

**Report to:** Audit Committee

**Date of Meeting:** 15 November 2018

**Report Title:** Chief Auditor's Summary Audit and Risk Report

**Report By:** Tom Davies  
Chief Auditor

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### **Purpose of Report**

To inform the Audit Committee of the key findings from the Council Tax, Creditors and Petty Cash audits.

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### **Recommendation(s)**

**1. That the Audit Committee accepts the report.**

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### **Reasons for Recommendations**

To monitor levels of control within the organisation.

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## Summary report to Audit Committee

### Council Tax

#### Introduction

This audit was undertaken as part of the approved audit programme. The last full audit of the Council Tax system was in February 2016 by Mazars LLP when the Service was given a full assurance.

For the year 2017/2018 the collectable Council Tax debt was £47,574,768 from 43,469 rated properties. The figures for collectable Council Tax debt will fluctuate throughout the year along with the number of banded properties. The in-year collection rate achieved for 2017/2018 was 95.1%. The in-year collection rate is the amount of council tax due for the financial year that was received by 31 March of the year in question, shown as a percentage of the net collectable debit in respect of that year's council tax.

#### Audit Conclusion

##### **Overall Audit Assessment: A – Good**

Controls are in place and work effectively.  
There are no significant audit concerns.

#### Key Findings

1. The Council Tax system is administered effectively and efficiently.
2. The level of Council Tax debt is rising year on year.
3. The contribution of the Contact Centre to Council Tax work is developing to the satisfaction of all.

#### Management Response

We agree with the report and its findings.

# Summary Report to Audit Committee

## Creditors

### Introduction

The audit was undertaken as part of the approved 2018/2019 audit programme. The last full audit of the creditors system was in 2016 although supplementary audit work and testing is carried out every year as part of the International Audit Standards work for the external auditors.

For the year from 1 April 2017 to 31 March 2018, 14,957 creditor payments were made amounting to £26.8 million. This compares with 11,244 creditor payments totalling £24.9 million for the financial year for the financial year 2014/15.

The finance system used by Hastings Borough Council is called Unit4 Business World (Unit4BW). This is an upgrade to Agresso, the previous financial system. Unit4BW came into operation at the beginning of April 2018.

Due to the implementation of the new finance system audit has carried out additional testing in Unit4BW to gain assurance that the system and processes are working correctly.

Although the Council is no longer required to report on performance to the Government it is imperative that the creditors system is administered accurately and efficiently to ensure that invoices are paid both correctly and promptly.

### Audit Conclusion

#### Overall Audit Assessment: A – Good

There are no significant audit concerns with most controls in place and working effectively.

No high recommendations are made.

### Key Findings

The Creditors system is administered effectively and efficiently.

There has been a period of adjustment following the recent upgrade from Agresso to Unit4 Business World however this has not caused significant issues.

Working practices are continuing to be reviewed by management with a view to improving the service as Unit4 Business World is fully rolled out.

For the year from 1 April 2017 to 31 March 2018, 14,957 creditor payments were made amounting to £26.8 million. This compares with 11,244 creditor payments totalling £24.9 million for the financial year 2014/15.

### Management Response

We agree with the report and its recommendations.

## Summary Report to Audit Committee

### Petty Cash

#### Introduction

A reconciliation between petty cash float balances and Agresso records was last undertaken in November 2011. At that time, 18 individual petty cash floats were in operation with a total float value of £3,360. This audit has found that only 6 petty cash floats are currently in use within the following services:

Housing (General)  
Housing (Syrian Refugees)  
Cemetery and Crematorium  
Business Support  
Museum  
Revenues and Benefits

The total float value for all accounts is now £2,195.

The audit has also found that the value of petty cash reimbursements claimed by the above services has notably increased from £5,544 in 2015/16 to £13,433 in 2017/18. This increase can largely be attributed to petty cash funds being made available via Housing Services in order to assist with supporting Syrian refugees from April 2016.

It is therefore important that petty cash provisions for each department are regularly reviewed to ensure that usage is still necessary, imprest limits are proportionate and transactions are recorded accurately.

#### Audit Conclusion

##### Overall Audit Assessment: B – Satisfactory

Most controls are in place and work effectively. Some improvements are recommended to ensure best practice and efficiency. Further changes are recommended in order to ensure policy compliance is introduced. Main audit concerns were the lack of both policy guidance for administering petty cash and also control records for petty cash payments in some departments.

#### Key Findings

Currently, 6 petty cash floats are in use within the following departments:

Housing (General)  
Housing (Syrian Refugees) #  
Cemetery and Crematorium  
Business Support  
Museum  
Revenues and Benefits

# Although the amount within the cash tin is kept at a constant level and funds are received through the imprest system it is not used as an accessible store of money kept by an organization for expenditure on small items.

Petty cash reimbursements claimed by the above departments has notably increased from £5,544 in 2015/16 to £13,433 in 2017/18. This increase can largely be attributed to petty cash funds being made available via Housing Services in order to assist with supporting Syrian refugees from approximately April 2016.

The Council does not have its own detailed guidance or policy relating to the use or administration of petty cash. Audit recommends that a policy is introduced to aid administration efficiency and reduce the risk of fraud and error.

Petty cash control records were not maintained by some departments. This was rectified during the course of the audit.

Calculation of Value Added Tax (VAT) has proven problematic for petty cash holders, as they have found it difficult to identify items on purchase receipts that were inclusive of VAT. Audit have recommended that a simple guide to VAT is produced in order to ensure reimbursements are correct and VAT figures are correctly recorded on vouchers and petty cash control sheets.

Audit was satisfied in general that the vouchers it examined were for valid business purposes.

## **Management Response**

We agree with the report and have put an action plan in place to address the recommendations.

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**Wards Affected**

None

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**Policy Implications**

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	Yes
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

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**Additional Information**

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