

To: Members of SMB

CC:

From:

Date: 15 August 2007

Subject: Bus Passes

- 1.1 A review of the system of control underpinning the issue of bus passes through the Customer Service Centre was recently undertaken by Internal Audit.

2. Scope of the Review

2.1 The review exercise included:

- An analytical review of the reconciliation exercise undertaken at the Revenue Office.
- A Stock count of bus passes at the CSC.
- An assessment of the controls over the issuance, recording and accounting for bus passes.
- Establishment of the responsibility and control of bus pass tickets held at the CSC.

3. Findings

3.1 Outcomes of the exercise identified control weaknesses in the following areas:

- a) Bus pass tickets were not being issued through the 'Back Office' (the Revenue Office') thus compromising adequate separation of duties.
- b) Inadequate security existed over passes held in the CSC with unrestricted access to a drawer and the bus pass tickets it contained.
- c) Stocks of tickets were not being issued in a sequential range of numbers.
- d) Tickets were not being issued in sequential order.
- e) There were no control records stating to whom and by whom tickets had been allocated other than the application form.
- f) Reconciliations were incomplete and did not include the reconciliation of permit numbers.
- g) All bus pass permits could not be accounted for as either issues or spoilt passes.

4. Agreed Recommendations

- 4.1 The relevant service managers agreed to implement the following with immediate effect:
- a) Reintroduction of the issue of bus pass tickets through the 'Back Office' thus introducing an appropriate separation of duties between the receipt of a request for a ticket and its issue.
 - b) Expansion of the reconciliation exercise to include reconciliation of permit numbers.
 - c) The issue of tickets in sequential order and the recording of the ticket number, who issued it and the date of issue.
 - d) Communication to all relevant staff of the amended procedures.

5. Conclusion

- 5.1 The review exercise undertaken identified weaknesses in control that could be attributed at least in part to the transfer of the operation from a service area to the Customer Service Centre. The weaknesses in control that emerged created an environment in which it was possible for the unauthorised removal of a bus pass without detection. The above recommendations should ensure that such removals cannot take place in the future. Internal Audit will undertake a follow-up review of the new procedures in October 2007 to confirm that the new controls are operating as anticipated.
- 5.2 A range of services are now being provided through the Customer Service Centre rather than via a back office service function. It is, therefore, recommended that appropriate managers and transforming services staff identify all processes that have been transferred into the Customer Service Centre. A review of this list should then be undertaken by Internal Audit staff to assess the potential for control weaknesses in other processes.

APPENDIX B: MANAGEMENT ACTION PLAN: BUS PERMITS 2007-08

Paragraph	Recommendation	Significance L Low M Med H High	Agreed/ Not agreed	Officer Responsible	Officer Comments	Implementation date
4.1 a)	Reintroduction of the issue of bus pass tickets through the 'Back Office' thus introducing an appropriate separation of duties between the receipt of a request for a ticket and its issue.	High	Agreed	Angela Gee, Customer Services Manager / Ian Wilson, Local Taxation Manager	No additional comments	Immediate
4.1 b)	Expansion of the reconciliation exercise to include reconciliation of permit numbers.	High	Agreed	Angela Gee, Customer Services Manager / Ian Wilson, Local Taxation Manage	No additional comments	Immediate

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4.1 c)	The issue of tickets in sequential order and the recording of the ticket number, who issued it and the date of issue.	High	Agreed	Angela Gee, Customer Services Manager / Ian Wilson, Local Taxation Manage	No additional comments	Immediate
4.1 d)	Communication to all relevant staff of the amended procedures.	High	Agreed	Angela Gee, Customer Services Manager / Ian Wilson, Local Taxation Manage	No additional comments	Immediate
5.2	Internal Audit follow-up review of the new procedures to be undertaken to confirm that the new controls are operating as anticipated.	Medium	Agreed	Margaret Mulkerrin, Audit Manager	No additional comments	October 2007



Internal Audit Memorandum

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Paragraph	Recommendation	Significance L Low M Med H High	Agreed/ Not agreed	Officer Responsible	Officer Comments	Implementation date
5.2	<p>Appropriate managers and transforming services staff identify all processes that have been transferred into the Customer Service Centre.</p> <p>A review of this list to be undertaken by Internal Audit staff to assess the potential for control weaknesses in other processes.</p>	High	Agreed	<p>Angela Gee / Relevant Service Managers & Transforming Services Team.</p> <p>Margaret Mulkerrin, Audit Manager</p>	No additional comments	TBA