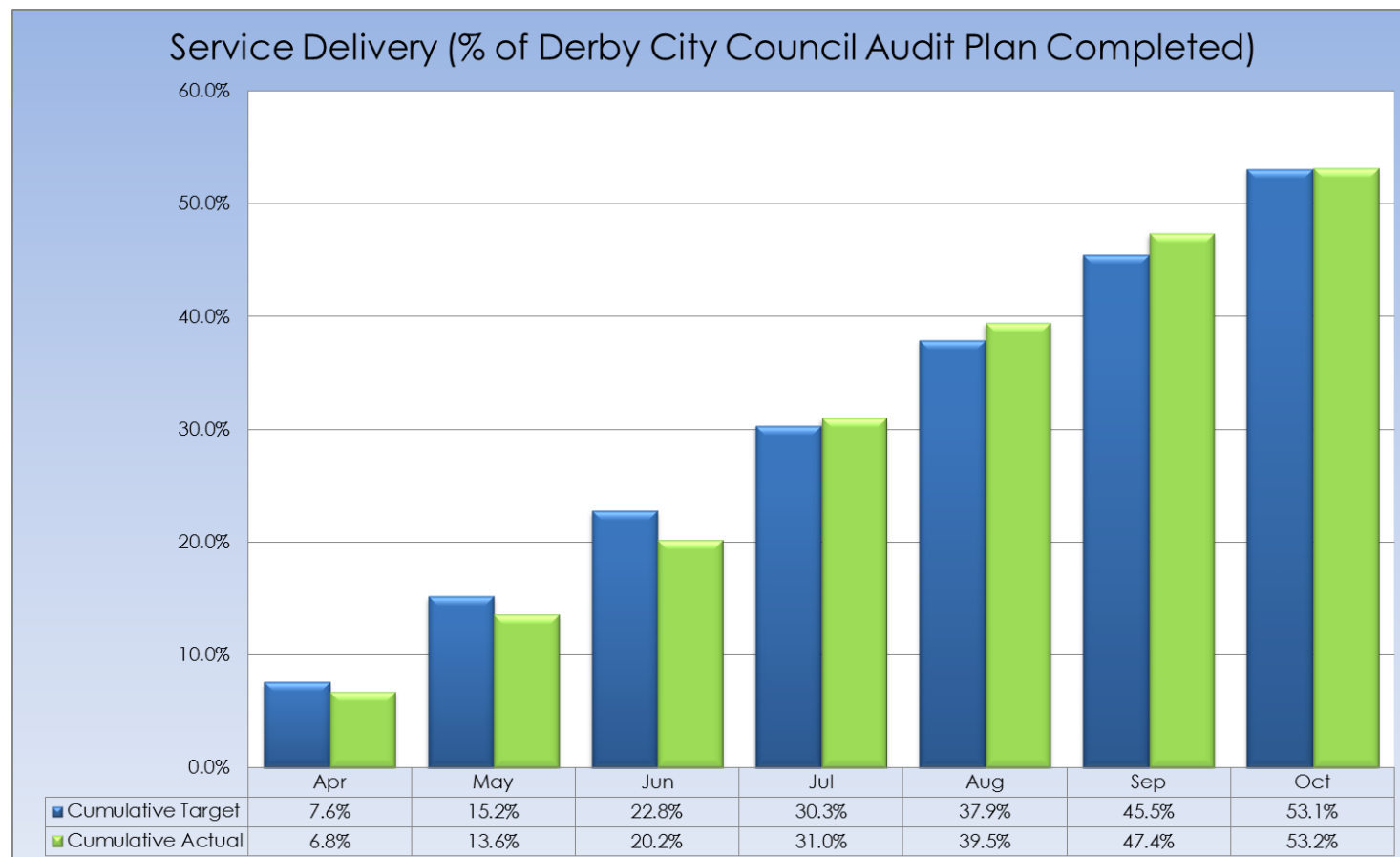
Audit Performance

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown across is the estimated percentage complete for Derby City Council's 2014-15 Audit Plan (including incomplete jobs brought forward) after 7 months of the Audit Plan year.

The monthly target percentages are derived from equal monthly divisions of an annual target of 91% and do not take into account any variances in the productive days available each month.



Derby City Council – Internal Audit Progress Report

Recommendation Tracking

Follow-up Process

Internal Audit has sent emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We will request an update on each recommendation's implementation status, which will be fed back into the database, along with any revised implementation dates.

Prior to the Audit & Accounts Committee meeting we have provided Chief Officers with details of each of the recommendations made to their departments which have yet to be implemented. This is intended to give them an opportunity to provide Audit with an update position.

Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Blank(Due)** = Action is due and Audit has been unable to ascertain any progress information from the responsible officer.
- **Blank (Not Due)** = Action is not due yet, so Audit has not followed up.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date)
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.

Implementation Status Details

Reports to Committee are intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations made between 1st April 2012 and 31st March 2014. All recommendations made prior to this period have now been resolved.

	Implemented	Being Implemented	Risk Accepted	Superseded	Due, but unable to obtain progress information	Hasn't reached agreed implementation dates	Total
Low Risk	211	26	4	2	0	7	250
Moderate Risk	61	15	3	2	1	1	83
Significant Risk	6	1	1	0	1	0	9
Critical Risk	0	0	0	0	0	0	0
Totals	278	42	8	4	2	8	342

The table below shows those recommendations not yet implemented by Dept.

Recommendations Not Yet Implemented	Chief Executives	Children & Young People	Resources	Neighbourhoods	Adults Health & Housing	Totals
Risk Accepted	0	0	8	0	0	8
Being implemented	2	7	30	3	0	42
Due, but unable to obtain progress information	0	0	2	0	0	2
Totals	2	7	40	3	0	52

Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. We will provide full details of any recommendations where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). One more 'Risk Accepted' recommendation has occurred during the period in respect of the Cashiers 2013-14 audit assignment. Accordingly, full details of this are included at the end of this report.

Derby City Council – Internal Audit Progress Report

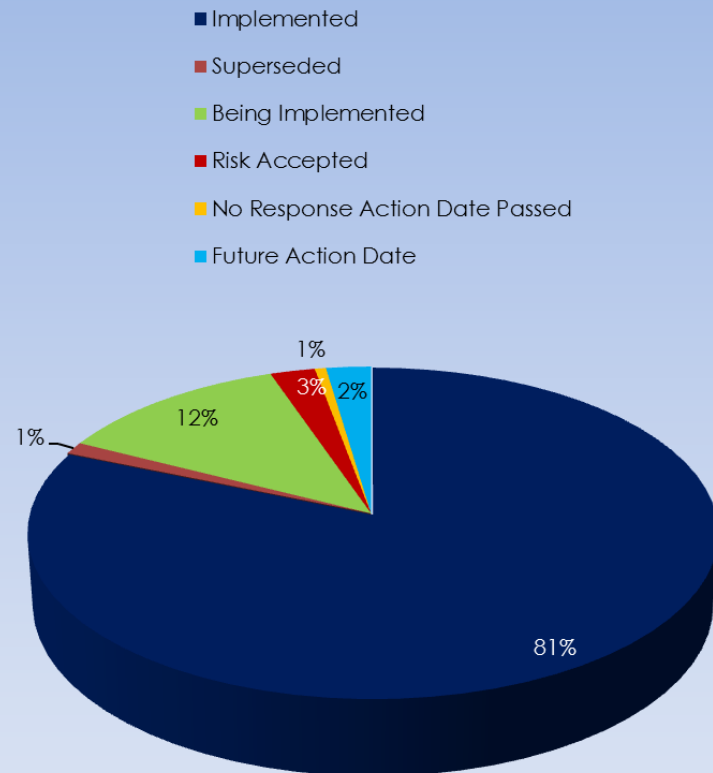
Derby City Council – Internal Audit Progress Report

Recommendation Tracking

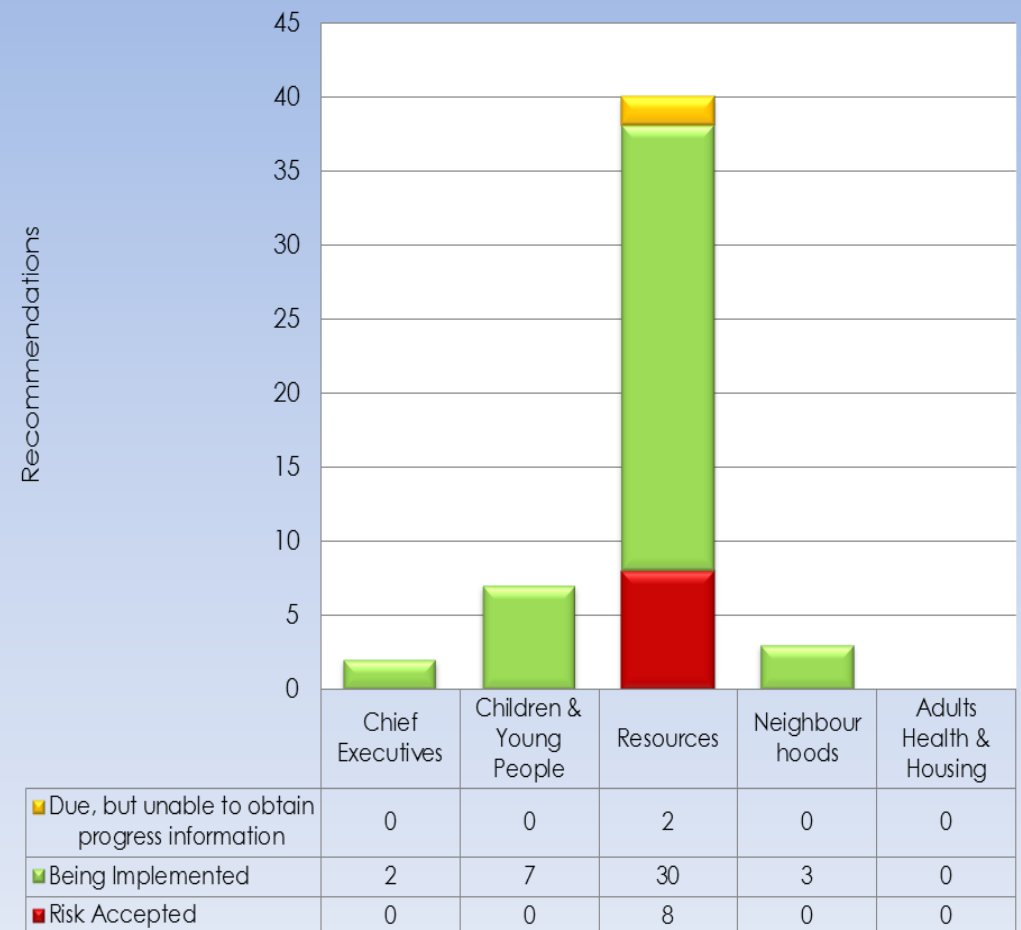
Implementation Status Charts

Derby City Council – Internal Audit Progress Report

Action Status of Recommendations made between 1st Apr 2012 and 31st Oct 2014



Recommendations Not Yet Implemented by Department



Recommendation Tracking

Derby City Council – Internal Audit Progress Report

Recommendations Not Yet Implemented

Chief Executives

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Public Health 2014-15	2	0	17 Sep 14
Total No. of Outstanding Recommendations	2	0	

Children & Young People

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Children in Care	6	0	23 Jan 14
CYP Establishment	1	0	8 Apr 13
Total No. of Outstanding Recommendations	7	0	

Neighbourhoods

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Markets	1	0	19-Nov-13
Health & Safety	1	0	02-Apr-12
Leisure Facilities	1	0	24-Sep-14
Total No. of Outstanding Recommendations	3	0	

Resources

Derby City Council – Internal Audit Progress Report

Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Investigation - Contracts Under Seal	2	0	20-May-14
Non-Domestic Rates 2013-14	1	0	10-Mar-14
Debtors 2013-14	1	0	26-Mar-14
GIS Application Security Assessment	5	0	08-Jul-14
Council Tax 2013-14	4	0	15-Jan-14
Fixed Assets 2013-14	0	1	15-Jul-14
Payroll 2013-14	0	1	15-Jul-14
Risk Management 2013-14	5	0	26-Feb-14
Payroll 2012-13	1	0	12-Apr-13
Cashiers 2012-13	2	0	29-May-14
NNDR 2012-13	1	0	03-Jul-13
IT Application - Academy	1	0	24-Mar-14
Contracts Register	1	0	16-Dec-13
Information Governance	2	0	11-Dec-13
VOIP Security Assessment	1	0	12-Dec-13
Workstation Security & Management Operations	3	0	17-Jul-13
Total No. of Outstanding Recommendations	30	2	

Derby City Council – Internal Audit Progress Report

Risk Accepted Recommendations

Resources

Cashiers 2013-14

Audit Finding

We expected that the items posted to the AIM miscellaneous account (Fund 6) would be investigated and reallocated to the appropriate code in the General Ledger.

We found that because the self-pay kiosks provided only a limited number of options to select from and the required option may not be available, customers could be unsure as to which option to select, resulting in an additional number of payments being processed as miscellaneous payments (Fund 6).

We identified that this was a particular concern for the Licensing, Environment & Regulatory Services whereby payments received and posted to the AIM miscellaneous account (Fund 6) were not being properly allocated to the correct accounting code in the General Ledger and further resources were having to be deployed to resolve and correct miscoding's. Their concern was further exacerbated because the income streams for Licensing were ring-fenced and therefore it was essential for any of the payments posted to the AIM miscellaneous account (Fund 6) to be correctly accounted for.

As at 2nd February 2014, the AIM system showed £225k (2207 transactions) that had been posted to the AIM miscellaneous account (Fund 6) containing a reference to the cost centre 4000901 or a subjective code that was associated with the ring-fenced income streams for licensing.

The Accountancy Assistant, who was responsible for the routine task of reallocating the payments that had been posted to the AIM miscellaneous account (Fund 6) to the appropriate accounting code in the General Ledger, was not provided with any additional information from the Civic app system to assist him with the process.

(Civic app was the system used by Licensing for recording the services sold and payments received). The appropriate accounting codes were determined based on his previous knowledge and experience. The payments posted to the AIM miscellaneous account (Fund 6) were grouped and posted in the General Ledger as a subtotal that could not be easily matched to the Civic app system.

Whilst, conversely the Accountancy Assistant who was part of the Neighbourhoods and Chief Executive's Accountancy team was spending a considerable amount of time checking and correcting miscoding's that could have resulted from when the income from the AIM miscellaneous account (Fund 6) was initially reallocated.

It was standard practice for the Licensing team to complete a month-end reconciliation that listed all the transactions that had been entered onto the Civic app system and share this with the Accountancy Assistant (Neighbourhoods and Chief Executive's Accountancy team) to assist with checking payments received had been properly accounted for in the General Ledger and correct any miscoding's.

If items posted in AIM to the miscellaneous account (Fund 6) are not allocated to the appropriate ledger code, there is a risk that the errors may have an implication on ring-fenced income streams and also there is an additional cost to the Council in terms of staff time and resource to investigate and resolve miscoding's.

Recommendation 2

Risk Rating: Low Risk

Summary of Weakness: Payments for Licensing Environment & Regulatory Services posted from the AIM miscellaneous account (Fund 6) to the General Ledger, were difficult to allocate correctly as the Accountancy Assistant responsible for allocating the payments had not been provided with any additional information to ensure the

Derby City Council – Internal Audit Progress Report

correct subjective accounting code was selected, resulting in additional cost to the Council in terms of staff time and resource to investigate and resolve miscoding's.

Suggested Actions: We recommend that Accountancy works in consultation with the Licensing team, with a view to sharing the reports from the Civic App system on a more regular basis. This should assist the process for allocating the payments that have been posted from the AIM miscellaneous account (Fund 6) to the General Ledger and avoid potential miscoding's.

Summary Response

Responsible Officer: Mark Nash

Issue Accepted

Agreed Actions: Miscodings at a subjective level within Licensing do not pose a significant risk to the Council. Income is correctly posted at the cost centre level. The additional detail and breakdown requested by the directorate within the ledger would create further delays in the processing of all income which in itself would create a larger risk to the Council. Management information can be obtained from the directorate system and so does not to be replicated in the general ledger.

Implementation Date: N/A
