

AUDIT COMMITTEE

11 MARCH 2010

OUTCOMES OF AUDIT ACTIVITY

Report from: Internal Audit

Author: Richard Humphrey, Audit Services Manager

Summary

To advise Members of the outcomes of Internal Audit activity completed since the last meeting of the Audit Committee.

1. Budget and Policy Framework

- 1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background

- 2.1 This report contains the outcome of Internal Audit's work since the last report to this committee.
- 2.2 Generally, Internal Audit reports identify areas where improvement in the control process should be made. However, there is no standard within the internal audit profession of grading the overall control environment. Furthermore, even where recommendations are prioritised, the recipient of the report has no indication of how well the overall control process is operating.
- 2.3 To address this, Medway Council's Internal Audit has introduced a grading system so that managers have a clear understanding of the operation of the control environment in their area. The audit opinion is set at one of four levels and is formed on completion of the audit testing and evaluation stage but **before** management implement any of the recommendations.
- 2.4 All audit reports containing recommendations designed to improve the control process are presented with an action plan, which has been agreed with management and specifies the action to be taken, by whom and when. This agreed management action plan is incorporated in the issued final audit report.

- 2.5 For 2009/10, the audit opinion definitions have been revised to improve managers' understanding of them. Also, the opportunity has been taken to revise the audit report format to direct managers more clearly to the key risk areas and to assist them, we have introduced a clearer priority ranking system for audit recommendations. The revised definitions are shown at Annex A.
- 2.6 Where control is assessed at the lowest level, ("Uncontrolled"), follow up work will be undertaken within six months.
- 2.7 This report details work completed since the last report to Members. The format of the annexes is as follows: -
- Annex A Definition of audit opinions and recommendation priorities
 - Annex B Schedule of completed audit work showing the audit opinion provided and Directorates covered
 - Annex C Summary information on completed audits
- 2.8 In addition to the work set out on the following annexes, Internal Audit has also responded to requests to provide advice on control issues to managers.

3. Risk Management, Financial and Legal implications

- 3.1 There are no risk management, financial or legal implications arising from this report.

4. Recommendation

- 4.1 Members are asked to note the outcome of Internal Audit's work.

Lead officer contact

Name Richard Humphrey
Job Title Audit Services Manager
Telephone: 01634 332355 email: richard.humphrey@medway.gov.uk

Background papers

None.

DEFINITIONS OF AUDIT OPINIONS

Opinion	Risk Based	Compliance	Value for Money
Good	Effective controls are in place to mitigate risks reviewed as part of the audit, maximising the likelihood of achieving service objectives and value for money and protecting the Authority against loss.	Key controls exist and compliance is consistent and effective.	Objectives are being achieved efficiently, effectively and economically.
Satisfactory	Key controls exist to mitigate the risks reviewed as part of the audit effectively. However, instances of failure to comply with the control process were identified and there are opportunities to strengthen the control system and/or improve value for money.	Key controls exist but there may be some inconsistency in compliance.	Objectives are largely being achieved efficiently, effectively and economically, but areas for further improvement.
Insufficient	Controls are in place to mitigate identified risks and they are complied with to varying degrees. However, there are one or more gaps in the control process that leave the system exposed to significant residual risk. Action is required to mitigate material risks.	Key controls exist but they are not applied, or significant evidence they are not applied consistently and effectively	Objectives are not being achieved through an appropriate balance of economy, efficiency and effectiveness. Value for Money is could be significantly improved.
Uncontrolled	Controls are considered to be insufficient to effectively control at least one of the risks reviewed as part of the audit. Remedial mitigating action is required. There is also a need to improve compliance with existing controls and errors and omissions have been detected. Failure to improve controls could have a significant impact on service delivery, or lead to material financial loss or embarrassment to the Authority.	Failure to comply with large numbers of key controls across a high proportion of the risks reviewed.	Objectives are not being achieved economically, effectively and efficiently.

DEFINITIONS OF RECOMMENDATION PRIORITIES

High

The finding highlights a fundamental weakness in the system that puts the Council at risk. Management should prioritise action to address this issue.

Medium

The finding identified a weakness that leaves the system open to risk. Management should ensure action is taken to address this issue within a reasonable timeframe.

Low

The finding highlights an opportunity to enhance the system in order to increase the efficiency or effectiveness of the control environment. Management should address the issue as resources allow.

Completed Audit Activity

Activity ↓	Directorate →	Opinion	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
BACS payments		S				S
Carbon reduction commitment		I	I			
EU grant claims		●				
Home and Communities Agency grant claims		●				
ICT Governance		I				I
Safer recruitment in schools		I		I		S
School in-house payroll provision						
• Fort Pitt		G		G		
• Hundred of Hoo		S		S		
• Robert Napier		G		G		
• Rochester Grammar		S		S		
• Thomas Aveling		S		S		
Stirling Centre		I			I	

Key:

G = Good, S = Satisfactory, I = Insufficient, U = Uncontrolled

- Work carried out but no opinion provided in that area

Completed Audit Activity

Audit: BACS payments

Opinion: Satisfactory

The majority of the Council's payments, to suppliers, employees, members and some benefits claimants, are made using Bankers Automated Clearing Services (BACS), this being widely regarded as more efficient than printing and sending cheques and also less vulnerable to theft or fraud. The approximate value of BACS payments processed each month is £49 million.

Three risks relating to BACS payments were reviewed to determine the effectiveness of controls:

- Payments may be inaccurate, paid to incorrect accounts or paid at the wrong time;
- Payments may not be authorised appropriately or may exceed agreed limits;
- Payments and rejections may not appear accurately and promptly in the financial records.

Main Findings	Main Risk	Main Recommendations	Management Response
<p>Most controls are in place and operating effectively, however, one former employee's user ID had not been deleted and two of the BACS reports selected were missing from the files.</p> <p>All payments tested were authorised, but the levels of authority differ between departments, with one department requiring two senior staff to sign, and one requiring any authorised team member.</p> <p>The payments and rejections tested were dealt with accurately in the financial records of the individual systems and in Integra. However, Payroll and Housing Benefits payments were normally entered in Integra in the following month and rejected payments were not always dealt with in a timely manner.</p>	<p>An unauthorised person may be able to access the BACS system, and all payment runs may not have been authorised appropriately.</p> <p>Payments for one function may not be authorised by sufficiently senior staff, or authorisation arrangements for the others may be excessive.</p> <p>The main financial records do not reflect the current situation and subsequent payments may also be rejected.</p>	<p>Five medium priority recommendations related to:</p> <ul style="list-style-type: none"> • Restricting access to the BACS system to appropriate current employees; • Retaining all BACS production, pre-authorisation and submission reports; • Making authorisation levels more consistent between functions; • Prompt processing of payroll and HB payments into Integra and actioning of rejected and recalled payments. 	<p>All recommendations were accepted by management, with an undertaking to implement the proposed actions, or an appropriate alternative, by the end of March 2010 at the latest.</p>

Completed Audit Activity

Audit: Carbon Reduction Commitment

Opinion: Insufficient

The Carbon Reduction Commitment (CRC) is a mandatory cap-and-trade scheme for carbon emissions, targeted at large organisations in the non-energy intensive sector in the UK. Participants in the scheme have opportunities to make cost savings through increased energy efficiency and rebates and to achieve favourable publicity through league table performance. The CRC places a requirement on Medway Council to:

- Measure energy usage through fixed point sources;
- Report to government on that usage;
- Pay for the emissions the energy usage creates.

Three risks were reviewed to determine the effectiveness of controls:

- Baseline data may not be accurate;
- Medway Council may not be able to demonstrate early action in reducing its carbon footprint;
- Effective actions may not be identified to reduce Medway Council's energy usage.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Authority has used a sound methodology for calculating the Authority's carbon footprint from stationary sources for 2008/09. Audit testing confirmed the validity of the methodology but identified a need for improved checking of final figures.</p> <p>It is expected that responsibility for the calculation will transfer from Research and Review to Energy Management. Significant work will be required to ensure continuity in methodology, particularly with the proposed use of a new database from 2011/12.</p>	<p>Resources may not be used to best effect, with the risk that some tasks may be duplicated and others omitted.</p> <p>The carbon footprint calculation may be inaccurate and the Authority may not purchase the correct number of licenses.</p>	<p>One high priority recommendation was made requiring clarification of roles and responsibilities.</p> <p>Six medium priority recommendations were also made:</p> <ul style="list-style-type: none"> • Three related to ensuring accuracy completeness of carbon footprint calculations; • Recording action taken to reduce carbon emissions systematically; • Establishing project prioritisation criteria; • Evaluating the effectiveness of projects in reducing energy usage. 	<p>All recommendations were accepted by management, with an undertaking to implement the proposed actions, or an appropriate alternative, by the beginning of September 2010 at the latest.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Authority has taken action to reduce its carbon footprint and to achieve the Carbon Trust Standard and the Authority has planned action to reduce its energy use further. The Authority needs to ensure that all action taken has been documented systematically.</p> <p>The Improving Environment Group has a key oversight role in reducing the Authority's carbon footprint. There are funds available for investment in small energy saving schemes, but the Energy Manager or the Improving Environment Group do not currently oversee these. Investment decisions could be better informed by collation of information on energy usage and efficiency of buildings that is currently spread across the Authority (Property Management, Research and Review, Learning and Achievement).</p>	<p>Inability to demonstrate action taken may adversely affect league table position.</p> <p>Future action to reduce carbon emissions may not be targeted to best effect.</p>		

Completed Audit Activity

Audit: Grant claims**Opinion:** n/a

URBACT is a European Programme, funded by the European Regional Development Fund (ERDF), which aims to improve the effectiveness of sustainable integrated urban development policies with priority given to competitiveness, growth and jobs.

Interreg 4 is funded by the European Regional Development Fund for the period 2007-2013, under the European Territorial Co-operation objective. It has three priorities which are:

- Supporting an economically competitive, attractive and accessible area
- Promoting and enhancing a safe and healthy environment
- Improving quality of life

Main Findings	Main Risk	Main Recommendations	Management Response
Internal Audit were asked to audit the grant claim submission to validate the expenditure declared by each partner participating in a project and ensure that it is in line with the original application, programme requirements and EU and national regulations.	No significant issues arose.	None	N/a.

Completed Audit Activity

Audit: Homes and Communities Agency – Grant Claims

Opinion: n/a

The intention was that HCA would agree the scope of the grant claim audit with the Audit Commission. However, HCA were unable to reach an agreement with the audit commission. Therefore, internal audit have been asked to carry out this work, which involves specific tests on each of the separate eighteen grant claims. The audit work was based on the types of tests set out in the “suggested tripartite engagement letter” but no further guidance was provided on the extent of testing required. These tests involved:-

- tested a sample of expenditure incurred to invoices or other supporting documentation and evidence of payment date,
- reviewed expenditure to confirm that it is eligible and in accordance with the terms of the grant offer letter,
- tested the arithmetical accuracy of the Statement and agreed the Statement back to appropriate supporting schedules.

The audit work was directed to those matters which in our view materially affect the Statement of Grant Usage, and was not directed to the discovery of errors or misstatements that we consider to be immaterial. Whilst the work was performed with reasonable skill and care, it should not be relied upon to disclose all misstatements, fraud or errors that might exist.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>We examined Medway Council's records and carried out such tests as we considered necessary and received such explanations from management as we consider necessary to enable us to form our opinion.</p> <p>There were 17 separate grant claims. In all cases the tests of expenditure did not indicate that expenditure was inappropriate, expenditure was eligible and in accordance with the grant offer letter. Arithmetical checks were satisfactory. In some claims there was a lack of a management trail from the claim to supporting schedules but these were proved during audit testing.</p>	None	N/a	N/a

Completed Audit Activity

Audit: ICT Governance**Opinion:** Insufficient

The successful delivery of Medway Council's strategic objectives relies on effective ICT. ICT governance is therefore critical in the Authority if it is to continue to have effective ICT services that:

- Ensure current operational needs are met;
- Anticipate future needs;
- Mitigate risks arising from information systems.

Six risks were reviewed to determine the effectiveness of controls:

- Responsibilities for ICT governance have not been allocated properly between the business, ICT and third party providers;
- IT strategic planning does not coordinate Authority-wide and service strategic plans with the demands of ICT service provision;
- Acquisitions and developments are evaluated in isolation of the whole Authority's needs;
- IT performance requirements are not clearly defined by the organisation, resourced properly or measured accurately;
- The Authority does not conform to legal or regulatory frameworks;
- Users are not considered fully in IT developments.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Head of ICT reports to the Assistant Director, Organisational Services who has a direct reporting line to the Chief Executive. Strategic ICT falls within the remit of the Cabinet member for Customer First and Corporate Services.</p> <p>Business direction for ICT was given by the Directors' ICT steering group when Medway Council was formed; it is now by the Business Transformation Group, attended by service managers. The service manager membership of the group indicates a weakening of the</p>	<p>Strategic ICT is largely led by ICT rather than the business.</p> <p>The Authority may miss opportunities to make efficiency savings and the ICT infrastructure may be sub-optimal.</p>	<p>1 high and 9 medium priority recommendations were made, these relating to;</p> <ul style="list-style-type: none"> • Re-launching the BTG with a new remit. • Projects being lead by a qualified project manager and potential recruitment of additional project managers. • Maintaining a up to date list of administrators/named person for the system. • Ensuring that there is a SLA/contract in place for all systems. • Reflecting technological 	<p>All recommendations, apart from one were accepted, with a completion date of July 2010 at the latest (with the exception of obtaining SLA/contractors with historical systems as this is a time consuming exercise and will therefore be ongoing).</p> <p>One recommendation was not accepted as removal of the project support posts was a member decision taken as part of the budget setting process and although officers could make a case to re-recruit to said posts it is likely to be unsuccessful given the financial resource</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Authority's commitment to ICT. Recently, this has been compounded by poor attendance and the removal of the development fund. This therefore removed the group's authority to approve funding for projects.</p> <p>Additionally, there is some poor documentation of roles and responsibilities with third party providers.</p> <p>The ICT strategy is based on ICT's understanding of the Authority's corporate priorities. The Head of ICT is currently revising the strategy and is seeking greater business input than in the past.</p> <p>ICT has a formal process for identification and approval of projects, ensuring that ICT resources are targeted at higher priority projects. However, the effectiveness of this prioritisation is reduced by the limited input of the Business Transformation Group, insufficient project management resources and late notification of some urgent developments.</p>	<p>Responsibilities of contractors, partners and third party are not defined clearly.</p> <p>The ICT strategy is IT lead which means business needs are limited.</p> <p>Developments may not be prioritised effectively.</p>	<p>demands clearly in the ICT strategy.</p> <ul style="list-style-type: none"> • Ensuring that the required documentation exists for all developments (subject to the size of the development). • Updating the development request form. • Feeding performance reports in to the AD quarterly reports. • Officers to be reminded that performance reports should be reported to ICT. • Compliance with policies and storing large files on the network. 	<p>constraints.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Although businesses are not identifying IT performance requirements, ICT are doing their upper most to work without this input. ICT services should be driven by the business needs and should not be driven by ICT.</p> <p>The Authority has policies to ensure it conforms to the legal and regulatory framework. There are, however, gaps in the monitoring processes, which limit the extent to which compliance can be demonstrated.</p> <p>Use of Prince2 documentation ensures users are considered and consulted in IT developments but this methodology is not required for small developments because a supporting business case is only needed. However, a business case or development request form did not exist for 3 out of 19 developments and therefore provides no assurance that the development provides value for money. With the absence of the required documentation for larger development means that, there is no evidence to show that users have been involved.</p>	<p>Performance might not meet the business requirements.</p> <p>Without this input, ICT cannot be sure that it is resourced properly to meet the Authority's performance requirements.</p> <p>Copyright legislation may be breached and there is a cost implication involved in storing large numbers of files.</p> <p>There is no assurance that the development is value for money and provides a benefit and for larger developments that users have been consulted.</p>		

Completed Audit Activity

Audit: Safer recruitment in schools

Opinion: Schools - Insufficient
HR - Satisfactory

Following various high-profile cases where individuals considered to be potentially dangerous to children were discovered to be working in schools, the Government published revised guidance for staff vetting. *Safeguarding Children and Safer Recruitment in Education* came into force at the beginning of 2007, co-ordinating and replacing the various and diverse guidance in place previously and setting out recruitment best practice for schools and local authorities, some of which is underpinned by legislation.

In addition, the Department for Children, Schools and Families (DCSF) recommended that two people from every school should complete a training course aimed at avoiding the appointment of paedophiles and other child abusers to jobs in schools. However, DCSF research in December 2008 identified that 60% of schools had failed to comply with this recommendation.

Two risks were reviewed to determine the effectiveness of controls:

- The Council may not fulfil its statutory responsibilities as a local authority in preventing unsuitable people being employed in its schools;
- Medway schools may take inadequate action to prevent unsuitable people gaining access to children.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Medway's HR function has provided comprehensive guidance to schools to assist them in ensuring that all people granted access to children have been vetted appropriately.</p> <p>Criminal Records Bureau disclosures awaiting disposal from HR are retained in confidential waste bins until shredded by caretakers.</p> <p>School staff involved with recruitment should be suitably trained, but there is a lack of documentary evidence of training completed.</p>	<p>Arrangements may not comply with the CRB Code of Practice and disclosure information may be misused.</p> <p>Insufficient staff at each school may have received recruitment training. Supervision arrangements may be prolonged and impact on resources.</p>	<p>5 high priority recommendations, relating to HR:</p> <ul style="list-style-type: none"> • ensuring that document disposal procedures comply with requirements of the CRB CoP; • producing a template showing pre-employment checks to be conducted, evidence of checks and requesting schools to use it; • reiterating that schools should use the SCR template provided and requiring headteachers to complete periodic declarations confirming this is maintained as stipulated; • liaising with Safeguarding and 	<p>All recommendations were accepted by HR management, with an undertaking to implement the proposed actions, or an appropriate alternative, by the beginning of March 2010 at the latest.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>HR notifies schools of returned CRB disclosures on only a monthly basis.</p> <p>Despite the guidance issued, inconsistent standards were identified at the 11 schools visited, primarily:</p> <ul style="list-style-type: none"> • Failure to retain evidence of identity checks and obtain employment references for non-teaching staff; • Failure to maintain a Single Central Record (SCR) to show evidence of checks undertaken and records maintained were inconsistent in content and detail of checks; • Failure to monitor the record to identify existing employees' disclosures due for renewal; • More than half of new starter disclosures tested obtained after start date, some significantly late; • Schools generally do not request supply teachers to show their CRB disclosure and proof of identity on arrival, or fail to record checks undertaken on the SCR; • Building/maintenance contractors are not generally 	<ul style="list-style-type: none"> • Inappropriate, or insufficiently skilled, staff may be appointed; • Many schools are failing to comply with legislative requirements and insufficient checks may be made; • All staff may not possess a current CRB disclosure; • Supervision arrangements may lapse due to impact on resources; • People purporting to be supply teachers may not have undergone the necessary checks; • Contractors who have not been subject to CRB 	<p>Building & Design Services to establish responsibility for obtaining CRB disclosures for Medway approved contractors;</p> <ul style="list-style-type: none"> • reminding schools that CRB disclosures should not be copied and/or retained, even with staff consent. <p>4 additional medium priority recommendations related to HR requesting schools to:</p> <ul style="list-style-type: none"> • maintain a record of 'safer recruitment' training undertaken by staff and retain evidence of training completed; • submit completed CRB applications as soon as appointments have been finalised; • obtain evidence of disclosures and proof of identity from supply teachers reporting for work; • obtain disclosures for LA appointed Governors and volunteers. 	

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>asked to show CRB disclosures or supervised, on the assumption that Medway approved contractors will have undergone the necessary checks, or checks undertaken are not recorded on the SCR;</p> <ul style="list-style-type: none"> • Reliance is placed on schools to obtain and record CRB disclosures for LA appointed governors and volunteers; • Retention of staff members' CRB disclosures, either originals or copies. 	<p>disclosure may be granted unsupervised access to children;</p> <ul style="list-style-type: none"> • CRB disclosures may not be obtained for governors and volunteers as required; • Breach of the CRB Code of Practice, disclosure information may be misused. 		

Completed Audit Activity

Audit: Schools In-house Payroll Provision

Opinion: Two 'Good' & Three 'Satisfactory'

Although the management of Individual Schools Budgets is delegated to schools' governing bodies, the School Standards and Framework Act 1998 places a statutory duty on the Council's Chief Finance Officer (CFO) to ensure the adequacy of financial control over this delegated funding. Medway's Finance Manual for Schools, which is available on the school forums section of the Council's website, sets out the control framework with which schools are expected to comply in order to achieve and demonstrate effective financial control.

Most schools within Medway use the Council to process their payroll. Four schools (Thomas Aveling, Fort Pitt, Robert Napier and Rochester Grammar) with a total annual payroll value of nearly £22m (2008/09), use another payroll specialist, whilst the Hundred of Hoo Comprehensive School, process their payroll (total of £4.1m in 2008/09) in-house. A sixth school (Rainham Mark Grammar school) also has its own payroll provision but this will be the subject of a separate financial controls audit.

The objective of this audit is to provide an opinion on the effectiveness of controls to minimise the risks that:

- Payments may not be accurate and timely
- Deductions (statutory and voluntary) may not be accurate and/or paid to the appropriate agencies
- Payments and deductions may not be reflected accurately and promptly in the school's financial records
- Access to confidential payroll data (computerised and documentary) may not be restricted to appropriate persons only.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The payroll systems were found to be generally well controlled in all the schools visited with most of the anticipated controls in place and operating satisfactorily. However, some weaknesses were found as follows:</p> <ul style="list-style-type: none"> • the Finance Manager at one school could input and authorise any number and value of manual transactions; • budget and finance managers have access to their own pay records(all schools); • leavers at two schools are not 	<p>Unauthorised and therefore fraudulent payments could be made without prompt detection.</p> <p>Unauthorised amendments could be made to their pay.</p> <p>A leaver could be overpaid or</p>	<p>One high, four medium and eleven low priority recommendations have been made to address the control weaknesses identified in the audit.</p>	<p>Four schools have accepted and implemented the recommendations.</p> <p>Rochester Grammar has not responded to the draft report issued in December 2009 as they wish to place the audit report before their governing body.</p> <p>HQ based finance staff have been asked to check that the agreed actions have been implemented.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>formally authorised to be removed from the schools' payroll;</p> <ul style="list-style-type: none"> • car mileage claims are not supported by VAT receipts at one school; • sickness absence is not always promptly and formally recorded and authorised at two schools. 	<p>removed from the schools' payroll, without appropriate authorisation.</p> <p>Breach of VAT Notice 700. The HMRC could 'fine' the school.</p> <p>Payment could be made for unauthorised absence.</p>		

Completed Audit Activity

Audit: Stirling Centre

Opinion: Insufficient

Medway Council's gross revenue spending for 2009/10 is £596m, with a net budget of £344m. In order to facilitate the delivery of its services, financial control for over 10% of expenditure has been delegated to managers at satellite sites throughout the Authority. The Stirling Centre is a small leisure centre in Rochester. Facilities are available for a range of sporting and fitness activities and there is an on-site bar offering drinks and bar meals and which is available for hire. The 2009/10 income and gross expenditure budgets are approximately £230,000.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Budget-monitoring spreadsheets are completed and returned to finance on a monthly basis. These provide a reasonable assessment of the current budgetary position but the accuracy could be improved through improved local income and expenditure records.</p> <p>There is a separation of duty between raising orders, receiving goods and authorising payments. However, in the audit sample of 20 transactions, there were no order or delivery notes to support payments made. Management cannot demonstrate that all payments were accurate or that goods were received by the Stirling Centre. Before the audit, management were planning to use the webreq purchase ordering system, which will resolve many of these issues.</p> <p>Additionally, there is scope for improving value for money by</p>	<p>There is a risk goods may be delivered that are not of the quantity required or purchases being made for personal gain.</p> <p>The accuracy of the price quoted on invoices paid cannot be determined.</p> <p>Stirling Leisure Centre have not complied with financial procedures</p>	<p>Two high priority recommendations and six medium priority recommendations have been raised to address the issues identified in this audit. The implementation of webreq will address one high and three medium priority recommendations relating to expenditure issues.</p> <p>The other high priority recommendation related to maintenance of an asset register / inventory.</p> <p>The other four medium priority recommendations were:</p> <ul style="list-style-type: none"> • Using the Authority's framework agreements where appropriate; • Replacing petty cash with an imprest account; • Correcting the income VAT error. 	<p>All recommendations were accepted by management, with an undertaking to implement the proposed actions, or an appropriate alternative, by May 2010 or on expiration of the current contract.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>adopting the framework agreements in relation to Mobile Phones and Cleaning Supplies.</p> <p>Controls are in place to account for income received, with income banked accounted for on yellow sheets that are sent to Finance in accordance with their requirements. Errors have been made in VAT coding with approximately £1000 of VAT being paid unnecessarily.</p> <p>There is no inventory of all furniture and equipment maintained at Stirling Leisure Centre.</p>	<p>and cannot demonstrate value for money.</p> <p>VAT has been paid out unnecessarily.</p> <p>It may not be possible to claim on insurance for items lost as a result of theft or fire.</p>		