

Internal Audit Report Summary

Service: Vehicle Maintenance	
Date of Final Audit Report	19 th December 2014
Audit Actions:- 30 actions 26 outstanding	
Audit Objective	
To review the arrangements in place for council vehicles, including a review of contracts, maintenance and repair.	
Summary of Audit Findings	
<p>There are significant weaknesses in controls within the workshop operations and in some areas there are no controls at all. A small number of minor controls were found to require strengthening within the commissioning side of the workshop procedures and processes, this area was found, in the main, to be working well.</p> <p>Contract Standing Orders have not been followed for any of the 31+ contractors used by the workshop and no quotations have been obtained for any of the work given to contractors. Internal Audit is concerned that value for money cannot be demonstrated. There is evidence that at least one contractor uses the workshop area for the maintenance of his own private vehicle.</p> <p>The budget relating to workshop / operations was found to have been overspent by more than £500,000 during 2013/14.</p> <p>Paper and electronic records were found to be incomplete or did not contain necessary information to identify the vehicle worked on, with little or no audit trail and correction fluid is being used on documents which the Operational Transport Services Manager has stated may need to be used as legal documents.</p> <p>Driver and Vehicle Standards Agency regulations require that services are carried out within one week either side of the scheduled service date. In all cases, the dates that a service was scheduled to take place was found to have been entered on the job sheet as the date that the work on the vehicle actually started, whether the service was started on this date or not, and the completion date was found to have been entered as within one week of the alleged start date so as to give the impression that the service was completed within the allowed timescale. In testing, it was found that some services were not carried out until up to six weeks after the scheduled service date, thus the start and completion dates of services being entered are incorrect and Driver and Vehicle Standards Agency regulations are not being met.</p> <p>The same faults were found to have been repaired by one particular contractor multiple times in a very short time period. In each case, the</p>	

contractor recharged the Authority for the work.

DVLA rules and regulations and the Authority's Disposal of Vehicles Procedure were not adhered to when disposing of a vehicle with a scrap metal merchant who is not registered as an Authorised Treatment Facility. The Authority did not receive any monetary value for the vehicle.

In some cases, brake tests were not carried out as part of the standard safety check at a service and the vehicles were released back to the driver in a potentially dangerous state.

There is no stock control system operating at the workshop and stock is therefore potentially open to theft. There is no clear audit trail showing which parts from stock are used on which vehicles.

Details of contractors' liability insurance have not been obtained from any of the contractors who use the workshop facilities to repair vehicles. The Operator's Licence states that it is for the attention of an officer who no longer works for the Authority.

Summary Response from Managers

A weekly invoice report will be circulated to the Commissioning Manager and the Transport Service Manager.

Specifications are being drawn up and the tender process will be started for all works that are not carried out by LBM staff. The Operator's Licence has been updated with the details of the new Transport Service Manager.

Staff and contractors will be informed that they are not, under any circumstances, use the workshop for work on any vehicle that is not owned or leased / hired by LBM.

Liability insurance certificates will be obtained and copies taken, from all contractors who use workshop facilities and these will be checked on an annual basis.

A signing-in book is in place and this will be monitored. All contractors will be reminded to sign in and out.

The alarm system has been upgraded and staff are being trained on its operation. A list of key holders will be compiled.

Declaration of interest forms will be completed by all staff annually and all staff will be required to declare all relationships or other

connections that they or members of their families have with staff, contractors and / or their families, and suppliers. Staff that have a potential conflict of interest will not be involved with any work carried out by the stated contractor or supplier.

All disposals will be carried out by the Commissioning Manager and DVLA rules and regulations will be adhered to at all times.

The Fleet Maintenance Manager will sign off job sheets and overtime sheets, and the Transport Services Manager will sign these in his absence. Regular team leader meetings are now in place and budgets form a regular part of the agenda.

The Fleet Maintenance Manager will prepare a business case to inform a procurement process for auto electrical diagnostics software. The Fleet Maintenance Manager will remind fitters that all documents must be fully completed, that defect sheets must be completed for all jobs, that correction fluid must not be used on any documents, that the job start date must be the same as or after the date that a request for work was received and that a job sheet must be completed for all work.

Contractors will be informed, prior to carrying out any work, that they will be held responsible and no extra costs will be paid, if work that they have carried out is faulty. Fleet numbers of vehicles worked on will be stated on all orders raised on Proactis. If parts are ordered for stock, this will be stated on the order on Proactis.

A letter has been sent to all contractors informing them of the requirements for invoicing by HMRC and that invoices not in the correct format will be refused and returned for amendment. The invoice log will be updated to include fleet numbers of vehicles for all invoices paid.

Service job sheets will be amended so that they clearly and separately state the service schedule date, the service start date and the service or job completion date, and these dates will not be falsified under any circumstances. A clear audit trail will be shown on each job sheet that shows when a service is scheduled, what dates it actually took place from and to, and who completed all aspects of the service.

Brake tests and emissions tests will be carried out at every service and within the specified service period and the date that each brake and emissions test is done will be within the service start and completion dates stated on the relevant job sheet.

Photocopies of brake tests or emissions tests will not be taken and used in place of a brake test or emissions test that has not been carried out. The Fleet Maintenance Manager will inform fitters that if a service cannot be carried out on the scheduled date, this should be noted on the job sheet and the actual date that it is carried out must be stated. All services will be carried out even if a lack of resources means that they have to be carried out late.

Mango System	
Final Report Date:	20th October 2014
Audit Actions =9. All action are outstanding but not yet due	
Audit Objective	
<p>Review the application procedures and polices including system administration procedures, application account maintenance procedures and logical access controls.</p> <p>Review the Input and Output controls - including interfaces with other systems (e.g. Civica, GL) and audit trails, including logging, exception handling, monitoring and reporting.</p> <p>Review the supporting arrangements and system availability including back up, recovery, upgrades, patching etc.</p>	
Summary of Audit Findings	
<p>The Mango system allows the Council to manage a range of activities across many locations. The application is currently used by Leisure & Greenspaces Teams within the Environment and Regeneration department.</p> <p>This review has taken into consideration the nature of the back office process, the number of current users and the overall risks posed. The recommendation made within this report on has been based on best IT practice.</p> <p>The review found evidence of operational/user manual. However, no evidence was found of a documented procedure manual covering the process followed such as access control etc. It is Internal Audits understanding that this is being carried out as part of the Transformation Programme.</p> <p>It was further noted that a periodic user access rights reviews has not been formalised and could potentially increase the risks of unauthorised access to the system.</p> <p>A copy of the contract/SLA between Booking Live and Merton seen by the Auditor fails to address access to information held by Booking Live as well as details of the backup and recovery arrangements.</p> <p>Furthermore the review did not find any evidence of a validation routine between Civica Icon and Mango.</p>	

The review found that the maintenance and support of the application is fully outsourced to Booking Live (systems provider) with LB Merton IT Services having some day to day involvement.

It was also noted that implementation of the system was sporadically supported by LB Merton IT Services with the bulk of the implementation being undertaken by non-specialist IT leisure professionals.

Supporting arrangements should be agreed with LB Merton IT Services to ensure that changes to the system is implemented in a timely manner to ensure that full potential of the system is realised.

It is further recommended that assistance is sought from LB Merton IT Service to ensure that the recommendations made within this report are delivered in accordance with best IT practice

Summary of agreed action

- Operating procedures will be drawn up detailing internal process.
- System access accounts to be reviewed.
- Introduction of a process for reconciling bookings on Mango and payments received in Civica.
- BookingLive to provide evidence of their backup and recovery arrangements.

Service: Sherwood Primary School	
Date of Final Audit Report –	Draft date 7 th January, Response received 4 th Feb 2015. Detailed response to each action outstanding
Audit actions =22, all in process of being implemented	
Audit Objectives	
To review the financial arrangements in place at the school and to follow up on those issues raised in the February 2014 report.	
Summary of Audit Findings	
<p>An previous internal audit review was carried out in February 2014 which received a 'Limited Assurance' and due to this a follow up review was undertaken.</p> <p>The school has remained under a Notice of Concerns since December 2013, and the following has not taken place as stated in the requirements:</p> <ul style="list-style-type: none"> - Monthly monitoring meeting are not being held at the school between the LA, SMB and the Headteacher. - A representative from the LA is not attending all finance committee meeting, as only 2 out of 4 meeting had a representative - A Finance committee meeting was last held in September 2014. <p>A planned deficit has been agreed of £86,278, and the November budget monitoring report shows that the school is on track to achieve this. However close monitoring of the following areas is required in order to ensure that the £86,278 deficit remains achievable :</p> <ul style="list-style-type: none"> - Non-order invoices – £73,904 uncommitted expenditure - Overtime – April – November £23,953 paid in overtime which has not be committed for - Agency cost – Agency staff sickness budget already overspent, and an agency staff being used but not committed on budget - Staff contractual hours – staff hours used for budget setting has increased by 30 hours but not yet adjusted on SIMS FMS. <p>Controls over the petty cash account were found to be very poor, resulting on £1,800 unaccountable expenditure.</p> <p>The school fund account requires close monitoring and regular reconciliation to ensure any possible shortfalls in the following areas do not result in the school fund account becoming overdrawn, risking a further deficit in the delegated fund:</p>	

- School trip arranged with a shortfall of £7,000
- Uniform are being sold, but no reconciliation of cost and revenue are undertaken
- After school and Breakfast Club – unable to ascertain if the clubs are self-sufficient

Summary Response from Managers

Since the Interim business manager has been in post in September we have met regularly (weekly). I have also met with the Chair of Finance every 3-4 weeks for 1-2 hour in-depth meetings. The next finance meeting is arranged for the 9th February 2015 at 6pm, where the audit report will be discussed.

The school is working hard to ensure that the budget deficit is managed and at the time of audit had already started to put in place changes in financial procedures identified in the report. The shortfall on the school trips will be covered by fund raising at the school.

Service:	Vouchers
Date of Final Audit Report	26 th January 2015
Audit Actions - 16. Of these 15 have been implemented and 1 outstanding not yet due	
Audit Objective	
To review the procedures and controls in relation to the issue and storage of vouchers.	
Summary of Audit Findings	
<p>Stronger controls need to be put into place to minimise the risks related to managing the vouchers in the future, in particular:</p> <ul style="list-style-type: none"> • Using traceable/ cancellable gift cards • Inventory control • Secure storage area • Segregation of duties <p>A payroll audit report issued in June 2014, highlighted the issue of sensitive data not being securely stored, this recommendation was accepted as implemented.</p>	
Managers summary of agreed action	
All actions accepted and 15 implemented.	

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