

Oxford City Works Review
Internal Audit Final Report 09_10 1.18

Assurance rating this review – Trade
Waste
Limited
Assurance rating this review – Fleet Plan Limited

Distribution List
Chief Executive -Peter Sloman
Interim Executive Finance Director – Nigel Pursey
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Executive Director City Services – Tim Sadler
Head of City Works – Phil Dunsdon
Interim Finance Business Partner – Paul Jemetta
Performance Board

City Works
Final Internal Audit Report
2009/10

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Background and scope

Introduction

This review was undertaken as part of the revised 2009/10 Internal Audit Plan agreed by the Audit and Governance Committee.

This report has been prepared solely for Oxford City Council in accordance with the terms and conditions set out in our letter of engagement. We do not accept or assume any liability or duty of care for any other purpose or to any other party. This report should not be disclosed to any third party, quoted or referred to without our prior written consent.

Background

Following the qualification of the Council's 2008/09 accounts; we were requested by the Interim Executive Finance Director to provide a high level overview of the Council's internal control framework. The results of this exercise were communicated to the Audit and Governance Committee on 24th November 2009 in the form of a heat map and were used to re-evaluate the number and mix of audit days in our original internal audit plan. City Works was highlighted in this process as an area of high risk.

The Council's City Works department is involved with the following areas:

- .
Waste/Recycling
- .
City Centre Cleansing Service
- .
Car Parks & Fleet Management
- .
Covered and Open Markets

Discussions were held with key stakeholders to establish those areas of the department considered to be of highest risk. These were highlighted as follows:

FleetPlan

The City Works function operates their purchase ordering and stock management through the Fleet Plan system. All orders for goods and services are processed through FleetPlan and journalled onto the Agresso (General Ledger) system for payment. The value of orders made through Fleetplan in the year to date is £5.1m

Trade Waste

The Council is responsible for collecting recyclable materials and other waste from businesses. Income is collected for this service which operates as a break even operation. Total income from Trade Waste in the year to date is £1.7m

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Approach and scope

Approach

Our work is designed to comply with Government Internal Audit Standards [GIAS] and the CIPFA Code.

Scope of our work

In accordance with our discussions with the Heads of Finance and Head of Service, we undertook a limited scope audit of the City Works department to cover the following areas:

Trade Waste

Fleetplan

This limited scope audit involved a review of the design of the key controls together with detailed testing to determine whether the controls are operating in practice.

Limitations of scope

The scope of our work was limited to those areas identified above.

Name of client staff

Paul Jemetta -Interim Finance Business Partner

Martyn Fox – Project Accountant

Paul Einon – Transport Fleet Officer

Nathalie Desenclos -Commercial Waste Officer

Staff involved in this review

We would like to thank all client staff involved in this review for their co-operation and assistance.

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Our opinion and assurance statement

Introduction

This report summarises the findings of our review of City Works
Each of the issues identified has been categorised according to risk as follows:

Risk rating Assessment rationale

..
Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the Critical authority's objectives in relation to:
the efficient and effective use of resources
the safeguarding of assets
the preparation of reliable financial and operational information
compliance with laws and regulations.

.
Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.
High This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall authority objectives.

.
Control weakness that:
Medium .
has a low impact on the achievement of the key system, function or process objectives;

.
has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.

.
Low
Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

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Executive Summary – Fleet Plan

Department: Overall Opinion: Limited Assurance Direction of Number of Number of Controls

Audit There are some weaknesses in the design and / or operation of Travel Control Design Operating in Practice

Owner: Paul controls which could have a significant impact on the achievement No previous issues identified issues identified

Jemetta of key system, function or process objectives but should not have

a significant impact on the achievement of organisational

review has

been 0 Critical 0 Critical

Date of last

review: -

objectives. However, there are discrete elements of the key

system, function or process where we have not identified any

significant weaknesses in the design and / or operation of controls

which could impair the achievement of the objectives of the

conducted by

PwC. 3 High

7 Medium

1 High

2 Medium

system, function or process. We are therefore able to give limited

assurance over certain discrete aspects of the system, function or

process.

2 Low 2 Low

Key Areas of Risk

.
Only limited comfort can be provided over the completeness of the expenditure on Fleetplan due to the material difference between invoice and order values

.
The Fleetplan system has a poor level of inbuilt control. Examples of this include the ability to override purchase order numbers and the inability to trace activity to users

.
Regular exception reports and management information are not produced

.
Poor levels of compliance with purchasing procedures were noted

Scope of the Review

To ensure that payments are only

made to bona fide creditors of the

Authority and all transactions are

accurately recorded.

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Executive Summary – Trade Waste

Department: Overall Opinion: Limited assurance Direction of Number of Number of Controls

Audit There are some weaknesses in the design and / or operation of Travel Control Design Operating in Practice

Owner: Paul controls which could have a significant impact on the achievement of No previous issues identified issues identified

Jemetta key system, function or process objectives but should not have a

significant impact on the achievement of organisational objectives.

review has

been 0 Critical 0 Critical

Date of last

review: -

However, there are discrete elements of the key system, function or

process where we have not identified any significant weaknesses in

the design and / or operation of controls which could impair the

achievement of the objectives of the system, function or process.

conducted by

PwC. 0 High

6 Medium

3 High

2 Medium

We are therefore able to give limited assurance over certain discrete

aspects of the system, function or process.

0 Low 1 Low

Key Areas of Risk

.

Invoices for Trade Waste have not been produced on a timely basis

.

Supporting documentation is not retained for a number of Trade Waste processes

.

Reconciliations are not performed to obtain comfort over the completeness of Trade Waste income

Scope of the Review

To ensure that invoices are raised in a

timely manner, cash received is

correctly allocated, outstanding debts

are recovered and the ledger is updated

to reflect the Trade Waste system.

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Compliance Summary – Fleet Plan

Operating Effectiveness

0%
20%
40%
60%
80%
100%
120%

1 2 3 4 5 6 7 8 9

Test

Compliance Expected Compliance

Actual Compliance

Tests Performed:

1. Requisitions authorised in line with procedures
2. Orders raised ahead of receipt of invoices and good
3. Physical orders obtained for testing
4. Order price and goods matched to invoice
5. Order authorising in line with Authorised Signatories Listing
6. Segregation of duties maintained when raising orders
7. Credit notes recorded correctly
8. Fleet data agreed to supporting documentation
9. Users employed by the Council

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Compliance Summary – Trade Waste

Tests Performed:

1. Trade Waste contracts provided for audit
2. Supporting documentation (both headed letter paper 120%

Operating Effectiveness

and Council Tax information) retained for contract

100% applications

3. Excess collection invoices recorded on the Trade

0%

20%

40%

60%

80%

ComplianceExpected Compliance

Actual Compliance

Waste database

4. Excess collections invoiced accurately

5. Trade Waste invoice runs run in line with billing

timetable

6. Aged Debt reports run on a daily basis

7. Evidence retained for stages of debt recovery process

8. Credit notes evidenced as authorised

1 2 3 4 5 6 7 8

Test

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Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken the review of City Works, subject to the following limitations.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

The assessment of controls relating to City Works is that historic evaluation of effectiveness is not relevant to future periods due to the risk that:

.
the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or

.
the degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We shall endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist, unless we are requested to carry out a special investigation for such activities in a particular area.

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Findings and recommendations – Fleet Plan

Ref Control weakness found Specific risk Risk rating

Recommendations Management response Officer responsible & implementation date

Control design

1 It is possible to create order Orders may be altered .

The functionality of Agreed Phil Dundson

numbers outside of the sequential order on Fleetplan. It should be noted that orders cannot be created with the same reference.

fraudulently or in error.

A key control for checking the completeness of

purchase orders is to ensure that orders are run

High Fleetplan should be investigated to ascertain

if it is possible block the ability to change order numbers.

Civica to configure

Fleetplan so that orders can only be raised in

strict numeric sequence

Monthly exceptions

31/03/2010

Best practice would indicate that orders should be produced sequentially.

sequentially. If

amendments can be made to orders, management

can have limited comfort

Regular reports showing

orders raised should be run and reviewed to

identify any omissions or report to be run to review

alterations and omissions

and presented to OCW

Management Team

that there are no alterations.

omissions. Only people with appropriate authority will

be able to print orders

Training for staff re
sequential order numbers
will take place before 1
April

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Ref Control weakness found Specific risk Risk
rating

Recommendations Management response Officer
responsible &
implementation
date

2 Purchase orders should be Expenditure may be .

Officers should be Agreed Phil Dunsdon

raised for all transactions on

Fleet Plan. Invoices should be

committed without

appropriate authorisation Medium reminded that purchase

orders are required for all

Procedure to be written

for raising of purchase

31/03/2010

matched to purchase orders and consideration. external purchases made orders and reconciliation

when received. That said, it is

possible for this procedure to

be bypassed. Invoices may be

posted without an originating

purchase order.

on Fleetplan.

The functionality of

FleetPlan should be

investigated to ascertain

if regular reports can be

with invoices. Staff to be

trained in this process

All non-purchase orders

not processed through

Fleetplan (utility bills etc)

There is no process in place to

monitor non purchase orders

raised on Fleetplan.

run detailing non

purchase orders raised. If

this is not possible,

invoices that cannot be

matched to purchase

orders should be logged

and management

information collated from

this data.

will be sent to the central

Finance team. Procedure

to be developed to

confirm that these

invoices have been

processed

Spot checks to be carried

out by Finance to ensure

that adequate audit trail
is in place to
demonstrate that POs
were raised and
authorised in accordance
with procedures and that
invoices are matched
with POs.

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

3 There are no controls in place
on Fleetplan to prevent or
detect duplicate orders. It has
been highlighted to audit that
orders can be raised on
numerous Fleetplan modules.
The system does not highlight if
a duplicate is created.
In addition, no reports are run
to detect duplicate orders that
have been created.
The difference between
purchase and invoice values
posted to Fleetplan in the year
to date can be summarised as
follows:

.
Purchase Order Value:
£5.2m

.
Invoice Value £3.7m
Duplicate orders may not
be prevented or detected.
Overspends may be
incurred

There is currently a
material difference
between the purchase
order and invoice value.
Management can have
limited comfort that
expenditure is materially
stated.

.
High
If Fleetplan does not
contain the functionality
to flag duplicate orders, a
procedure should be put
in place to ensure
officers check for
duplicates ahead of
placing an order.
Reports detailing all
orders raised should be
run on a periodic basis

and reviewed to identify any duplicates.

Budgetary control information should be utilised to identify overspends caused by duplicate payments.

A cleansing process of transactions on Fleetplan should be undertaken as a matter of urgency to ensure that comfort can be gained over purchases made on the system.

Agreed
From 1st April Fleetplan will only supply sequential order numbers which negates this weakness. Duplicate orders cannot now be created.

The majority of the discrepancies in order/invoice value is due to a small number of high value orders being raised and the associated lead time to delivery

The Council has employed additional resource for the year end to interrogate all incomplete transactions on Fleetplan to ensure an accurate balance is held at year end. The approach for this process will be discussed and agreed with External Audit.

Phil Dunsdon
31/03/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

4 There is no procedure in place
for following up or monitoring
incomplete receipt of goods.
Expenditure may be
incurred on goods that are
incorrect or incomplete.

Medium
A procedure should be
put in place to ensure
that incomplete orders
are followed up and
documentation is
retained to evidence this
process.

Orders should not be
marked as receipted until
they are complete or
credit notes have been
obtained for omissions.

Agreed
A procedure note will be
drawn up outlining the
process of incomplete
receipt of goods.
Procedures will be
reiterated to all officers
Report to be developed
to identify incomplete
orders and reviewed
monthly by Finance
team.

Phil Dundson
31/03/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

5 It is not possible to trace user Inappropriate or .
The viability of tracing Agreed Phil Dunsdon
activity on the Fleetplan
system.
unauthorised activity
cannot be traced to the
user.

High user access on Fleetplan
should be investigated.
Management should
consider how they are
able to gain assurance
over user activity.

Civica will amend
Fleetplan to allow each
user to have a unique
identity. This will allow all
activity to be traced. In
addition, the user access

31/03/2010

list for Fleetplan will be
reviewed to ensure that
user access is
reasonable and
appropriate.

The current processes
are robust with
segregation of duties and
responsibilities requiring
signed authority at every
stage

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

6 Exception reports are not run to
show accounts in credit.

Refunds due to the
Council may not be
maximised.

Medium
Periodic (monthly)
reports should be run to
identify all accounts in
credit. All credit balances
should be actively
pursued to maximise
refunds due to the
Council.

Agreed
Reports showing all
supplier accounts in
credit will be run as part
of the monthly
management accounts
process.

Paul Jemetta
30/04/2010

7 There is no set procedure for Expenditure may be .
A threshold should be put Agreed Phil Dunsdon
following up differences
between invoice and order
costs. Managers will review
differences on an ad-hoc basis
but the threshold for
investigation is not defined nor
is the action documented.

committed without
appropriate authorisation
and consideration
Medium in place to stipulate when
differences between
order and invoice
amounts should be
investigated. This should
be based on a monetary
amount and percentage
difference.

Civica has established
that parameters can be

set on Fleetplan to block invoices where the amount differs by more than 10% in value. Any invoices with a difference of greater than the 30/04/2010

All differences exceeding this threshold should be followed up before the invoice is agreed for payment. This process and outcomes should be documented to ensure a clear audit trail.

threshold will have to be authorised on Fleetplan by a senior manager before payment. The reason for differences will be clearly documented
Procedure notes for this process will be drawn up to detail this process.

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

8 There is no process in place for
removing users on Fleetplan.

Reliance is placed on the
expiration of passwords after a
period of 90 idle days.

Access may not be
removed on a timely basis
leading to increased risk of
misuse of Council
systems.

.

Low

A request to remove
access rights should be
sent to IT when a user
leaves the organisation.

Agreed

The user access list for
Fleetplan will be
reviewed before the year
end to ensure that user
access is reasonable and
appropriate.

Phil Dunsdon

31/03/2010

9 All invoices due for payment Invoice runs may be .

Checks should be Agreed Paul Jemetta

are uploaded into Agresso
(General Ledger) for payment.

No checks are performed to
ensure that the upload is
complete and reconciles to
Fleetplan.

inaccurate or incomplete. Medium performed and

documented to ensure
that the upload of
invoices from Fleetplan is
complete. All reconciling
items should be formally
followed up.

The procedure in place at
the time of the audit did
require a reconciliation to
take place but this was
not documented. Direct
management of the OCW

purchase and sales

31/03/2010

ledger functions has

been temporarily

transferred to the local

finance team which will

review procedures and

improve documentation

standards as required

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

10 A 'latest price' valuation method
is used for the valuation of
stock held and ordered on
Fleetplan. This is not consistent
with the Council's accounting
policy.

If Accounting Policies are
not being applied
consistently, an adverse
opinion may be issued by
the External Auditors.

.
Medium
City Works should
ensure that stock is
valued in line with the
Councils accounting
policies.

Agreed
The local and central
finance teams will review
and implement new stock
valuation methods for
OCW

Paul Jemetta
31/03/2010

11 There is no standardisation of
access profiles for new users
on Fleetplan. Profiles are set up
as a 'clone' of existing users.

Users may have
inappropriate access
rights.

.
Low
A standardised access
request form should be
introduced which
requires management to
stipulate the access
profile for new users.
This should be reflective
of the user's job role.

Agreed
The user access list for
Fleetplan will be

reviewed to ensure that user access is reasonable and appropriate. Going forward, users will be set up on the basis of discrete access levels.

Phil Dunsdon

31/03/2010

12 There is no process of authorisation when raising orders on Fleetplan. All users have access to raise orders. Expenditure may be committed without appropriate authorisation and consideration.

Medium

A process of authorising orders should be put in place to ensure that all transactions are authorised before commitment.

Agreed

An authorising workflow will be set up in Fleetplan that does not allow orders to be processed until they have been authorised by an approved signatory.

Phil Dunsdon

31/03/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

Operating Effectiveness
13 At the time of audit, procedure
notes for Fleetplan were in the
process of being written. They
have therefore not been in
place to this point.
Officers may be unaware
of their roles and
responsibilities leading to
an increased risk of error
and omission.

.
Medium
Revised procedure notes
should be drawn up for
Fleetplan and distributed
to all officers. Procedure
notes should be made
available on the shared
drive for reference.

Agreed
Procedure notes will be
revised as part of the
review of Fleetplan,
distributed to all
responsible officers and
updated annually or more
often as required

Phil Dunsdon
Ongoing
14 An Authorised Signatories List
(ASL) is in place for Fleetplan.
This does not include a valid
from date.
Transactions may be
inappropriately authorised.

.
Low
The ASL should be dated
to evidence when it is
valid from.
Agreed
A revised ASL has been
completed and dated
from 15th January 2010.
Phil Dunsdon

Complete

15 The department maintains a The Authority may not .

All credit notes should be Agreed Paul Jemetta

register which records the

progress of all credit notes

issued to the Authority. 4/10

credit note tested were not

maximise opportunities for

credit notes. Low recorded on the central

register. All credit notes will be

recorded in the central

register

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recorded on the register. In

addition 1 credit note could not

be obtained for audit.

Reports showing all

supplier accounts in

credit will be run as part

of the monthly

management accounts

process.

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

16 The following issues were
noted when reviewing
management information
generated for Fleetplan:

.
The stores report
showing movements in
stock in December 09
was not run until
February '10

.
Reports for Goods
Received Not Invoiced
(GRNI) were not run
until December 09
Management may not
receive information on a
timely basis. Exceptions
may not be rectified

.
Medium
A timetable for
management information
should be drawn up and
reports run in line with
deadlines set.

Agreed
The stores report was
delayed due to the
Christmas period and
adverse weather
conditions.
GRNI reports were not
designed until December
2009 but have been run
on a monthly basis from
this point.
Stocktake timetable to be
developed and
procedures will be
reviewed

Phil Dunsdon
31/05/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

17 The following issues were If purchasing procedures .
The Authority should Agreed Phil Dunsdon
noted when testing 40 invoices
and orders raised on Fleetplan

.
3/40 orders were raised after
the goods or invoices were
received;

.
5/40 orders were printed
over 1 day after the order
was raised;
are not being adhered to
there is a risk that the
Authority is not achieving
value for money and is
committing unauthorised
and inappropriate
expenditure

High ensure that all staff
placing orders through
the Fleetplan system are
reminded of purchasing
policies

In particular, the following
points should be
reiterated:

The issues around
purchase ordering on
Fleetplan have been
acknowledged and will
be rectified through the
review of the system
controls as outlined
above.

31/03/2010

.
3/40 orders could not be
obtained;

.
Orders should be
raised ahead of a
purchase being made;
Training took place on
18th & 19th March. All
relevant staff attended

.
In 14/40 cases, the order
price did not match the price
as per the invoice

.
All differences
between orders,
goods received and
these sessions.

.
8/40 goods received notes invoices should be
were stamped after goods investigated;
were recorded as received
on Fleetplan;

.
Orders and invoices
should be authorised

.
10/40 invoices were not as per the ASL;
authorised in line with the
Authorised Signatories
Listing (ASL)

.
Segregation of duties
should be maintained
at all stages in the

.
In 8/40 segregation of duties purchasing process
was not maintained in the
purchase process

.
2/40 goods received did not
City Woagree to the original order; rks 21
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2009/10 .
4/40 invoices were not date
stamped;

Findings and recommendations – Trade Waste

Ref Control weakness found Specific risk Risk rating
Recommendations Management response Officer responsible & implementation date

Control design

1 Contracts are issued to businesses to outline the terms and conditions of trade waste collection. This document has not been reviewed by legal services.

Contracts may not be compliant with legislation and sufficiently protect the Council.

Medium

The standard contract for trade waste should be reviewed by the Councils legal team to ensure it is appropriate and complete.

Agreed

Contract has been reviewed and agreed by the Council's Legal department

Phil Dunsdon

Complete

2 Invoice information is uploaded into Agresso from a spreadsheet completed by the Trade Waste department. No checks are performed to ensure that the amount requested for upload agrees to the Trade Waste database.

Information from the Trade Waste database may be omitted or duplicated in the upload, increasing the risk that revenue is incorrect.

Medium

Checks should be performed and documented to ensure

that a complete set of
data from the Trade
Waste database has
been requested for
upload onto Agresso.

Agreed

A full year reconciliation
between income
recorded on the Trade
Waste database and
invoices raised on
Agresso will be
performed as part of the
close down.

Confirm Whitespace
process and develop
procedures incorporating
reconciliations where
required

Paul Jemetta

30/04/2010

Ian Bourton

30/04/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
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3 There is no formal procedure in
place for the recovery and write off
of Trade Waste bad debts.

Procedures do not appear to be
followed consistently.

Debts may become
irrecoverable. Debtor
balances may be misstated
if write offs are not
processed on a timely
basis.

.
Medium

A formal recovery and
write off procedure should
be produced in line with
corporate regulations and
communicated to Trade
Waste.

Agreed

Current process to be
reviewed and procedure
to be developed/
amended if necessary

Paul Jemetta

31/03/2010

4 Charges are set for Trade Waste
on an annual basis. There is no
formal approval of these charges.

Charges may be set
inaccurately.

.
Medium

Trade Waste charges
should be formally
approved ahead of
implementation.

Documentation should be
retained to evidence this
decision.

Agreed

Approval of charges for
Trade Waste will be
formally documented
within Management
Team meetings.

Trade waste charges are agreed in the budget along with all other fees and charges

Phil Dunsdon

30/06/2010

5 It has been noted that the majority of activities within the Trade Waste function are carried out by a sole individual.

Key personnel risk.

Segregation of duties may not be maintained.

.

Medium

Consideration should be given to delegating certain activities within the Trade Waste function to other officers. Clear procedure notes should be drawn up to mitigate against the risk of the loss of knowledge within the department.

Agreed

The split of activities in Trade Waste will be considered as part the internal restructuring process.

Phil Dunsdon

31/05/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

6 There is no process in place for Debtors may be set up .
Management should Agreed Paul Jemetta
approving new Trade Waste
contracts.

inaccurately or in error. Medium ensure that a process of
authorisation is
implemented for new
Trade Waste debtors.
Procedure for
authorisation of new
Trade Waste debtors to
be developed.

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Operating Effectiveness

7 Before a Trade Waste contract is Customers may not exist or .
Documentation should be Agreed Phil Dunsdon
granted to a business, the
following evidence is obtained to
validate the organisations
existence:

operate as a going
concern, increasing the risk
that income will not be
collected

High retained to support all
new applications.

Discussions should be
held across the Council to

It should be noted that
this process has been
tightened up. Those
issues noted by audit

31/03/2010

.
Headed Letter Paper; establish when this were in the process of

.
Business Rates notification; and

.
Companies House confirmation
No evidence is retained to support
the Companies House checks
information is required.

Responsibility for
obtaining the information
should be clarified to
avoid duplication of effort.

being dealt with.

All documentation
should be retained for
new contracts.

Conversations will be
performed. When testing a sample held with Business
of 30 new contracts headed letter Rates to consider how
paper was not retained for 15 this information can be
contracts and business rates shared.
documentation was not filed for 19
cases. A further 3 contract files
could not be provided for audit.

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

8 Requests are made I on a daily
basis for excess collections. All
excess collection invoices should
be authorised and recorded on
both the Trade Waste database
and the Agresso invoice run. The
following issues were noted when
testing 50 invoices raised in year:

.
No records had been
retained for excess
collections on 1 day
sampled. On 1 further day
the invoices were not
authorised;

.
8 invoices were not
recorded on the Trade
Waste database;

.
8 invoices were omitted
from the invoice run. No
rationale was documented
for these omissions.
Revenue may not be
maximised or accurately
recorded. Income balances
may be misstated.

.
High
Documentation should be
retained for all excess
collection invoices raised.
Checks should be
performed to ensure that
invoices are recorded
accurately and included
in invoice runs. If
amounts are not invoiced
the rationale should be
clearly documented on
file.

Agreed
Procedure for raising
and filing of monthly and
excess collection

invoices to be reviewed
and amended as
required.

Spot checks will be
performed on invoices to
ensure that they have
been authorised and
included for invoicing.

Whitespace will make
this process more
effective by creating
electronic worksheets for
each additional lift in
addition to in-cab
technology and bin-
weigh

Nathalie

Desenclos

30/04/2010

Paul Jemetta

30/04/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

9 At the time of audit, £25,000 of
Trade Waste debts had been
flagged for write off but this process
had not been performed.
Debtor balances may be
overstated

Medium
All flagged debts should
be written off as a matter
of urgency.

Agreed
Write offs to be
processed

Anna Winship

31/03/2010

10 Credit notes should be signed as Credit notes may be .

Supporting Agreed Nathalie
authorised before processing. In
3/30 cases, the credit notes could
not be provided for audit.

processed inaccurately or
in error. Low documentation should be
retained for all credit
notes.

Procedure for raising,
authorisation and filing of
credit notes to be

Desenclos

30/04/2010

reviewed and amended
as required

Spot checks will be
performed on

transactions ahead of
the year end to ensure
that clear audit trail is in
place.

Paul Jemetta

31/03/2010

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Ref Control weakness found Specific risk Risk
rating
Recommendations Management response Officer
responsible &
implementation
date

11 Invoices are issued to trade waste
customers quarterly in advance.

Invoice runs for each quarter in
2009/10 were not run on a timely
basis. The quarter 1 invoices were
run 2 months late and the following
quarters were over 1 month late.

Invoice runs are for approximately
£600k per quarter.

Revenue is not being
received on a timely basis.

The Councils cash position
may be adversely affected.

Medium

Invoice runs should be
performed in line with the
agreed timetable.

Agreed

A timetable has been
agreed for 2010/11 to
ensure that invoices are
issued on a timely basis.

Adherence to this
timetable will be
monitored by OCW's

Management Team

Phil Dunsdon

30/04/2010

12 Limited documentation is retained to
evidence the recovery process for
Trade Waste debt. A complete audit
trail was not present for any of the 30
cases tested by audit.

Debts may not be
recovered on a timely basis
leading to an increase risk
for write off.

High

Documentation should be
held to evidence all
stages of the recovery
process. All recovery
should be carried out in
line with procedures in

place (As noted in issue
#3)

Agreed

Procedure for

documenting recovery

process to be reviewed

and amended if

necessary.

Phil Dunsdon

Complete

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Appendix 1 -Assurance ratings

High

No control weaknesses were identified; or

Our work found some low impact control weaknesses which, if addressed would improve overall control. However, these weaknesses do not affect key controls and are unlikely to impair the achievement of the objectives of the system. Therefore we can conclude that the key controls have been adequately designed and are operating effectively to deliver the objectives of the system, function or process.

Moderate

There are some weaknesses in the design and/or operation of controls which could impair the achievement of the objectives of the system, function or process. However, either their impact would be less than significant or they are unlikely to occur.

Limited

There are some weaknesses in the design and / or operation of controls which could have a significant impact on the achievement of key system, function or process objectives but should not have a significant impact on the achievement of organisational objectives. However, there are discrete elements of the key system, function or process where we have not identified any significant weaknesses in the design and / or operation of controls which could impair the achievement of the objectives of the system, function or process. We are therefore able to give limited assurance over certain discrete aspects of the system, function or process.

No

There are weaknesses in the design and/or operation of controls which [in aggregate] could have a significant impact on the achievement of key system, function or process objectives and may put at risk the achievement of organisation objectives.

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2009/10

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