



Audit, Governance and Standards Committee

Thu 25 Sep
2014
7.00 pm

Committee Room 2
Town Hall
Redditch

REDDITCH BOROUGH COUNCIL

*making
a
difference*

www.redditchbc.gov.uk

Access to Information - Your Rights

The Local Government (Access to Information) Act 1985 widened the rights of press and public to attend Local Authority meetings and to see certain documents. Recently the Freedom of Information Act 2000, has further broadened these rights, and limited exemptions under the 1985 Act.

Your main rights are set out below:-

- Automatic right to attend all Council and Committee meetings unless the business would disclose confidential or “exempt” information.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Council and its Committees (or summaries of business undertaken in private) for up to six years following a meeting.
- Automatic right to inspect lists of background papers used in the preparation of public reports.
- Access, upon request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral areas of all Councillors with details of the membership of all Committees etc.
- A reasonable number of copies of agenda and reports relating to items to be considered in public must be made available to the public attending meetings of the Council and its Committees etc.
- Access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned.
- Access to a summary of the rights of the public to attend meetings of the Council and its Committees etc. and to inspect and copy documents.
- In addition, the public now has a right to be present when the Council determines “Key Decisions” unless the business would disclose confidential or “exempt” information.
- Unless otherwise stated, all items of business before the Executive Committee are Key Decisions.
- (Copies of Agenda Lists are published in advance of the meetings on the Council's Website:
www.redditchbc.gov.uk

**If you have any queries on this Agenda or any of the decisions taken or wish to exercise any of the above rights of access to information, please contact
Debbie Parker Jones
Democratic Services**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: 01527 881411
Email: d.parkerjones@bromsgroveandredditch.gov.uk**

Welcome to today's meeting.

Guidance for the Public

Agenda Papers

The **Agenda List** at the front of the Agenda summarises the issues to be discussed and is followed by the Officers' full supporting **Reports**.

Chair

The Chair is responsible for the proper conduct of the meeting. Generally to one side of the Chair is the Democratic Services Officer who gives advice on the proper conduct of the meeting and ensures that the debate and the decisions are properly recorded. On the Chair's other side are the relevant Council Officers. The Councillors ("Members") of the Committee occupy the remaining seats around the table.

Running Order

Items will normally be taken in the order printed but, in particular circumstances, the Chair may agree to vary the order.

Refreshments : tea, coffee and water are normally available at meetings - please serve yourself.

Decisions

Decisions at the meeting will be taken by the **Councillors** who are the democratically elected representatives. They are advised by **Officers** who are paid professionals and do not have a vote.

Members of the Public

Members of the public may, by prior arrangement, speak at meetings of the Council or its Committees. Specific procedures exist for Appeals Hearings or for meetings involving Licence or Planning Applications. For further information on this point, please speak to the Democratic Services Officer.

Special Arrangements

If you have any particular needs, please contact the Democratic Services Officer.

Infra-red devices for the hearing impaired are available on request at the meeting. Other facilities may require prior arrangement.

Further Information

If you require any further information, please contact the Democratic Services Officer (see foot of page opposite).

Fire/ Emergency instructions

If the alarm is sounded, please leave the building by the nearest available exit – these are clearly indicated within all the Committee Rooms.

If you discover a fire, inform a member of staff or operate the nearest alarm call point (wall mounted red rectangular box). In the event of the fire alarm sounding, leave the building immediately following the fire exit signs. Officers have been appointed with responsibility to ensure that all visitors are escorted from the building.

Do Not stop to collect personal belongings.

Do Not use lifts.

Do Not re-enter the building until told to do so.

The emergency Assembly Area is on Walter Stranz Square.



Audit, Governance and Standards Committee

Thursday, 25th September, 2014

7.00 pm

Committee Room 2 Town Hall

Agenda

Membership:

Cllrs:	Roger Bennett (Chair) David Thain (Vice-Chair) Michael Braley Natalie Brookes John Fisher	Jane Potter Rachael Smith John Witherspoon Pat Witherspoon
Independent Member:	Dave Jones (non-voting co-opted – for Audit and Governance)	
Feckenham Parish Council Representative	Kevin White (non-voting co-opted – for Standards)	

1. Apologies and named Substitutes	To receive the apologies for absence and details of any Councillor nominated to attend the meeting in place of a member of the Committee.
2. Declarations of Interest	To invite Councillors to declare any Disclosable Pecuniary Interests and/or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. Minutes (Pages 1 - 16)	<p>To confirm as a correct record the minutes of the meeting of the Audit, Governance and Standards Committee held on 3rd July 2014, subject to an amendment, as noted at the meeting of Full Council on 15th September 2014, to the final sentence of Minute No. 15 (Portfolio Holder Update – 2013/14 Outturn) which should read:</p> <p>“Officers responded that a large number of Bromsgrove District Council staff had relocated to the Town Hall, with the rental income for this for the last financial year being £100k.”.</p> <p>(Minutes attached)</p>
4. Monitoring Officer's Report - Standards Regime (Pages 17 - 20) Head of Legal, Equalities and Democratic Services	<p>To receive a report from the Monitoring Officer on any matters of relevance to the Committee.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>

Audit, Governance and Standards Committee

Thursday, 25th September, 2014

<p>5. Feckenham Parish Council Representative's Report - Standards Regime</p>	<p>To receive a report from the Feckenham Parish Council Representative on any matters of relevance to the Committee.</p> <p>(Oral report)</p> <p>(Astwood Bank & Feckenham Ward)</p>
<p>6. Audit, Governance and Standards Committee - Action List and Work Programme</p> <p>(Pages 21 - 30)</p> <p>Chief Executive</p>	<p>To consider the Audit, Governance and Standards Committee's Action List and Work Programme.</p> <p>(Action List and Work Programme attached)</p> <p>(No Direct Ward Relevance)</p>
<p>7. Review of the Independent Member Role on the Committee</p>	<p>Section 4 of the Audit, Governance & Standards Committee Procedure Rules state that the Committee can appoint a number of people as non-voting co-optees.</p> <p>Following a formal recruitment and selection process which took place in late 2013, Mr Dave Jones was appointed the Committee's first Independent Member (non-voting co-opted) on a 12-month trial basis to December 2014.</p> <p>Members are asked to consider whether they wish for the role of Independent Member on the Committee to continue and, if so, whether this should be on a permanent basis or for a set term of office, and how the position should be appointed to.</p> <p>Note: Mr Jones and any members of the public present will be asked to leave the meeting during the consideration of this item.</p> <p>(No separate report)</p> <p>(No Direct Ward Relevance)</p>
<p>8. Grant Thornton - Audit Findings Report</p>	<p>To enable Members to consider the Audit Findings Report 2013/14 from Grant Thornton.</p> <p>(Report to follow)</p> <p>(No Direct Ward Relevance)</p>

Audit, Governance and Standards Committee

Thursday, 25th September, 2014

<p>9. Risk Monitoring and Reporting</p>	<p>To receive any Officer and/or Lead Risk Member (Councillor John Witherspoon and Mr Dave Jones, Independent Member) oral updates in relation to risk monitoring activity which has taken place since the last meeting of the Committee.</p> <p>(Oral report(s))</p> <p>(No Direct Ward Relevance)</p>
<p>10. Fraud Monitoring and Reporting</p>	<p>To receive any Officer and/or Lead Fraud Member (Councillors Braley and Thain) oral updates in relation to fraud monitoring activity which has taken place since the last meeting of the Committee.</p> <p>(Oral report(s))</p> <p>(No Direct Ward Relevance)</p>
<p>11. Benefits Investigations - 1st April 2014 to 30th June 2014</p> <p>(Pages 31 - 40)</p> <p>Executive Director, Finance and Resources</p>	<p>To advise Members on the performance of the Benefits Services Fraud Investigation Service during the period 1st April 2014 to 30th June 2014.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>12. Statement of Accounts 2013/14</p> <p>Executive Director, Finance and Resources</p>	<p>To approve the Statement of Accounts for 2013/14.</p> <p>(Report to follow)</p> <p>(No Direct Ward Relevance)</p>
<p>13. Internal Audit - Monitoring Report</p> <p>(Pages 41 - 92)</p> <p>Executive Director, Finance and Resources</p>	<p>To consider the progress report of internal audit work with regard to the residual 2013/14 audit work and the 2014/15 year.</p> <p>(Report attached)</p> <p>(No Direct Ward Relevance)</p>
<p>14. Portfolio Holder's update - Quarterly Budget Monitoring</p>	<p>To receive an oral update from Councillor John Fisher, Portfolio Holder for Corporate Management, on the latest Finance Monitoring Report referred to the Executive Committee.</p> <p>(Oral report)</p> <p>(No Direct Ward Relevance)</p>

Audit, Governance and Standards Committee

Thursday, 25th September, 2014

15. Exclusion of the Public

Should it prove necessary, in the opinion of the Chief Executive, to exclude the public from the meeting at any point during the proceedings in relation to any item(s) of business on the grounds that either exempt and/or confidential information is likely to be divulged, the following resolution(s) will be moved:

"That under Section 100 I of the Local Government Act 1972, as amended, it/they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Act, as amended, the relevant paragraphs of that part being (*...to be specified by the Chairman at the meeting*), and that it is in the public interest to do so.", and/or

"That under Section 100 A of the Local Government Act 1972, as amended, it/they involve the likely disclosure of confidential information which would be in breach of an obligation of confidence."

The paragraphs under Part 1 of Schedule 12A to the Act are as follows:

Subject to the "public interest" test, information relating to:

- **Para 1 – any individual;**
- **Para 2 – the identity of any individual;**
- **Para 3 – financial or business affairs;**
- **Para 4 – labour relations matters;**
- **Para 5 – legal professional privilege;**
- **Para 6 – a notice, order or direction;**
- **Para 7 – the prevention, investigation or prosecution of crime;**

may need to be considered as 'exempt'.



Audit, Governance and Standards

Committee

Thursday, 3 July 2014

MINUTES

Present:

Councillor Roger Bennett (Chair), Councillor David Thain (Vice-Chair) and Councillors Michael Braley, Natalie Brookes, John Fisher (during Minute No's 8 to 15), Jane Potter, Rachael Smith and Pat Witherspoon

Dave Jones – Independent Member for Audit & Governance (non-voting co-opted member of the Committee)

Also Present:

Megan Harrison (Independent Person for Standards – observing)
Phil Jones and Zoe Thomas (Grant Thornton – External Auditors)

Officers:

Andy Bromage, Claire Felton, Clare Flanagan, John Godwin, Sam Morgan and Amanda de Warr

Committee Services Officer:

Debbie Parker-Jones

1. INTRODUCTION AND WELCOME TO THE NEW AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

The Chair welcomed all present to the first meeting of the new Audit, Governance and Standards Committee. He explained that the Committee had seen an amalgamation of the Council's former Audit & Governance Committee and Standards Committee, and comprised a number of newly elected Members.

The Chair asked all present to introduce themselves and to set out their roles. He requested that when presenting reports Officers highlight the key report elements, and that Members ask any questions after the Officer had finished their presentation.

The future meeting dates of the Committee, as detailed in the agenda listing, were noted. This included an additional Statement

.....
Chair

Audit, Governance and Standards Committee

Thursday, 3 July 2014

of Accounts Briefing for all members of the Committee on 11th September 2014.

2. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor John Witherspoon.

It was also noted that Councillor Fisher would be arriving a little late.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. MINUTES

The minutes of the meetings of the Standards Committee held on 24th October 2013 and the Audit & Governance Committee held on 24th April 2014 were submitted.

RESOLVED that

the minutes of the meetings of the Standards Committee held on 24th October 2013 and the Audit & Governance Committee held on 24th April 2014 be confirmed as correct records and signed by the Chair.

5. MONITORING OFFICER'S REPORT - STANDARDS REGIME

Members received a report from the Monitoring Officer (MO) outlining the current position in relation to standards regime matters of relevance to the Committee.

i) Monitoring Officer's Report

The MO explained that this was a historical report which had previously been submitted the former Standards Committee and that she was happy to produce a new style report should Members so wish. She requested that Members let her know if they had any particular issues or requests in this regard.

ii) Member Complaints

The MO commented that the complaint information detailed in the report was as much as could be provided under the agreed

Audit, Governance and Standards Committee

Thursday, 3 July 2014

process, with the information being sufficient for Members to identify any emerging complaint trends.

iii) Hearings Sub-Committees

The MO advised that the proposed memberships of the Hearings Sub-Committees detailed in the report followed the previously established format, with a decision as to the Sub-Committee memberships being required from Members. The MO added that it had not yet proven necessary under the current standards regime to make use of the Hearings Sub-Committees.

Members agreed, without amendment, the proposed memberships of the Hearings Sub-Committees as set out in the report.

iv) Member Training

The MO stated that the majority of Member training had taken place around the 2014 Election. The Member Steering Group met regularly so if the Committee wished to make any recommendations to that Group they could easily be worked into the process.

Highly positive feedback had been received from Members in relation to the Planning training and it was hoped the training would be replicated at Bromsgrove District Council in 2015, following the Council's all-out Elections.

Members felt that certain elements of the current year's training had proven more successful than in previous years, particularly where there had been opportunity to train with Members from other authorities.

On being asked how they had viewed the current Member training programme so far, some of the newly-elected Members commented that the training had been both intense and of a good quality. It was felt there had been a lot to digest in a relatively short space of time, particularly where training was of a quasi-judicial nature. One newly-elected Member stated that, as a member of the Audit, Governance and Standards Committee, it would be useful to receive training on what the Members' role on the Committee was and what exactly they should be looking for when considering the business of the Committee.

The MO responded that Members of the Committee had, where necessary, attended specific external training events to assist them in their roles. Provided a Member's Group Leader agreed to any such training in advance and notified Officers of this then the

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

training would be funded by the Council. From time-to-time where there were relevant updates on procedure rules and the like then the MO would look at both external and internal training packages for Members.

Phil Jones, Engagement Lead at Grant Thornton, advised that Grant Thornton had rescheduled the first of their 2014/15 Midlands Local Government Audit Committee Member Network events from 2nd to 30th July, should any Members of the Committee wish to attend this. Grant Thornton also produced a number of publications to assist Members in their roles on audit committees and detailing emerging issues which might of interest to Members, some of which were detailed later in the agenda under Grant Thornton's Progress Update Report item.

v) Feckenham Parish Council Representative of the Committee

Officers advised that the next meeting of Feckenham Parish Council was due to take place on 17th July 2014. The Parish Council would, at that meeting, be seeking a replacement Parish Representative and Deputy Parish Representative to sit on the Audit, Governance and Standards Committee following the previous post holders' resignations from the Parish Council.

vi) Independent Observer on the Committee

The MO explained that when the current standards regime was introduced (some 2 years earlier) the Council had wished for an additional transitional non-voting co-opted Independent Observer role on the former Standards Committee. This role had been filled by Michael Collins, a former Independent Member on the Standards Committee under the previous standards regime.

The MO and Chair of the former Standards Committee had recently spoken with Mr Collins and all had agreed that in view of the size of new combined Audit, Governance and Standards Committee, which also included Dave Jones as the existing Independent Member for Audit and Governance matters and a Feckenham Parish Council representative for standards matters, the Committee may well become unwieldy with the additional Independent Observer role as well. Mr Collins had therefore agreed to step down from this role which would now cease to exist.

The former Chair of the Standards Committee stated that Mr Collins had been involved with the Standards Committee for a number of years and had played a positive part in the Committee's decision-making. His work with the Council had been applauded in the past

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

and it had been agreed that he attend the meeting of Full Council in September to receive formal thanks in recognition of his services to the Council. Members also expressed their formal thanks to Mr Collins for his number of years' service and contributions to the standards regime.

RESOLVED that

- 1) the report of the Monitoring Officer and the additional updates provided by the Monitoring Officer at the meeting be noted;
- 2) the following memberships of the Hearings Sub-Committees be approved:

Hearings Sub-Committee 1

Cllr Bennett (Chair), Cllr Brookes and Cllr Fisher

Hearings Sub-Committee 2

Cllr P Witherspoon (Chair), Cllr Braley and Cllr Potter

Hearings Sub-Committee 3

**Cllr Thain (Chair), Cllr R Smith and Cllr J Witherspoon;
and**

- 3) the Committee place on record its formal thanks to Michael Collins in recognition of his number of years' service to the Council as an Independent Member and Independent Observer of the former Standards Committee.

6. LOCALISM ACT 2011 - STANDARDS REGIME - DISPENSATIONS REPORT

Members received a report which sought the re-granting of general dispensations previously granted by the former Standards Committee prior to the 2014 Borough Council Elections, together with the grant of a new additional dispensation, under s33 of the Localism Act 2011. The dispensations would enable Members to participate and vote on matters under consideration at Council and committee meetings in the circumstances detailed in the report.

Audit, Governance and Standards Committee

Thursday, 3 July 2014

The Monitoring Officer (MO) set out the background to the report and the dispensations previously granted and new category of dispensation relating to Non-Domestic Rates.

Members approved the granting of all of the general dispensations in question, which it was noted applied where a Member had a Disclosable Pecuniary Interest in the matter and which would otherwise prevent them from participating and voting in such matters. The granting of the general dispensations remained subject to the requirement that individual Members continue to apply in writing for a specific dispensation.

The caveat under Section 106 of the Local Government Finance Act 1992 whereby any Member who was 2 months (or more) in arrears with their Council Tax payments could not participate in any Council meeting concerning the budget was noted. In the event any Members were affected by this provision the statutory rule that they be barred from taking part in the budget decisions would prevail and the general dispensation granted by the Committee would not apply.

RESOLVED that

- 1) subject to the caveat set out in paragraph 3.12 of the report (and as detailed in the preamble above) in relation to setting the budget, dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and committee meetings when considering the setting of the Budget, Council Tax, Members' Allowances and Council Rents be granted;**
- 2) a dispensation under Section 33 (2) of the Localism Act 2011 to allow Members to address Council and committees in circumstances where a member of the public may elect to speak be granted;**
- 3) a dispensation under section 33(2) of the Localism Act 2011 to allow Members to participate in and vote at Council and committee meetings when considering the adoption of Non-Domestic Rates, Discretionary Rate Relief Policy and Guidance affecting properties within the Borough be granted;**
- 4) the dispensations referred to at 1), 2) and 3) above take effect on receipt of a written request from Members for a dispensation and where Members may have a**

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and

- 5) the dispensations referred to at 1), 2) and 3) above be valid until the first meeting of the Audit, Governance and Standards Committee after the Borough Council Elections in 2015.**

7. AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - ACTION LIST AND WORK PROGRAMME

Action List

- i) Ref 1 – Lead Risk Member training – Cllr Bennett

It was noted that this matter would be dealt with under agenda item 10; Appointment of Lead Fraud and Risk Members on the Committee (Minute No. 10 refers).

- ii) Ref 2 – Feasibility of introducing monthly rents on commercial buildings in advance via direct debit

Officers advised that they had been consulting with Property Services in this regard and that Property Services were offering monthly payment terms where this was requested. However the majority of payments remained on a quarterly basis.

Action: item to remain on Action List for future monitoring and reporting.

- iii) Ref 3 – Future monitoring of use of balances to support expenditure

No update was provided by Officers as it was noted that an oral update from the Portfolio Holder for Corporate Management on the 2013/14 Outturn Report appeared later in the agenda at Item 15 (Minute No. 15 refers).

Action: item to remain on Action List for future monitoring and reporting.

Audit, Governance and Standards Committee

Thursday, 3 July 2014

Work Programme

Officers advised that the Work Programme before Members had been compiled from the existing Work Programmes carried over from the former Audit & Governance and Standards Committees.

It was noted that some of the scheduled meetings had a large number of items listed for consideration. Officers and Members were asked to consider the contents of the Work Programme and to contact the Democratic Services Officer (DSO) should they have any suggestions in this regard. The DSO would then liaise with the Chair on any possible amendments to the Work Programme.

RESOLVED that

subject to the comments detailed in the preamble above, the Committee's Action List and Work Programme be noted and the amendments and updates highlighted be agreed.

8. GRANT THORNTON PROGRESS UPDATE REPORT

The Committee received an update report from Grant Thornton on progress in delivering their responsibilities as the Council's external auditors. An update on emerging national issues and developments and local authority accounting guidance, which it was felt might be of interest to Members when discussing the final accounts in September, was also included.

Grant Thornton had completed their interim accounts audit for the Council and work on the 2013-14 final accounts audit was due to commence shortly. No issues of concern had been raised by the external auditors as part of the interim accounts audit.

It was noted that additional work on reviewing the Barclays Bank Lease for Threadneedle House, which was outside the scope of the interim audit, had been requested by Officers and undertaken by the external auditors. A final report for this work had been issued and recommendations in the resulting report had been responded to by management. A Member commented that relevant Members should be consulted on the report to ensure this was complete.

RESOLVED that

the report be noted.

Audit, Governance and Standards Committee

Thursday, 3 July 2014

9. RISK MONITORING AND REPORTING

The Committee received a presentation from the Head of Leisure and Cultural Services (HLCS) on the key operational risks which had been identified within his service area.

The HLCS spoke on the 8 key operational risks identified, as follows:

1. Failure to achieve income targets or inability to generate funding from external funding sources (including failure to satisfy present demand/maximise on opportunities);
2. Failure to ensure the health and safety of the public, staff and visitors using services (meeting regulatory requirements);
3. Ineffective management of projects and contractors, including third party delivery arrangements;
4. Failure to maintain current standards within parks and green spaces;
5. Failure to ensure that current buildings and facilities remained fit for purpose and supported the business objectives of the service;
6. Inability to respond to and support additional unplanned demands, events and opportunities;
7. Impact on services due to changes in climate and associated weather patterns; and
8. Failure to support and influence the public health and community based agendas.

The Service's risks were reviewed on a quarterly basis and any actions undertaken and controls added as and when required.

A Member queried whether cash reconciliation at the Palace Theatre, which had previously been highlighted to the Committee as an issue, had been addressed. The HCLS confirmed that this issue had been addressed and the previous issues resolved.

Private sector competition was a factor for the Abbey Stadium. New health gyms had opened within the town and fitness was a highly competitive area. An additional 120 members had been recruited to the Abbey Stadium in June and Officers were mindful of the need to invest in membership offers and the building moving forward in order to remain competitive with the private sector.

In relation to climate change issues and strategies to address these, Officers advised that they were currently working through an investment strategy around the Council's playing areas. Good

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

drainage systems would assist greatly and Officers were currently working with Environmental Services on maintenance issues and how best to deliver services.

It was becoming increasingly difficult to enhance the Council's parks and green spaces owing to the costs involved and ongoing budget cuts, with these being the most well-used and well-regarded areas of the service.

RESOLVED that

the presentation be noted.

10. APPOINTMENT OF LEAD FRAUD AND RISK MEMBERS ON THE COMMITTEE

The Democratic Services Officer (DSO) explained the background to the previous Lead Fraud and Risk Member appointments on the Committee.

It was noted that Councillors Roger Bennett and Yvonne Smith had previously been appointed as the Lead Risk Members, and Councillor Fisher and former Councillor Roger Hill as the Lead Fraud Members on the Committee.

Members agreed that there was still a desire to appoint Lead Members for these areas and that two Members continue to be appointed to each role. The Members would in turn report back to the Committee on any training and/or other activities which they had undertaken with Officers in relation to their roles.

Mr Dave Jones, Independent Member for Audit and Governance matters on the Committee, volunteered as one of Lead Risk Members. As Mr Jones had been appointed as a non-voting co-opted member of the Committee the DSO stated that she would check whether Mr Jones was eligible to be appointed to the Lead Risk Member role, and would report back to Members and Mr Jones in this regard. It was further agreed that the relevant Officers would liaise with the Member appointees after the meeting to arrange suitable training.

RESOLVED that

- 1) Councillors Braley and Thain be appointed the Lead Fraud Members on behalf of the Audit, Governance and Standards Committee, and**

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

- 2) **subject to receipt of suitable Officer confirmation as to Mr Jones's eligibility for the role, Mr Jones and Councillor John Witherspoon be appointed the Lead Risk Members on behalf of the Audit, Governance and Standards Committee.**

11. INTERNAL AUDIT - ANNUAL REPORT 2013/14

The Committee received the Internal Audit Annual Report for 2013/14 and the 2013/14 Worcestershire Internal Audit Shared Services Manager's (WIASS) annual opinion on the overall adequacy of the Council's internal control environment.

Officers explained the background to the report and highlighted the significant increase (over the previous year) in the number of high priority recommendations set out under the Key Performance Indicators. There could be peaks and troughs with these and detailed actions place were in place to address any issues.

For the benefit of the new Members on the Committee it was highlighted that 'full' was the highest achievable assurance level for an audit. Audits attracting an assurance of either moderate or significant were perfectly acceptable as these contained no significant high risk issues. The majority of completed audits had been allocated an assurance level of either moderate or above, meaning there was generally a sound system of internal control in place, no significant control issues had been encountered and no material losses had been identified during a time of significant transformation and change.

It was noted that no assurance level had been given for ICT and it was queried whether there was any plan to address this. Officers advised that a report on this would be referred to the next meeting of the Committee. The scope of the ICT audit had been fairly narrow with business continuity having been highlighted as an issue.

As detailed in the report, whilst Internal Audit could provide reasonable assurances based on the audits performed, no system of control could provide absolute assurance against material; misstatement or loss, nor could Internal Audit give that assurance.

Based on the audits performed in accordance with the approved plan, it had been concluded that the internal control arrangements during 2013/14 effectively managed the principal risks identified in the audit plan and could reasonably be relied upon to ensure that

Audit, Governance and Standards Committee

Thursday, 3 July 2014

the Council's corporate objectives had been met. However, there was a significant risk emerging which could jeopardise the position in the future. With the austerity measures and the need to reduce the overall Corporate budget the transformation plan and 'unspecified' savings would require greater clarity to ensure better transparency, expectation and accountability in order to ensure the Council could work towards a sound financial footing. Any significant risks identified would be raised with the Council's 151 Officer which the Committee would in turn monitor moving forward.

A request was made by the Chair that the Council's procurement policies be looked into, to ascertain how contracts were awarded, how the Council publicised upcoming contracts and how contracts were monitored. This was with a view to ensuring that the Council was, where possible, assisting new and local businesses and encouraging them to apply for contracts, and that no unnecessary hurdles were being put in their way preventing them from doing so. In view of the financial cuts from central government Members also wished to ensure that contracts were being awarded in the most effective manner. The Chair added that this was an area which the newly appointed Lead Fraud Members on the Committee may also wish to become involved in.

Officers stated that a number of procurement and economic development related events had been arranged for local suppliers, which had had proven popular with large numbers in attendance. Officers were also looking at simplifying the procurement process.

The WIASS advised that the agreed 2014/15 Internal Audit Plan had identified Procurement, Contract Compliance and Tendering as an area to be looked at. Days were therefore already available within the agreed Plan for this to happen and Internal Audit was happy to undertake the work and now had a clear scope for this. Officers would seek to deliver this audit in quarter 2, namely July to September. Members agreed that Internal Audit should proceed with Procurement audit as planned.

RESOLVED that

- 1) the report be noted; and**
- 2) the Procurement audit identified within the agreed 2014/15 Internal Audit Plan proceed as planned, this to include the scoping terms detailed in the preamble above.**

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

12. ANNUAL GOVERNANCE STATEMENT 2013/14

The Committee's approval was sought to the Annual Governance Statement (AGS) for signature by the Leader of the Council and the Chief Executive, for inclusion in the Statement of Accounts 2013/14.

Officers explained the format of the AGS and confirmed that the Significant governance and internal control issues section of the Statement should state that a total of 2 complaints had been made against Members during 2013/14 (and not 2012/13 noted in the Statement).

A large amount of work was ongoing by Officers in relation to reviewing the Council's balances.

The Chair raised the issue of concerns which had arisen out of the latest Staff Survey. Officers responded that the concerns were currently being looked into, with a number of Officer working groups having been established to assist in the process.

RESOLVED that

the Annual Governance Statement be approved.

13. BENEFITS INVESTIGATIONS - 1ST DECEMBER 2013 TO 31ST MARCH 2014

The Committee received a report which advised on the performance of the Benefits Services Fraud Investigation Service from 1st December 2013 to 31st March 2014.

Officers highlighted the key elements of the report and confirmed that all referrals were looked into by Officers, with fraud investigation being taken very seriously by the Council.

An update was given on the proposed implementation of the Single Fraud Investigation Service (SFIS), with Redditch and Bromsgrove now due to join the organisation in February 2016 – somewhat later than the rest of the county which would join in November 2014. Some staff would transfer to new roles within the Department for Work and Pensions, which the Council's Human Resources Team would be supporting staff with.

Officers stated that the delay in joining the SFIS would be useful as it would provide opportunity to look at the implications for the service and how to make best use of resources moving forward.

Audit, Governance and Standards Committee

Thursday, 3 July 2014

Cllr Fisher requested that it be formally recorded that when he had visited the Benefits Services Fraud Investigation Service he had been very impressed with members of staff and of the commitment they had shown to their jobs.

RESOLVED that

the report be noted.

14. DEBT RECOVERY UPDATE - QUARTERS 3 AND 4 2013/14

The Committee received a report advising Members on the collection and recovery processes of the Council's income team, and on outstanding debt levels.

Officers highlighted the key elements of the report, which it was noted was the second such report to have been referred to the Committee and which was being referred to Members on a six-monthly basis.

Officers explained that it was important to note that some of the debt detailed in the report was not necessarily formally overdue at the time the report was written. The total debt outstanding for Former Tenancy Arrears had seen a downward trend since 2010/2011. Current collect rates stood at 84%, with write-offs being kept to an absolute minimum.

Changes introduced by the County Council to Lifeline charges would see a significant rise in the number of invoices raised, with a large number of payments being paid weekly in cash which created a significant amount of additional work for staff. Direct debit was the cheapest payment method for the Council, with cash being the most expensive option and payments under £5 possibly costing the Council more to administer than their value. Officers stated that this might, in time, create the need for a report to Members looking at the viability of weekly payments and of available payment options moving forward.

A Member who was involved with the Redditch Older People's Forum stated that the message of cost needed to be relayed to Lifeline users, with there being a lot of vulnerable elderly people who used the service. She added that if there was any way the Forum could help in this regard then it would be happy to do so and that Officers should let them know if this was the case. Officers responded that they had spoken with the manager of the Lifeline service and that conversations were ongoing in relation to payment methods.

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

A query was raised on the meaning of the table contained in the report showing the total debt outstanding at the end of each financial year, along with the total number and value of new invoices raised. Officers advised that this was relatively new information which had been requested by Members. It was noted that the total debt and number of outstanding debts related to many years and were the totals at the end of each financial year. The Independent Member commented that information on the number of debtor days and any upward/downward trends in this regard might be helpful in future, for possible better control, which Officers confirmed they would look to provide in the next update report.

RESOLVED that

the report be noted.

15. PORTFOLIO HOLDER UPDATE - 2013/14 OUTTURN

The Committee received an oral update from the Portfolio Holder for Corporate Management on the 2013/14 Outturn Report.

Members were advised that the accounts for 2013/14 had been drafted and authorised by the Director of Finance for submission to the External Auditors. The draft accounts would be sent to the members of the Committee within the following week or so, for consideration at the Statement of Accounts Briefing in early September. The full audit would take place in August and the final accounts presented to the Committee for approval at the end of September.

A full report would be presented to the Executive Committee later in July on the year-end financial position and the Portfolio Holder wished to present a summary to the Committee in advance of that.

When the Council set the budget there were £550k of savings which were not fully identified. During the year budget holders and managers had been working towards the delivery of those savings whilst ensuring there was no impact on front lines services or quality.

The savings had been delivered in a number of areas including:

- Only incurring expenditure on essential items;
- Holding vacancies where there was no urgent need to recruit immediately – posts such as waste collection operatives or swimming attendants would not be kept vacant;

Audit, Governance and Standards

Committee

Thursday, 3 July 2014

- Maximising income from the Council's services – e.g. the Palace Theatre and Abbey Stadium; and
- Utilising reserves to reduce costs in the year.

The Portfolio Holder was pleased to report that in addition to the unidentified savings being delivered the final underspend for the Council was £166k. This represented an increase on the original budget projections of £250k. The underspend would be transferred to balances, which now stood at £1.2m. This was in line with a robust position to support the Council with the financial pressures it would face in the future, however there was no scope for complacency.

Whilst it would be easy to identify savings by merely cutting jobs the impact on services of any such cuts would need to be looked at closely and clearly identified, with a number of service reviews currently being ongoing. The Independent Member commented that a cause and effect risk analysis could be looked at when undertaking service reviews. The Portfolio Holder agreed and confirmed that services were continually being reviewed and streamlined, with cause and effect being included as part of the process.

A Member commented that vacant posts should be removed if they were not required and not kept aside, and that whilst monies had been raised from the sale of Threadneedle House the annual rental income from the lease for this would be lost. Officers responded that a large number of staff had moved into Threadneedle House, with the rental income for this for the last financial year being £100k.

RESOLVED that

the Portfolio Holder's update be noted.

The Meeting commenced at 7.13 pm
and closed at 9.25 pm

.....
Chair

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**

25th September 2014

MONITORING OFFICER'S REPORT – STANDARDS REGIME

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder consulted	
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services and Monitoring Officer
Wards affected	All Wards
Ward Councillor consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the position in relation to key standards regime matters which are of relevance to the Audit, Governance and Standards Committee since the last meeting of the Committee on 3rd July 2014.
- 1.2 It is proposed that a report of this nature be presented to each meeting of the Committee to ensure that Members are kept updated as to any relevant developments. Any further updates arising after publication of this report will be reported orally by the Monitoring Officer (MO) at the meeting.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

the report of the Monitoring Officer, together with any additional updates provided by the Monitoring Officer at the meeting, be noted and commented upon as appropriate.

3. KEY ISSUES**Financial Implications**

- 3.1 There are no financial implications arising out of this report.

Legal Implications

- 3.2 The Localism Act became law on 15th November 2011. Chapter 7 of Part 1 of the Localism Act 2011 introduced a new standards regime effective from 1st July 2012. The Act places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE****25th September 2014**

councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 were laid before Parliament on 8th June 2012 and also came into force on 1st July.

Service / Operational ImplicationsMember Complaints since 30th June 2014

- 3.3 Since the end of June the MO has received one complaint about a Member. The allegation was that the Member may have had access to confidential information which was being inappropriately acted upon by the Member. On preliminary investigation, the MO established that no confidential information had been passed to the Member. The MO met with the complainant who was satisfied that the complaint had been taken seriously and dealt with internally, and thanked the MO for her efforts.

Member Training

- 3.4 Since the last report a number of Member development sessions have been held at Redditch including:
- Overview and Scrutiny workshop on 14th June – aimed at all committee members and open to others;
 - Licensing Committee training on 12th June – mandatory for Members new to the Committee and those who had previously served on it but who had not attended mandatory training during the past year;
 - Safeguarding for all councillors on 25th June; and
 - Audit, Governance and Standards Committee training on 3rd July.
- 3.5 At the time of drafting this report upcoming sessions include:
- Chairing Skills on 17th September (hosted by Bromsgrove DC) – aimed at chairs and vice-chairs of Council committees;
 - Equalities on 18th September – for all councillors; and
 - Loan sharks on 23rd September – increasing awareness to support councillors in their ward role – for all councillors.

Feckenham Parish Council Representative and Deputy Parish Council
Representative on the Committee

- 3.6 Following the resignation as a parish councillor of the former post holder Fiona Hawker, Feckenham Parish Council has appointed Kevin White to the

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE****25th September 2014**

role of Parish Council Representative, and Pat Dormer to the role of Deputy Parish Council Representative, on the Audit, Governance and Standards Committee.

- 3.7 The Parish Council Representative role on the Committee – which is a non-voting co-opted position – enables Feckenham Parish Council to have input into standards matters, which is desirable given that the standards regime applies to both parish and borough councillors.
- 3.8 A Deputy Parish Representative is also appointed in the event the Parish Representative is unable to attend a meeting. The Deputy Parish Representative is invited to, and welcome to attend, all meetings of the Committee (including those at which the Parish Representative is present) in order to gain an insight into the workings of the Committee. Both Parish Councillors White and Dormer have therefore been invited to attend the meeting of the Committee on 25th September 2014.
- 3.9 A separate 'Feckenham Parish Council Representative's Update Report' item appears next on the Committee's agenda. This provides opportunity for the Parish Representative to update the Committee orally on any relevant standards-related matters.

Customer / Equalities and Diversity Implications

- 3.10 Any process for managing standards of behaviour for elected and co-opted Councillors must be accessible to the public. It is therefore proposed that an impact assessment will be carried out on the complaints process when established, to ensure accessibility.
- 3.11 In addition, it is proposed that the new arrangements will be publicised on the Council's website and that Officers will work to ensure that members of the public are made aware of the process for making a complaint through all existing community engagement events.

4. RISK MANAGEMENT

The main risks associated with the details included in this report are:

- Risk of challenge to Council decisions; and
- Risk of complaints about elected Members.

5. APPENDICES

None

**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE****25th September 2014**

6. BACKGROUND PAPERS

Chapter 7 of the Localism Act 2011.

Complaint papers and various reports to and minutes of meetings of the Standards Committee and Full Council, as detailed in the report.

AUTHOR OF REPORT

Name: Debbie Parker-Jones

Email: d.parkerjones@redditchandbromsgrove.gov.uk

Tel: 01527 881411

AUDIT, GOVERNANCE & STANDARDS COMMITTEE ACTION LIST – 25TH SEPTEMBER 2014 MEETING

Officers: Andy Bromage - Worcestershire Internal Audit Shared Services Manager
 Sam Morgan - Financial Services Manager
 Jayne Pickering - Executive Director, Finance and Resources
 Amanda de Warr - Head of Customer Access and Financial Support

Ref	Action/Issue	Origin	Lead Officer/ Member	Priority/ timescale	Officer Response/Action Status
1	<p>Feasibility of introducing monthly rents on commercial buildings in advance via direct debit.</p> <p>Can this item now be removed from the Action List or do Members still wish to receive future updates on this?</p>	Minutes 12 of 27.06.13, 44 of 24.04.14 and 7 of 03.07.14 meetings refer.	Sam Morgan & Jayne Pickering	25.09.14 meeting	Officers agreed at 27.06.13 meeting to look into this. Chair rescheduled update to 24.04.14 meeting. Officers provided 24.04.14 update and Members requested that leases for commercial buildings be discussed further with Property Services in order to assess whether greater flexibility could be applied on the payment of rents. Further update provided by Officers at 03.07.14 regarding Property Services and payment terms.
2	Future monitoring of use of balances to support expenditure. Relates to District Auditor's finding that in relation to Value For Money the Council could not continue to rely on using balances to support expenditure, with considerable savings being necessary over following 3 years (Annual Audit Opinion 2011//12).	Minutes 26 of 18.03.13, 38 (x) of 25.04.13, 21 of 26.09.13 and 44 of 24.04.14 meetings refer.	Sam Morgan, Jayne Pickering & Cllr Fisher	Ongoing	<p>Officers to provide ongoing periodic updates to Committee on information referred to Executive Committee as part of quarterly Budget Monitoring reports.</p> <p>Cllr Fisher, Portfolio Holder for Corporate Management, also to provide oral updates on Financial Budget Monitoring at each meeting of the Committee (wef 16.01.14).</p>

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE**

25th September 2014

WORK PROGRAMME

(Note: The Audit, Governance and Standards Committee's Terms of Reference, as agreed by the Council on 9th June 2014, are attached for Members' information.)

22nd January 2015

- **Monitoring Officer's Report – Standards Regime**
- **Parish Council Representative's Report – Standards Regime**
- **Committee Action List & Work Programme (combined Audit, Governance and Standards)**
- **Risk Monitoring** (including any oral updates from those members of the Committee charged with overseeing Risk Monitoring on behalf of the Committee)
- **Corporate Risk Register** (if item applicable for 2015)
- **Benefits Investigations & Fraud Monitoring** (including any oral updates from those members of the Committee charged with overseeing Fraud Monitoring on behalf of the Committee)
- **Debt Recovery Update Report** (for Quarters 1 and 2 – April to September)
- **Annual Governance Statement 2014/15 – Progress Update** (if applicable)
- **Treasury Management Strategy, Prudential Indicators and Minimum Revenue Provision Policy 2015/16** (or may go to April 2015 meeting)
- **External Audit – Progress Report** (if applicable)
- **External Audit – Annual Audit Letter**
- **External Audit – Grant Claims Certification Work Report** (or April meeting)
- **Portfolio Holder Update – Quarterly Budget Monitoring** (oral update)
- **Internal Audit – Monitoring Report**
- **Internal Audit – Annual Audit Plan 2015/16 (Draft)**

23rd April 2015

- **Monitoring Officer's Report – Standards Regime**
- **Parish Council Representative's Report – Standards Regime**
- **Committee Action List & Work Programme (combined Audit, Governance and Standards)**
- **Risk Monitoring** (including any oral updates from those members of the Committee charged with overseeing Risk Monitoring on behalf of the Committee)
- **Benefits Investigations & Fraud Monitoring** (including any oral updates from those members of the Committee charged with overseeing Fraud Monitoring on behalf of the Committee)
- **Accounting Standards (Statement of Accounting Policies)**

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

25th September 2014

- **Annual Governance Statement 2014/15 – Progress Update** (if applicable)
- **Treasury Management Strategy, Prudential Indicators and Minimum Revenue Policy Provision 2015/16**
- **External Audit – Auditing Standards 2014/15 (Communication with the Audit and Governance Committee and Executive)**
- **External Audit – Progress Report** (if applicable)
- **External Audit – Audit Plan 2014/15**
- **External Audit – Audit Fee Letter 2015/16**
- **Portfolio Holder Update – Quarterly Budget Monitoring** (oral update)
- **Internal Audit – Monitoring Report**
- **Internal Audit – Annual Audit Plan 2015/16 (Final)**
- **Annual Review of the Operation of the Audit, Governance and Standards Committee (Chair’s Oral Report) & Annual Review of the Committee’s Procedure Rules** (Minute 4 (Audit and Governance Committee – Procedure Rules) of 28th June 2012 meeting refers)
- **Calendar of Meetings 2015/16**

July 2015 (meeting date not yet set)

- **Monitoring Officer’s Report – Standards Regime**
- **Parish Council Representative’s Report – Standards Regime**
- **General Dispensations – Standards Regime**
- **Committee Action List & Work Programme (combined Audit, Governance and Standards)**
- **Risk Monitoring** (including any oral updates from those members of the Committee charged with overseeing Risk Monitoring on behalf of the Committee)
- **Benefits Investigations (for period 1st December to 31st March) & Fraud Monitoring** (including any oral updates from those members of the Committee charged with overseeing Fraud Monitoring on behalf of the Committee)
- **Debt Recovery Update Report** (for Quarters 3 and 4 – October to March)
- **Annual Governance Statement 2014/15 (for inclusion in the Statement of Accounts)**
- **External Audit – Progress Report** (if applicable) **including oral update on Value for Money Conclusion**
- **Portfolio Holder Update – Quarterly Budget Monitoring** (oral update)
- **Internal Audit – Monitoring Report**
- **Internal Audit – Annual Report 2014/15 (including review of effectiveness of Internal Audit)**

(Note: Copies of the draft Annual Accounts and Annual Governance Statement will be sent to all members of the Committee at the same time as they are issued to the External Auditors.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND
STANDARDS COMMITTEE****25th September 2014**

There will also be a Member Briefing on the Statement of Accounts for the members of the Committee in early/mid September 2015, prior to the Committee's formal consideration of the Statement of Accounts at its meeting at the end of September 2015.)

September 2015 (meeting date not yet set)

- **Monitoring Officer's Report – Standards Regime**
- **Parish Council Representative's Report – Standards Regime**
- **Committee Action List & Work Programme (combined Audit, Governance and Standards)**
- **Risk Monitoring** (including any oral updates from those members of the Committee charged with overseeing Risk Monitoring on behalf of the Committee)
- **Benefits Investigations & Fraud Monitoring** (including any oral updates from those members of the Committee charged with overseeing Fraud Monitoring on behalf of the Committee)
- **Audited Statement of Accounts 2014/15**
- **Annual Governance Statement 2015/16 – Progress Update** (if applicable)
- **External Audit – Progress Report** (if applicable)
- **External Audit – Audit Findings Report 2014/15**
- **Portfolio Holder Update – Quarterly Budget Monitoring** (oral update)
- **Internal Audit – Monitoring Report**

Meeting date to be determined

- **Review of the operation of the Protocol on Member-Officer relations (following consideration by the Constitution Review Working Party).**
- **Review of the operation of the Protocol on Member-Member relations (following consideration by the Constitution Review Working Party).**

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE TERMS OF REFERENCE

Number of members	9
Number of Co-opted, non-voting members	<p>1 Independent non-voting Member for the purpose of Audit and Governance;</p> <p>1 Parish Representative, who may not also be a Borough Councillor, for the purpose of Standards.</p>
Politically Balanced Y/N	Y
Quorum	4 (to include at least one member of the Majority Group)
Procedure Rules applicable	Council Procedure Rules (with the exception of Council Procedure Rules 1-4, 10, 14, 18.2, 20.1 and 22)
Chair	The Chair and Vice-Chair of the Committee and any of its Sub-Committees will be a Borough Councillor.
Special provisions as to the Chair	For the sake of independence, the Chair shall not be a member of the controlling political group.
Terms of Reference	<p><u>Audit and Governance</u> <u>Internal and External Audit</u></p> <p>a. To review and monitor the annual audit plans of both the internal and external auditors.</p> <p>b. To receive and comment upon the external auditors' reports.</p> <p>c. To monitor the adequacy and effectiveness of the Council's system of internal control by ensuring that an adequate and effective system of internal financial controls is maintained, that financial procedures are</p>

	<p>regularly reviewed.</p> <p>d. To consider, monitor and review the Council's overall corporate governance arrangements.</p> <p>e. To enhance the profile, status and authority of the internal audit function which will demonstrate its independence.</p> <p>f. To focus audit resources by agreeing, and periodically reviewing, audit plans and monitoring delivery of the audit service.</p> <p>g. To receive and consider such internal audit reports that the Chair and/or Deputy Chief Executive considers necessary.</p> <p><u>Risk</u></p> <p>h. To consider, monitor and review the effectiveness of the Council's risk strategies, policies and management arrangements and seek assurances that action is being taken to address identified risk related issues.</p> <p><u>Finance and Value for Money</u></p> <p>i. To consider and approve the Council's Annual Statements of Accounts.</p> <p>j. To consider any report from the Internal Audit Manager in pursuance of Financial Regulations.</p> <p>k. .To ensure good stewardship of the Council's resources and assist the Council to achieve value for money in the provision of its services.</p> <p>l. To keep under review, and make recommendations on, proposed amendments to Financial Regulations.</p> <p>m. To consider and make recommendations if appropriate on, the Annual Governance Statement.</p> <p><u>Standards</u></p> <p>n. To promote and maintain high standards of conduct by Councillors and any co-opted members of Council bodies;</p> <p>o. To assist the Councillors and co-opted members to observe the Members' Code of Conduct;</p>
--	---

	<p>p. To advise the Council on the adoption or revision of the Members' Code of Conduct;</p> <p>q. To monitor the operation of the Members' Code of Conduct;</p> <p>r. To advise, train or arrange to train Councillors and co-opted members on matters relating to the Members' Code of Conduct;</p> <p>s. To grant dispensations to Councillors and co-opted members from requirements relating to interests set out in the Members' Code of Conduct;</p> <p>t. To deal with any report from the Monitoring Officer following an investigation into a complaint concerning the Members' Code of Conduct;</p> <p>u. To consider and determine allegations that a Councillor or co-opted Councillor may have failed to follow the Code of Conduct and where a breach of the Code is established making recommendations as to any sanctions to the appropriate person or body.</p> <p>v. The exercise of u – v above in relation to the Parish Councils in the Council's area and the members of those parish Councils;</p> <p>w. To monitor, and review the operation of the Protocols on Member-Officer and Member-Member relations.</p>
Special provisions as to membership	<p>The Committee to comprise elected Members representing all interests of the Authority, preferably with relevant areas of expertise, where possible (such areas as accountancy, audit, business and commerce.)</p> <p>Can be members of the Executive Committee, but Party Group Leaders may not be, or act as substitutes for, members of the Committee.</p>

REDDITCH BOROUGH COUNCIL**AUDIT AND GOVERNANCE
COMMITTEE**25th September 2014**BENEFITS INVESTIGATIONS 1 April 2014 – 30 June 2014**

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	√
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To advise Members on the performance of the Benefits Services Fraud Investigation Service. This report gives performance information for the team from 1st April 2014 to 30th June 2014.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

3. KEY ISSUES**Financial Implications**

- 3.1 Direct expenditure for the year from 1st April 2013 to 31st March 2014 in relation to Housing Benefit and Council Tax Support amounted to just under £20m.
- 3.2 The successful investigation of fraud can impact upon other areas of benefit administration. On the files closed during the period of this report, the team identified £4,670 in overpaid Housing Benefit and £599 in excess Council Tax Benefit/Reduction.

Legal Implications

- 3.3 There are no specific legal implications.

Service/Operational Implications

- 3.4 The dedicated counter fraud team's purpose is to prevent and deter fraud as well as investigating any suspicions of fraudulent claims against the Authority.

AUDIT AND GOVERNANCE COMMITTEE

25th September 2014

- 3.5 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. At the end of this quarter there were 6,180 live Housing Benefit claims and 7,286 live Council Tax Support claims in payment.
- 3.6 Just over half of the caseload is made up of people of working age which results in a large number of changes in circumstances when moving in and out of work and also claiming other out of work benefits.
- 3.7 Although measures have been in place for some time to make this transition easier for customers, it still remains an area of risk for fraud and error to enter the system. As both Housing Benefit and Council Tax Support are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who is working or may have other income.
- 3.8 During the period covered by this report covers 176 fraud referrals were received by the team.
- 3.9 102 (58%) of these fraud referrals came from data-matching through the Housing Benefit Matching Service (HBMS). This is a scheme run nationally for Local Authorities by the Department for Work and Pensions (DWP) which matches our live benefit caseload on a monthly basis against DWP records relating to nationally paid benefits and private pensions, HMRC records relating to Tax Credits, work or savings as well as Post Office post redirection records
- 3.10 Data matching continues to be an excellent tool in detecting fraud but some of the data that ours has been matched against will have changed and the matches cannot be taken to be correct without further investigation.
- 3.11 27 (27%) of the fraud referrals received during the period were from official sources. Of these
- 2 were received from the Department for Work and Pensions (DWP)
 - 25 from within Redditch Borough Council (RBC), mainly within the Benefit Team.
- 3.12 47 (27%) of the referrals came from members of the public.
- 3.13 An increase in referrals from members of the public is always experienced following reports of successful prosecutions in the local press giving details of the case and how to report suspicions of benefits fraud. This practice is understood to deter fraud as one of the main

AUDIT AND GOVERNANCE COMMITTEE

25th September 2014

concerns of customers, who are being interviewed under caution for benefit fraud offences, is that their names will appear in the local press.

- 3.14 A joint approach is taken on fraud referrals which relate to benefits paid by both RBC and the DWP to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This maximises staffing resources and prevents the possibility of duplicate investigation work.
- 3.15 42 investigations were closed during this period and fraud or error was established in 40 of these cases. Of these:
- 1 customer was prosecuted for undeclared capital (detailed further in Appendix 1).
 - Cautions were accepted by 3 customers, for undeclared/under-declared work.
 - No administrative penalties were offered during the period and the practice of considering the customer's full circumstances, including ability to pay a financial penalty when deciding on the appropriate sanction in each case continues to be followed.
 - 32 cases were closed as fraud/error proven with a change to entitlement and/or an overpayment of benefit established.
 - 2 cases were closed as fraud/error proven but with no change to benefit or overpayment. Cases where payment has been prevented are included in this category.
- 3.16 In cases where an overpayment has been identified but where a full investigation is not considered worthwhile, customers are sent a letter reminding them of their duty to report changes in circumstances in order to avoid further overpayments and prevent full investigation and possible sanction on their claim in the future.
- 3.17 The numbers of referrals and sources of those referrals from April 2011 are set out in Appendix 2.
- 3.18 The trend indicates a reduction in referrals but this is largely due to the automation of a large number of changes which has reduced the likelihood of fraud and error entering the system and changes in the way some referrals are recorded.
- 3.19 Quite a large number of the referrals will not be taken up. This can be for a variety of reasons such as duplicate referrals where an investigation is already taking place, no benefit in payment, the

REDDITCH BOROUGH COUNCIL**AUDIT AND GOVERNANCE
COMMITTEE**25th September 2014

information in the allegation is already correctly declared alleged or would have no effect on the claim.

- 3.20 Cases where the allegation will have no effect on the HB/CTS claim but could impact on DWP benefits or Tax Credits are referred to the appropriate organisation to investigate.
- 3.21 In some cases the initial background enquiries will not establish sufficient intelligence for there to be a reasonable likelihood of proving fraud. The majority of these cases will be passed for a review to be carried out on the claim, usually by visit.
- 3.22 Some of the investigations that are carried out will not establish fraud and our aim is to keep this number to a minimum.
- 3.23 Investigations can also have implications on Council tenancies or other areas of the Council's services. In these cases the Investigation Officers work closely with appropriate Officers in order for all aspects to be covered. Likewise, if the investigation identifies a potential impact for an external service area, the information will be shared.
- 3.24 A shared Investigation Team working across both Bromsgrove District and Redditch Borough is now in place. A Senior Investigation Officer has been recruited to lead the team until February 2016 when they are due to transfer to the Single Fraud Investigation Service (SFIS).
- 3.25 The team will continue to investigate claims for Council Tax Support in order for decisions to be made on the future of this function which is not transferring to SFIS.
- 3.26 A counter fraud fund has been made available through the Department for Communities and Local Government for local authorities to submit bids to enable the investigation of non-benefit related fraud. The Government is particularly keen to fund innovative joint proposals and an application is currently being prepared for submission to enable investigation to be made and evaluated in respect of Council Tax Support fraud.
- 3.27 Members had previously requested benchmarking information, comparing performance with the other councils within the county to be included. As the majority of districts in Worcestershire are working towards the transfer of their fraud units to the Single Fraud Investigation Service in November, it is no longer be possible to provide this information.

AUDIT AND GOVERNANCE COMMITTEE

25th September 2014

Customer / Equalities and Diversity Implications

- 3.28 A robust mechanism for pursuing Housing Benefit and Council Tax Support Fraud is important to customers who expect to see action taken to reduce fraud and overpayment of benefits.

4. RISK MANAGEMENT

Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs incurred. In addition, without effective counter fraud activity increased numbers of claims where no or reduced entitlement would remain in payment and add to the service cost.

5. APPENDICES

Appendix 1 – Example cases

Appendix 2 - Number of Referrals by source

6. BACKGROUND PAPERS

None

AUTHOR OF REPORT

Name: Shona Knight

E Mail: shona.knight@bromsgroveandredditch

Tel: (01527) 64252 ext: 3039

Example cases

Case 1

A 42 year old woman accepted a caution for failing to declare that her wages had increased resulting in Housing Benefit of £1,305 being overpaid between August 2013 and January 2014.

This case was referred for investigation after the increase was identified by the Benefit Team. The customer had previously been sent a letter reminding of the importance of reporting changes as they take place as a result of a previous similar referral.

When interviewed under caution the customer admitted that she knew that she should have reported the change sooner.

The overpayment is being recovered through deductions from on-going benefit entitlement.

Case 2

A 43 year old man was jointly prosecuted with the DWP for failing to declare capital of almost £140,000 which he had received as a compensation payment and for claiming Disability Living Allowance (DLA) by claiming that he was virtually unable to walk after his condition had considerably improved. This investigation began after a referral was received from a member of the public and was initially passed to the DWP to investigate the DLA aspect with a view to working jointly overall.

This resulted in a successful surveillance operation being carried out, recording the customer playing football at a local Sports Centre leading on to the DLA claim ending.

Evidence of the undeclared capital was obtained and the customer admitted offences resulting in overpayments of £5,081 in Housing Benefit, £1,102 in Council Tax Benefit, and £7,829 in Income Support between December 2009 and December 2013 and £6,495 DLA from May 2012 to July 2013.

The customer pleaded guilty to dishonestly claiming benefit and was sentenced to a 3 year conditional discharge. He was also ordered to pay £100 towards the prosecution costs and a victim surcharge of £15.

The overpayment is being recovered through deductions from on-going benefit entitlement.

Case 3

Prosecution of a 43 year old woman for failing to declare that she was living with a partner was rejected by the Crown Prosecution Service as the evidence was not considered sufficient to prove the offences beyond all reasonable doubt.

The investigation into this claim was started by the DWP who invited joint working on this case.

Overpayments of £8,576 in Housing Benefit, £1,944 in Council Tax Benefit, £947 Income Support and £9,270 Employment and Support Allowance were calculated and the case was considered as suitable for prosecution.

The customer disputed the decision that she was living with a partner and went to appeal where the decision that had been made was upheld.

Action is currently underway to recover the overpaid Housing and Council Tax Benefit.

APPENDIX 2**Referrals by source**

¼ ending	Public	Data matching	Official source	Total
June 2014	47	102	27	176
March 2014	49	83	46	178
December 2013	56	54	83	186
September 2013	47	62	79	188
June 2013	66	66	74	202
March 2013	46	184	89	312
December 2012	30	216	61	314
September 2012	55	242	83	380
June 2012	76	400	61	534
March 2012	78	231	103	396
December 2011	78	112	101	287
September 2011	79	131	99	309
June 2011	68	113	105	286

The number of referrals received through data-matching peaked in 2012 when the DWP identified cases where there had been no change to earnings and/or tax credits on claims for over 12 months.

The introduction of automated notification of changes to tax credits and DWP benefits has reduced the numbers of claims that would be identified if a current match was run under the same rules.

Benefit assessors are also encouraged to consider whether the change in tax credits is likely to have been triggered by a change in earnings and confirm current income.

This automation has also contributed to the reduction in official source referrals over time because these changes are being identified at the time they are taking place. Changes in DWP policy, mainly their abolition of the use of cautions as an alternative to prosecution has also resulted in a reduction in the numbers of cases DWP colleagues are investigating, meaning fewer joint working invitations being received.

The number of data-matching referrals has increased over the last 2 quarters mainly because the matches identifying possible undeclared capital and unchanged earnings have been re-introduced.

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

**THE INTERNAL AUDIT PROGRESS REPORT OF THE SERVICE MANAGER OF
THE WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

1.1 To present:

- the progress report of internal audit work with regard to the residual 2013/14 audit work and the 2014/15 year.

2. RECOMMENDATIONS

2.1 **The Committee is asked to RESOLVE that the report be noted.**

3. KEY ISSUES

Financial Implications

3.1 There are no direct financial implications arising out of this report.

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Service / Operational Implications

- 3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2014 to 31st March 2015 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (24th April 2014):**2012/2013 Audits****Corporate Governance ~ Shared Service**

The review was a full systems audit concentrating on documentation provided to the Shared Services Committee and the financial data surrounding recharges to the individual councils. The review included areas such as savings made as a result of Shared Services/Transformation being clearly and accurately recorded, reports being issued to Members/Boards of all Shared Services/Transformation are accurate, clear and timely with savings against projected targets displayed. Also included were whether all related recharges to relevant Council's are accurate and timely. The review found the Redditch transformation process has been clearly set out and there is a cross organisational approach to the delivery of the new way of working. The Corporate Management Team has a clear understanding of what the vision of the Councils' is and where transformation should help to achieve this vision. However although management have a clear understanding of transformation of services there is room for improvements to be made in the way that this is captured and reported to Members.

Current Status: Final Report issued 9th May 2014

Assurance: N/a ~ Critical review

2013/2014 Audits:**Mutual Exchanges and Transfers**

The review found there is a sound system of control in place, however, some expected controls (for example the availability of source documents) were not evident. The audit confirmed good practice being followed in the use of checklists to identify key processing tasks and to help achieve processing

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

timescales. In addition supporting information held on Home Choice was found to be very good. It was noted that, as part of the 'transformation review', housing waiting list application forms are no longer retained on file and Home Choice is used should any point of reference be required. Whilst this decision is acknowledged by Audit, it is understood that a document management system is to be implemented and, should this be the case, it may be appropriate to re-consider the decision not to retain the housing waiting list application form.

Current Status: Final Report issued 12th June 2014

Assurance: Significant

Treasury Management

The review found there is a generally sound system of internal control in place but testing identified an isolated weakness in the control environment. There is a full audit trail of all transactions both for borrowings and investments and reconciliations are undertaken on a regular basis between the Council's financial recording system and the treasury management spreadsheet. Although the reconciliations are reviewed by an independent person this is not evidenced on the spreadsheet. There were no 'high' or 'medium' priority recommendations.

Current Status: Final Report issued 16th April 2014

Assurance: Significant

Rent Verification Statements

The review found there is generally a sound system of internal control in place but our testing has identified an isolated weakness in relation to the procedures. There was a full audit trail from the point where the rent monies were paid, to the amounts appearing on the rent statements each quarter when they were sent out to tenants for checking. Credit refunds were well documented and there is a robust system in place to support this process. All transactions had been correctly recorded in the main financial system however, there are currently technical problems affecting the balance on the suspense account since the introduction of the Civica system which management are aware and investigating. There were no 'high' or 'medium' priority recommendations.

Current Status: Final Report issued 30th April 2014

Assurance: Significant

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Arts Development

The review found there is generally a sound system of internal control in place including the management, promotion and prioritisation of arts programmes as well as a process for reviewing the success of arts programmes including regular reviews of public satisfaction. Testing identified an isolated weakness with the control over receiving income from the Palace Youth Theatre whereby additional checks should be considered for identifying non-payment for arranged courses. There were no 'high' or 'medium' priority recommendations.

Current Status: Final Report issued 30th April 2014

Assurance: Significant

Miscellaneous Income ~ Woodland Management

The review found generally a sound system of internal control is in place. There are isolated weaknesses in the controls or inconsistent application of controls in a small number of areas, for example, improvements could be made in receipting of income and the review of the security of the compound used to store logs awaiting sale. There is an effective process in place to reconcile performance against the Annual Woodland Management Plan. The reconciliation also serves to confirm that invoices have been raised for actual timber sales. Supporting records and files were also found to be of a good standard.

Current Status: Final Report issued 1st May 2014

Assurance: Significant

Payroll

The review found there is generally sound system of internal control however, some of the expected controls are not in place therefore assurance can only be given over the effectiveness of controls within some areas of the system. The payroll operates very well and numerous checks are run to ensure the completeness and accuracy of information. Payroll has continued to operate successfully during the time of the input of the Election staff onto the payroll as well as the introduction of new procedures for automatic enrolment to the pension scheme. Employment of several leisure coaches on a self-employed basis was highlighted when an audit was carried out in another service area and this practice requires review to ensure Her Majesty's Customs and Excise regulations are complied with. A substantial amount of work has been carried out on the formal written procedures to date nonetheless they need to be finalised and maintained going forward. There are however, some areas such

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

as the starters and leavers and the authorised signatories where controls could be strengthened to help reduce risk to the council.

Current Status: Final Report issued 20th May 2014

Assurance: Moderate

Shared Service (Worcester Regulatory Services) Client Side

The review found generally a sound system of financial control in place. However, recent events concerning the need to make high value savings within the service have been problematic including a delayed agreement of the Service budget which had a knock-on affect on the ability to achieve the desired savings in the necessary timeframe. Several areas of system weakness have also been identified with regards to the performance monitoring process including the recent implementation of the new Uniform system developed from the merger of multiple different systems previously managed by the different partner organisations which monitors work activity undertaken by the shared service. The information on this new system is currently subject to extensive data cleansing although management practices have recently been introduced to identify and rectify these issues. A full reconciliation between license records held by Worcestershire Regulatory Services and the payments received by District Councils is not being completed but is currently being addressed.

Current Status: Final Report issued 30th May 2014

Assurance: Moderate

Risk Management

The review found some of the expected controls for this process are not in place or operating effectively. The Council has operated the 4Risk system for the past year, which records all risk register entries and assigns these risks to specific Risk Owners. Audit testing has identified that this process has not been embedded fully, with further training required for some members of staff to promote the process. Several risk registers have not been reviewed in a regular and timely manner, and in some cases these entries have not been fully completed for use. The process has been more effectively embedded with senior management, with a process requiring officers to make presentations of key service risks to Members, and with improved engagement and accountability following the recent re-introduction of the Risk Monitoring Group. Additional work on embedding the risk management process would be required to ensure consistency across all business aspects of the organisation.

Current Status: Final Report issued 30th April 2014

Assurance: Limited

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Sports Development

The review found inconsistent application of controls in a number of the areas reviewed. The weaknesses identified include insufficient controls around the cash collection process and there is no reconciliation in place to ensure all income taken has been banked. There is also no discharge of liability when passing takings from one officer to another. However, testing has identified that there is an effective budget monitoring process in place and there are effective controls around the verification of hours worked and payments made to Casual staff in the Sports Development team.

Current Status: Final Report issued 19th May 2014
Assurance: Limited

ICT

The review identified weaknesses with regard to the limited number of elements audited in the design and operation of key controls which have resulted in or could result in increased risk and failure to meet the organisation's objectives in the areas reviewed. Internal Audit identified that there are control weaknesses with regard to the Council's ICT inventory and disposals. Isolated weaknesses were also evident with regard to user account administration, and, the measures of activity monitoring.

Current Status: Final Report issued 2nd September 2014
Assurance: Limited

Corporate Governance ~ Protecting the Public Purse

The review was a full review concentrating on the policies and procedures in place. The review did not give an assurance level or provide recommendations but provided evidence of how the Council is or is not conforming to Protecting the Public Purse 2013 as well as assessing policies and procedures in relation to the Audit Commissions Protecting the Public Purse 2014. The review along with the work undertaken with regard to Corporate anti fraud found there were areas where there was inconsistent and application of controls.

Current Status: Report issued 9th May 2014
Assurance: N/A ~ Critical Review

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

2014/2015 Audits:

Land Charges

The review found there is a sound system of internal control in place, however, some of the expected controls are not in place or working effectively. Although the Land Charges process of operating a Day Book provides all the information required to track searches through to the Local Land Charges system (TLC) and all searches are carried out within the expected local timescales of 5-10 days, there are still some areas of concern that could result in a risk to the Council. Items of concern relate to the reconciliation of income to the financial ledger and more knowledge and understanding of the financial processes relating to Land Charges searches. Currently there is no reconciliation undertaken to ensure all income due is received. Improved financial recording within the cash receipting system is needed in order to do this.

Current Status: Final Report issued 18th July 2014

Assurance: Moderate

Planning Fees

The review found there is a generally a sound process of control in place for the review and monitoring of planning applications. Some issues have been identified with the security of payments received by the authority, and with the consistent charging of fees for pre-application advice. Moreover, there are concerns regarding the backlog of planning applications waiting to be allocated and processed which may result in applications not being determined in accordance with national timescales, leading to appeal and possible repayment of the application fees. Efforts are being made to resolve the current backlog, which has been attributed to staff resource issues at a time when a large number of applications were received.

Current Status: Final Report issued 3rd September 2014

Assurance: Moderate

Data Security, Storage, Publication and Disposal

The review found there is a sound system of control in place but some of the expected controls are not in place or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system. During the course of the audit it was identified that not

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

all archived data was being reviewed and disposed of in accordance with the council's data retention and disposal schedule. Data was being retained for longer periods than necessary therefore not in accordance with Data Protection Act 1998 principles. However it should be noted that an on-going exercise is being undertaken to address this. The audit also found that there is a robust training programme in place to ensure that all staff receive annual mandatory training on the Data Protection Act 1998. The council has not yet been granted compliance under the Public Services Network Code of Practice (PSN) however appropriate remedial action has been taken and a self assessment submitted. The council are now awaiting accreditation.

Current Status: Final Report issued 9th September 2014
Assurance: Moderate

Planning Enforcement

The review found there is generally a sound system of internal control in place, regarding the prioritisation, investigation and monitoring progress on cases. The process for communicating the results of enforcement action to necessary parties is also relevant and timely and keeps all involved parties informed. Some issues were identified during audit testing relating to the policy document governing the enforcement process and information publically published on enforcement action taken where controls could be strengthened.

Current Status: Final Report issued 3rd September 2014
Assurance: Significant

Summary of assurance levels:

2012/13	
Corporate Governance ~ Shared Service	N/A ~ Critical Review
2013/14	
Mutual Exchanges and Transfers	Significant
Treasury Management	Significant
Rent Verification Statements	Significant
Arts Development	Significant
Woodland Management	Significant
Payroll	Moderate
Shared Service Client	Moderate
Risk Management	Limited
Sports Development	Limited
ICT	Limited
Corporate Governance ~ Protecting the Public Purse	N/A ~ Critical Review

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

2014/15	
Land Charges	Moderate
Planning Fees	Moderate
Data Security, Storage, Publication and Disposal	Moderate
Planning Enforcement	Significant

2012/13 AUDITS NEARING FINAL COMPLETIONRent Arrears, Payment and Collection

The review is a limited scope audit and will concentrating on procedures relating to the collection of rent arrears and procedures relating to the monitoring and control of rent arrears. Housing Services are currently undergoing a full Transformation Review and a trial introducing procedural changes effecting the collection and control of rent arrears is about to commence. Management expectations in relation to the actioning and collection of rent arrears are broadly in line to those currently followed with the emphasis changing in relation to initial/on-going contact with tenants in arrears.

Current Status: Draft Report Stage

2013/14 AUDITS NEARING FINAL COMPLETIONCorporate Anti Fraud

The review was a full system audit concentrating on areas for Corporate Anti Fraud including policies and the strategic overview to reduce opportunity for fraud and corruption, promote awareness of potential fraud to all staff members, how the organisation manages policies including new legislation, and, declaration registers are in place and monitored. The review, coupled with the Protecting the Public Purse work, found weaknesses in the design and inconsistent application of controls in many of the areas reviewed and Internal audit testing identified that Redditch Borough Council are not actively promoting fraud awareness throughout the authority. Further work is continuing in this area to ensure a pragmatic approach is adopted for all the areas identified.

Current Status: Report issued 6th June 2014

Assurance: To be confirmed when finalised

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

S106's

The review was a full system audit concentrating on S106 Agreements from the point the agreement is signed and will cover the S106 Agreements in place at the time of the audit. The review did not cover the reasoning behind or procedures undertaken to obtain agreement to a S106 Agreements.

Current Status: Draft Report issued 8th August 2014

Assurance: To be confirmed when finalised

As work on the above audits is nearing completion an 'Assurance' level will be assigned on completion if applicable.

2014/15 AUDIT WORK WHICH IS ONGOING

2014/15 audit work which is continuing includes Reddicard Fees/Concessions, Golf Course, Forge Mill Museum, Procurement, Rent Guarantee and Deposit Scheme, Disabled Facilities Grants, Rent Arrears and Payment Collection, Housing Repairs and Maintenance, and, Treasury Management. The outcome of the audits will be reported to Committee as the final reports are issued.

3.4 AUDIT DAYS

The table in Appendix 1 shows the progress made towards delivering the 2014/15 Internal Audit Plan and achieving the targets set for the year. As at 31st August 2014 a total of 179 days had been delivered against an overall target of 484 days for 2014/15. The target days to the end of the quarter are in line with the target figure for the year as part of the key performance indicators for the service.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Committee on the 24th April 2014 for 2014/15 and include management indicators as well.

Appendix 3 shows the tracking of completed audits.

Appendix 4 shows the 'high' and 'medium' priority recommendations for finalised which are reported to the Committee for information.

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a ‘critical appraisal’
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council’s operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

WIASS confirms it acts independently in its role and provision of internal audit.

Customer / Equalities and Diversity Implications

- 3.6 There are no implications arising out of this report.

4. RISK MANAGEMENT

- 4.1 The main risks associated with the details included in this report are:

- Failure to complete the planned programme of audit work within the financial year; and,
- The continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2014/15
Appendix 2 ~ Key performance indicators 2014/15
Appendix 3 ~ Tracking analysis of previous audits
Appendix 4 ~ 'High' and 'Medium' priority recommendations

6. BACKGROUND PAPERS

Individual internal audit reports.

7. KEY

N/a

AUTHOR OF REPORT

Name: Andy Bromage
Service Manager - Worcestershire Internal Audit Shared Service
Tel: 01905 722051
E Mail: andy.bromage@worcester.gov.uk

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2014/15
1st April 2014 to 31st August 2014

Audit Area	DAYS USED TO 31/08/14	Forecasted days to the 30 th September 2014	2014/15 PLAN DAYS
Core Financial Systems (see note 1)	2	7	112
Corporate Audits(see note 2)	52	75	160
Other Systems Audits	105	148	158
TOTAL	159	230	430
Audit Management Meetings	9	10	20
Corporate Meetings / Reading	4	4	9
Annual Plans and Reports	2	6	12
Audit Committee support	3	6	13
Other chargeable	2	0	0
TOTAL	20	26	54
GRAND TOTAL	179	256	484

Note 1

Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts.

Note 2

A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters

Date: 25th September 2014**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****APPENDIX 2****Key Performance Indicators (KPIs) for 01st April 2014 to 31st March 2015.**

The success or otherwise of the Internal Audit Shared Service can be measured against some of the following key performance indicators for 2014/15 i.e. KPI 3 and 4. Other key performance indicators link to overall governance requirements of Redditch Borough Council.

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Position (as at August 2014)	Frequency of Reporting
1	No. of high recommendations	Downward	12	*21	2	Quarterly
2	No. of moderate or below assurances	Downward	10	12	3	Quarterly
3	No. of customers who assess the service as excellent	Upward	2	5 (8 returns; 5 excellent & 3 good)	1	Quarterly
4	No. of audits achieved during the year	Per target	Target = 29 Delivered =28 Final Reports & 1 Draft Report	Target =29 Delivered =27 Final Reports &2 Draft Report	Target = 24 (minimum) Delivered = 4	Quarterly

*This figure only includes finalised audit report recommendations and reported assurances therefore is subject to change (i.e. increase) depending on the draft report outcomes.

WIASS operates within and seeks to conform to the Public Sector Internal Audit Standards.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 3

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action that we are taking against those audits and whether further follow up is planned.

To provide the Audit Board with as much assurance as possible going forward we are currently targeting as many audit follow ups as possible. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up to the end of August 2014. Exceptions will be reported to the Committee.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the over all work load and are assessed by the Lead Auditors.

Follow up in connection with the core financials is undertaken as part of the routine audits that are/were performed during quarter 3.

Committee requested, at the last meeting, a specific update to be provided with regard to the credit card transactions process in connection with Kingsley Sports Centre. The position reported at the end of August by the Leisure Services Manager and confirmed by the Financial Services Manager was that new credit card terminals were installed for the Haven system and the software was updated in April 2014 resulting in significantly enhanced security of the credit card details. Training was also run for all staff handling credit card payments. However, Redditch Borough Council are not yet Payment card Industry Data Security Standards (PCIDSS) compliant as a whole as there remain issues with the internal network. However, work is continuing to find a solution in regard to this by the Financial Services Manager.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed
2011-12 Audits						
Housing Repairs & Maintenance	5th December 2011	Head of Housing and Housing Services Manager	Moderate	2 'High' priority recommendations relating to issuing of materials from stock and monitoring of works and 3 'Medium' priority recommendations relating to Contractors invoices, pre and post inspection procedures and unsatisfactory works.	To be undertaken as part of the 2014/15 audit programmed for quarter 2	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Housing Capital Contracts - Interim Valuation and Post Contract Appraisal	24th February 2012	Head of Housing and Housing Services Manager	Moderate	2 'High' priority recommendations in relation to post contract appraisal and awarding of works to contractors and 2 'Medium' priority recommendations in relation to interim payments and contractor mini-competitions.	To be undertaken as part of the 2014/15 audit programmed for quarter 2	
Maintenance Contracts	31st July 2012	Head of Housing Services	Moderate	1 'High' priority recommendations in relation to monitoring invoice accuracy and 4 'Medium' priority recommendations in relation to health & Safety of employees and contractors, contract monitoring, inadequate audit trail and budget management.	To be undertaken as part of the 2014/15 audit programmed for quarter 1	
2012-13 Audits						
Garages	16 July 2012	Head of Housing Services	Moderate	2 'medium' priority recommendations in relation to database use and control and management Information.	Under consideration by a Lead Auditor at present.	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Grants to Voluntary Organisations	12 September 2012	Head of Community Services	Significant	1 'Medium' priority recommendation relating to the initialling of the grants monitoring sheet by the Chair of the panel.	The follow-up in April 2014 has been agreed. The 1 'medium' priority recommendation in relation to the initialling of the grants monitoring sheet by the chair of the panel has been fully implemented. No further follow-ups will be required.	
Landscaping & Ground Maintenance	14 September 2012	Head of Environmental Services	Moderate	2 'Medium' priority recommendations in relation to the Service Level Agreement with Worcestershire County Council and Improved monitoring.	The follow up in April 2014 has been agreed and found that of the 2 medium priority recommendations, 1 in relation to SLA's was 'in progress' and 1 relating to end to end monitoring, was 'still to be actioned'.	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Street Scene	7th January 2013	Head of Environmental Services	Significant	2 'Medium' priority recommendations in relation to monitoring and the utilisation of the system/systems access	The follow up in April 2014 has been agreed. Of the 2 medium priority recommendations, 1 relating to the recording and monitoring of jobs undertaken was 'still to be actioned' and 1 relating to the ongoing use of the Northgate system was 'implemented'.	
Stores, Depot and Small Plant	27th March 2013	Head of Environmental Services and Environmental Services Manager	Significant	2 'Medium' priority recommendations in relation to Authorisation of repair request sheets and personal use of equipment	The follow-up in June 2014 was agreed. Of the 2 'medium' priority recommendations 1 relating to personal use of equipment had been implemented and the 1 relating to repair request sheets was still to be actioned.	
Arrow Vale Sports Centre	2nd April 2013	Leisure Services Manager	Significant	3 'Medium' priority recommendations in relation to Safe security, lost and found property procedures and cashing up records.	Sep-14	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Markets	18th March 2013	Head of Planning Services	Moderate	4 'High' priority recommendations in relation to income collection procedures, invoicing and cash collection, reconciliations and management information	Work in progress. Follow up should be completed by end of September 2014	
Procurement / Contract Compliance	20th May 2013	Financial Services Manager	Significant	2 'Medium' priority recommendations in relation to the public website and contracts forwarded to Legal Services.	To be undertaken as part of the 2014/15 audit programmed for quarter 2	
Crematorium and Cemeteries	26th April 2013	Head of Environmental Services	Moderate	3 'High' priority recommendations in relation to Fees & Charges, Separation of duties and reconciliations	Oct 14	
Workshop & Fleet	29th April 2013	Head of Environmental Services	Significant	2 'Medium' priority recommendations in relation to Fuel monitoring reports and contracts for hire vehicles.	Is currently under review with regard to the recommendations for fuel savings and current service requirements.	
One Stop Shop / Reception Services and cash Collection	10th June 2013	Head of Customer Access & Financial Support	Moderate	1 'High' recommendation in relation to void/reversal transactions and 1 'Medium' priority recommendation in relation to removal of network access for leavers.	Followed up as part of the 2013/14 Cash Income Audit	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Waste	26th April 2013	Head of Environmental Services	Moderate	5 'Medium' priority recommendations in relation to Confirmation of expected recycling credit income, prompt raising of invoices, inaccurate data, replacement bins and bulk waste customer details.	Is currently under review with regard to the recommendations and the current service requirements.	
Energy Monitoring		Financial Services Manager	Significant	2 'Medium' priority recommendations in relation to requesting information from the supplier and use of the utilised budget.	The follow-up in May 2014 has been agreed. Out of the 2 'medium' priority recommendations 1 in relation to requesting information from the supplier had been implemented and 1 in relation to the use of the utilised budget was in progress.	
Abbey Stadium	2nd May 2013	Leisure Services Manager	Moderate	1 'High' priority recommendation relating to Payment Card Industry Data Security and 3 'Medium' priority recommendations relating to cashing up records, overtime sheets and block bookings.	Sep-14	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
2013-14 Audits						
Dial-A-Ride	24th June 2013	Head of Community Services and Dial-A Ride and Shopmobility Manager	Significant	2 'Medium' Priority recommendations in relation to Safe Access Code and Daily Cash Records	The follow-up in July 2014 has been agreed. Out of the 'medium' priority recommendations 2 in relation to safe access code and daily cash records have been implemented. No further follow ups are required.	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Palace Theatre	25th October 2013	Head of Leisure and Cultural Services and Leisure Services Manager	Limited	4 'high' and 3 'medium' priority recommendations in relation to Banking of bar takings, lost property, systems logging on and off, cashing-up records, floats, stock taking procedures and voucher storage	The follow-up in January 2014 has been agreed. Out of the 4 'high' priority recommendations 1 in relation to banking of bar takings and cashing up records had been implemented, 1 in relation to lost property was in progress and 1 in relation to systems logging on and off was still to be actioned. Of the 3 'medium' priority recommendations 2 in relation to floats and voucher storage had been implemented and 1 in relation to stock taking procedures was still to be actioned.	Sep-14
Allotments	24th October 2013	Head of Leisure and Cultural Services and Capital Project and Green Space Manager	Moderate	1 'high' and 1 'medium' priority recommendation in relation to formal agreements and systems updates.	The follow-up in May 2014 has been agreed. The 1 'high' recommendation in relation to System Updates has been implemented.	Oct-14

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Building Control	29th October 2013	Head of Planning and Regeneration and Building Control Manager	Significant	1 'high' and 1 'medium' priority recommendations in relation to breaking even and receipting of receipts.	Work in progress. Follow up should be completed by end of September 2014	
DFGs	10th December 2013	Private Sector Housing Team Leader and Housing Strategy Manager	Significant	2 'medium' priority recommendations in relation to registering of Council's interests and file management.	To be followed up as part of the 2014/15 audit	
Debtors	16th January 2014	Financial Services Manager	Significant	1 'medium' priority recommendation in relation to arrears reports	To be followed up as part of the 2014/15 audit	
Main Ledger	19th February 2014	Financial Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up	To be followed up as part of the 2014/15 audit	
Playing Fields and Football Pitches	6th March 2014	Leisure Services Manager and Environmental Services Manager	N/A Critical review	No 'high' or 'medium' priority recommendations to follow-up	For information only	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Kingsley Sports Centre	7th March 2014	Head of Leisure and Cultural Services and Leisure Services Manager	Limited	4 'high' and 1 'medium' priority recommendations in relation to Payment Card Industry Data Security, advance payments, overtime timesheets, cashing-up records and overs and unders.	Sep-14	
Cash Collection	26th February 2014	Head of Customer Access and Financial Support	Moderate	2 'high' priority recommendations in relation to suspense accounts and cash flow management.	To be followed up as part of the 2014/15 audit	
VAT	31st March 2014	Financial Services Manager	Significant	1 'medium' priority recommendation in relation to resilience.	Sep-14	
Council Tax	24th March 2014	Head of Customer Access & Financial Support and Revenue Services Manager	Significant	2 'medium' priority recommendations in relation to access and security and new properties.	To be followed up as part of the 2014/15 audit	
NNDR	24th March 2014	Head of Customer Access & Financial Support and Revenue Services Manager	Moderate	5 'medium priority recommendations in relation to accounts on trace, credit balances, property reconciliations, exemptions and access and security.	To be followed up as part of the 2014/15 audit	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Benefits	7th March 2014	Head of Customer Access & Financial Support	Significant	2 'medium' priority recommendations in relation to reconciliations and fraud cases	To be followed up as part of the 2014/15 audit	
Creditors	1st April 2014	Financial Services Manager	Moderate	1 'high' priority recommendation in relation to late payments legislation.	To be followed up as part of the 2014/15 audit	
Treasury Management	16th April 2014	Financial Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up	For information only	
Compliment and Complaints	4th April 2014	Head of Customer Access & Financial Support and Deputy Customer Services Manager	N/A Critical review	No 'high' or 'medium' priority recommendations to follow-up	For information only	
Rent Verification	15th April 2014	Head of Housing Services and Housing Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up	For information only	
Mutual Exchanges	12th June 2014	Head of Housing and Housing Services Manager	Significant	1 'medium' priority recommendation in relation to retention of application forms.	Dec-14	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Art Development	30th April 2014	Head of Leisure and Cultural Services and Leisure Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up	For information only	
Shared Services - Regulatory	30th May 2014	Head of Regulatory Services and Executive Director Finance and Resources	Moderate	1 'high' and 2 'medium' recommendations in relation to Performance monitoring data, budget setting and information for fee setting.	Nov-14	
Sports Development	19th May 2014	Head of Leisure and Cultural Services and Leisure Services Manager	Limited	3 'high' and 2 'medium' priority recommendations in relation to Self employed coaches, Bankings, incomplete records - recording of income received, written procedures and asset inventory.	Nov-14	
Woodland Management - Income	1st May 2014	Head of Environmental Services and Environmental Services Manager	Significant	2 'medium' priority recommendations in relation to audit trails for receipts and Security of the Compound.	Nov-14	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Risk Management	30th April 2014	Executive Director (Finance and Resources)	Limited	6 'medium' priority recommendations in relation to Risk management strategy and training, risk register reviews and entries, Consistency of Risk Management approach and 4Risk systems administration.	Oct-14	
Payroll	20th May 2014	Financial Services Manager and Human resources & Organisational Development Manager	Moderate	1 'high' and 3 'medium' priority recommendations in relation to HMRC Regulations Re: Self Employed, Segregation of duties, Formal written procedures and processes around leavers.	To be followed up as part of the 2014/15 audit	
ICT	2 nd September 2014	Head of Business Transformation and Organisational Development and ICT Transformation Manager	Limited	1 'high' and 5 'medium' priority recommendations to follow-up in regard to starters, leavers and user accounts, procedures, inventory management, contracts and disposals.	Mar-15	
2014-15 Audits						
Land Charges	18th July 2014	Head of Legal, Democratic and Equality Services	Moderate	2 "high" priority recommendations in relation to fees and charges and income reconciliation	Jan-15	

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Planning Fees	3rd September 2014	Head of Planning and Regeneration	Moderate	2 "medium" priority recommendations in relation to security of cheques and pre planning application advice charges	Mar-15	
Planning Enforcement	3rd September 2014	Head of Planning and Regeneration	Significant	1 "medium" priority recommendation re the need to update the Planning Enforcement policy	Mar-15	
Data Security, Publication and Disposal	9 th September 2014	Executive Director Finance and Resource, Head of Transformation and Organisational Development	Moderate	! 'medium' priority recommendation regarding transparency code	Mar-15	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Definition of Priority of Recommendations

Priority	Definition
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
Medium	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
Low	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Mutual Exchanges and Transfers 2013/14					
Assurance: Significant					
Summary: The review was a full system audit concentrating on the Mutual Exchange and Transfer system. The audit considered whether mutual exchanges are made in accordance with approved procedures, legislative requirements, and, whether transfers are made in accordance with the requirements of the housing waiting list and in line with the allocations policy,					
1	Medium	<u>Application Forms</u> For one exchange in a sample of seventeen, the application forms could not be found.	Council could be open to challenge and reputational damage.	Application forms are retained to support the mutual exchange.	Responsible Manager: Housing Services Manager Implementation date: Implemented
Woodland Management 2013/14					
Assurance: Significant					
Summary: The review was a full systems audit concentrating on income received in relation to Woodland Management. The audit provided an assurance on whether the annual Woodland Management Plan has been produced and outlines potential harvestable timber together with estimated yields and prices,					
1	Medium	<u>Audit Trails</u> Receipt books reviewed at Crossgates Depot were found to be used by other staff for the collection of other miscellaneous income e.g. personal mobile phone usage. One receipt book reviewed had had 24 receipt counterfoils removed.	Possible financial loss	Receipt books to be subject to periodic review to provide an assurance that they are being correctly used and expected income has been received and deposited.	Responsible Manager: Senior Tree Officer A new receipt book will be issued specifically for timber receipts only. Implementation date: 1 st April 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
2	Medium	<p><u>Security</u></p> <p>Insecure compound used for logs awaiting sale</p>	Loss of stock resulting in loss of income	Whilst current stock values are relatively low, it is understood that options are being considered that will generate increased log sales income and this could result in increased stock values. Should this be the case then a review of compound security would be appropriate.	<p>Responsible Manager:</p> <p>Environmental Services Manager:</p> <p>The current compound is insecure and as a result of the recent Member lead review of services via the Overview and Scrutiny Committee officers have been asked to investigate the feasibility of creating a bespoke timber yard that could potentially operate on a more commercial basis</p> <p>Implementation date:</p> <p>Commenced as of April 2014 and will be on going</p>

Payroll 2013/14

Assurance: Moderate

Summary:The review was a full systems audit concentrating on the controls over the Payroll System with regard to ensuring only current bona fide employees of Redditch Borough Council are paid through the payroll system.

Issues brought forward from previous audit

1	Medium	<p><u>Segregation of Duties</u></p> <p>Two employees from within the Payroll team have the ability to change their own payroll data, run the Payroll and process/send the BACS payment.</p> <p>Following enquires it was noted it is</p>	Potential risk of ghost employees and possible financial loss.	Although there are budgetary control checks in place there is still some risk to the Council. Therefore, it is recommended that the audit log is independently reviewed by Human Resources	<p>Responsible Manager:</p> <p>Human Resources and Organisational Manager</p> <p>Implementation date:</p> <p>August 2014</p>
---	--------	---	--	--	--

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>not possible to restrict Chris21 from enabling Payroll officers from changing their own payroll data.</p> <p><u>Human Resources Checks</u> Discussion highlighted that there are no independent checks carried out by Human Resources on the integrity of the Payroll</p> <p><u>New Starters</u> Payroll assigns new starters to vacant posts on Chris21. There is only one person assigned per job /job ref.</p> <p>There is no check in place to prevent Payroll entering someone against a vacant post.</p>		<p>on an ongoing basis to monitor all changes made to the Payroll system.</p> <p>Human Resources to institute a series of quality checks into the Payroll process to agree the accuracy of data.</p> <p>Human Resources to implement the regular monitoring of new starters against the Chris21 system.</p>	
2	Medium	<p><u>Formal Written Procedures</u> A substantial amount of work has been carried out on the formal written procedures for the Payroll system to date however, these need to be finalised within a given timescale. This includes both establishment control within Human Resources and the employee details controlled from within the Payroll team.</p>	Inconsistency in the application of procedures leading to incorrect information and payments made.	Formal written procedures are produced for the Payroll process including establishment control. These are departmentally approved with a version control.	<p>Responsible Manager: Financial Services Manager</p> <p>Implementation date: These are being worked on and will be implemented, 1st November 2014</p>

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New issues arising					
3	High	<p><u>Her Majesty's Revenue and Customs regulations re self employed</u></p> <p>An audit undertaken in another service area highlighted that there are several leisure coaches employed on a self-employed basis although current employment arrangements indicate that they could be deemed as employees by Her Majesty's Revenue and Customs and therefore should be paid via the payroll.</p>	Breach of Her Majesty's Revenue and Customs regulations leading to substantial fines and penalties to the Council	<p>It is not a matter of choice as to whether the Council can employ a person on a self-employed basis and Her Majesty's Customs and Excise provide clear guidance as to when you can employ someone outside the payroll and this is based on their current terms and conditions.</p> <p>The Council therefore must review any employment arrangements that are operating outside of the payroll system with immediate effect to ensure they are in compliance with Her Majesty's Customs and Excise regulations</p>	<p>Responsible Manager: Section 151 Officer / Financial Services Manager</p> <p>Implementation date: Work has already commenced. Implementation date, 30th October 2014</p>
4	Medium	<p><u>Leavers</u></p> <p>From a sample of 4 leavers, 1 employee had been overpaid. Payroll was unaware that the employee had left as they had received no notification and the employee's salary was paid as usual.</p>	Risk of incorrect establishment information leading to overpayments being made resulting in financial loss for the authority.	<p>Payroll to be notified as soon as employee changes occur.</p> <p>Managers to be reminded of the importance of notifying Human Resources and/or Payroll of any leavers.</p>	<p>Responsible Manager: Human Resources and Organisational Manager</p> <p>Implementation date: August 2014</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Shared Service ~ Client					
Assurance: Moderate					
Summary: The review was a full system audit concentrating on the Shared Service – Worcestershire Regulatory Services Management process from the host authority's perspective to ensure budget holder responsibilities have been defined for each budget area.					
1	High	<p>Performance Monitoring Data</p> <p>There have been a number of issues with the implementation of the new Idox Uniform system during the 2013/14 financial period.</p> <p>Difficulties have been experienced with historic data from previous systems being merged together into the single system. A number of duplicated records have been found, as well as incomplete information. Temporary staff members have been hired to rectify many of the records.</p> <p>The individual teams are managing information in an inconsistent manner, requiring different key fields to be completed. Mandatory field entries are not required on this system.</p> <p>These errors and inconsistencies with information management have resulted in the need to perform extensive cleansing and manipulate extracted information to ensure integrity and suitability of the data provided for performance monitoring purposes.</p>	Inaccurate or incomplete data used for performance monitoring, leading to reputational damage.	Additional development is required on the recently implemented Idox Uniform system to normalise the quality of entered information, to enable a more time effective and reliable performance reporting process, and to provide a consistent approach to data management and reporting within the Service across all partner organisations.	<p>Responsible Manager: Licensing and Support Services Team Manager</p> <p>Implementation date: On-going data cleansing of all permanent licensing records i.e. Premises Licenses to be cleaned and finalised by September 2014.</p> <p>Annual licenses should be cleansed and finalised at the end of the implementation year December 2014.</p> <p>On-going training in the use of the software system will be provided to support consistency of data inputting.</p> <p>Training on software changes/updates will be given as and when necessary.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
2	Medium	<p><u>Budget Setting</u></p> <p>The setting of the Worcestershire Regulatory Service budget should be approved by September prior to the financial period in question.</p> <p>The budget for 2014/15 was not approved until 20th February 2014 due to on-going negotiations regarding the individual financial savings required, and the timing of individual partner budget setting practices.</p> <p>In addition, the final approved budget for Worcestershire Regulatory Services does not correspond with the financial information provided in the Service Plan for 2014/15.</p>	Lack of timely approval, leading to reduced capacity to achieve identified savings reductions in the desired financial period.	<p>The timing of the budget preparation needs to be re-assessed to synchronise with the different budget setting practices at each partner organisation.</p> <p>All reported budget information should be correct at the time of approval by the Worcestershire Shared Service Joint Committee.</p>	<p>Responsible Manager: Head of Worcestershire Regulatory Services</p> <p>Implementation date: There is a process for agreeing the WRS budget clearly laid out in the SLA, however due to some partners having to respond to a changing financial position during this period, final agreement was not reached until after the due date. Plans to better align WRS budget setting with partner budget setting processes are being developed by the WRS Management Board in time for the 2014/15 financial year.</p>
3	Medium	<p><u>Information for Fee Setting</u></p> <p>Partner Councils are expected to provide information to the Worcestershire Regulatory Services on the income received for each licensing activity, along with their individual costs for supporting the process.</p> <p>The Service is then required to proportion the costs of managing license arrangements. Currently this is being done using the number of applications per district, and does not</p>	Incorrect charging leading to inappropriate profits or unacceptable losses for this process.	There needs to be a formal process for requesting and receiving financial information from each of the district partners, for the purposes of setting license fees.	<p>Responsible Manager: Head of Worcestershire Regulatory Services</p> <p>Implementation date: There is a formal process currently in place but not written down.</p> <p>A review of the roles and responsibilities and operation of the Management Board is currently being undertaken by the Chairman of MB. Management board representatives will be contacted in future where partners fail to respond to financial information</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>currently take into account individual time requirements of each type of work. This information is to be recorded during 2014/15, for use in future fee setting activities. Once done, the Service recommends whether each partner Council should change their license fees for the period.</p> <p>There is no formal procedure for receiving financial information from each of the partner councils. At the time of the audit, information had not been received for Malvern Hills District Council or Worcester City Council.</p> <p>Councils are not allowed to make a profit on licensing activities over a 3-yearly rolling period. Each individual council is liable for their own profits and losses incurred.</p>			requests in a timely manner.
Risk Management 2013/14					
Assurance: Limited					
Summary: The review was a full system audit concentrating on areas of the Risk Management system including the 4Risk management system, corporate and service risk registers, and, minutes for risk management meetings and whether there is an appropriate Risk Management framework in place,					
1	Medium	<p><u>Risk Management Strategy</u></p> <p>The most current version of the Risk Management Strategy document is the Draft Version 3, dated 14th March 2013. This document has not yet been</p>	Lack of current and appropriate guidance, resulting in unsuitable risk monitoring practices being	The Risk Management Strategy document to be reviewed and approved for use on an annual basis, in accordance with the	<p>Responsible Manager: Executive Director (Finance & Resources)</p> <p>Implementation date: August 2014</p>

REDDITCH BOROUGH COUNCIL

Date: 25th September 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>approved for use by Members of Redditch Borough Council..</p> <p>In addition, no version of the Risk Management Strategy could be found on the Orb Intranet site for staff members to use.</p>	undertaken.	<p>requirements defined in the Risk Management Strategy.</p> <p>The Risk Management Strategy to be uploaded onto the Orb for use by all staff.</p>	Accepted that strategy should be updated on an annual basis
2	Medium	<p><u>Risk Management Training</u></p> <p>Risk Training was given to all employees at the start of the 4Risk project in 2012, to train people in utilising the Risk Management system. Further training has been provided to Service/ Departmental Managers and Heads of Service in 2013 once the system had been implemented. However there has not been any further training for other employees, or any exercises to re-promote the process to ensure this has been fully embedded throughout the organisation.</p>	Lack of understanding of risk management by members of staff, resulting in a reduced level of embedment throughout all areas of the organisation, leading to reduced effectiveness of risk identification and mitigation activities. This may result in significant reputational damage should adverse issues arise.	To consider further promotion of the risk management process within the organisation, by means of risk training workshops for all levels of staff.	<p>Responsible Manager: Executive Director (Finance & Resources)</p> <p>Implementation date: September 2014</p> <p>Training needs analysis across the Councils being undertaken this will include risk management training</p>
3	Medium	<p><u>Risk Register Reviews</u></p> <p>Of the sample of risk registers reviewed during testing, only 1 of the sample was subject to a full formal review during a Service team meeting on a quarterly basis, to ensure any missing or unsuitable entries have been addressed, including project, operational and strategic risks.</p>	Risk Register entries may not be updated in a timely manner, resulting in increased risk of service failure leading to potential reputational damage and financial loss.	<p>All risk entries to be reviewed in accordance with the timescales defined in the Risk Management Strategy.</p> <p>Consideration to be given for quarterly Service reviews and reviews by the Corporate</p>	<p>Responsible Manager: Executive Director (Finance & Resources)</p> <p>Implementation date: June 2014</p> <p>Corporate Management Team currently review the corporate register on a quarterly basis. Heads of Service to ensure that risk</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				Management Team to be undertaken prior to reporting to the Audit Committee.	registers are reviewed at departmental meetings quarterly
4	Medium	<p><u>Risk Register Entries</u></p> <p>Of a sample of 4 randomly selected risk registers reviewed at the time of the audit work, 13 risk entries with a Medium residual risk priority did not have any defined mitigating actions for reducing the risk level further, or monitoring exercises of the key issues concerning the risk.</p> <p>In addition, several residual risk scores had not been entered onto the system, although a priority level had been defined for the residual risk entries.</p>	Lack of sufficient risk mitigation resulting in increased likelihood and impact of risks in the Authority, leading to potential reputational damage should these risks materialise.	<p>All risk register entries to be fully completed.</p> <p>All residual risk assessments to be fully completed, identifying the likelihood and impact of each risk.</p> <p>Mitigation actions or monitoring arrangements to be identified for each Medium or High Priority residual risk entry, with an appropriate review period to be determined for a defined Risk Owner.</p>	<p>Responsible Manager: Heads of Service</p> <p>Implementation date: July 2014</p> <p>Agreed that registers be updated for completeness</p>
5	Medium	<p><u>Consistency of Risk Management Approach</u></p> <p>At the time of the audit, the Health & Safety Risk Assessment guidance published on the Orb had not been updated in accordance with the corporate Risk Management Strategy assessment guidance, with regards to the criteria for scoring. A full Health & Safety audit across both partner authorities was underway at the time of the audit fieldwork.</p> <p>The Project Management process</p>	Corporate inconsistency in the approach for risk management across all organisation activities, resulting in unsuitable monitoring and mitigation arrangements, leading to reputational damage should risks materialise.	The Health & Safety and Project Management Risk Assessment guidance to be updated in line with the current Risk Management Strategy, to ensure consistency in the undertaking of corporate risk management activities.	<p>Responsible Manager: Executive Director (Finance & Resources), Health & Safety Officer</p> <p>Implementation date: July 2014</p> <p>Health and Safety Audit has been undertaken by external Health and Safety advisor. Recommendations to be included in risk management strategy.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		requires officers to assess and mitigate against project risks. However, this assessment process is not in accordance with the assessment criteria as defined in the Risk Management Strategy.			
6	Medium	<p><u>4Risk System Administration</u></p> <p>The 4Risk system is not sending reminders to all risk owners, e.g. Environmental Services. This is due to the system holding incorrect contact information for the users.</p>	Lack of timely reviews for implementation of mitigating actions, leading to increased risk to the Authority.	Risk Owner contact information to be regularly reviewed on the 4Risk system to ensure that reminders for reviewing the risk entries are received and addressed in a timely manner.	<p>Responsible Manager: Executive Director (Finance & Resources)</p> <p>Implementation date: July 2014</p> <p>Officer responsible for admin of 4Risk to remind relevant officers.</p>
Sports Development 2013/14					
Assurance: Limited					
Summary: The review was a full system audit concentrating on Sports Development to ensure procedures/guidelines exist for the recording, receipting and banking of income for all Sports Development activities.					
1	High	<p><u>Self-Employed Coaches</u></p> <p>The Sports Development team are currently undertaking some checks on the employment status of self-employed coaches to ensure arrangements are not in breach of Her Majesty's Customs and Excise regulations.</p> <p>During this review Internal Audit identified instances where current employment arrangements indicate that some of these self-employed coaches may be deemed by Her Majesty's Customs and Excise as</p>	Breach of Her Majesty's Customs and Excise regulations re Self-Employed leading to fines/penalties to the Council.	The Sports Development team to continue to liaise with the Legal and Finance department as a matter of urgency to seek appropriate advice on whether the Council can continue to employ these coaches or any others on a self-employed basis.	<p>Agreed.</p> <ul style="list-style-type: none"> Devise a detailed spread sheet report to establish the status of each Self-Employed employee. Managers to attend seminars on employing Self-Employed staff. Working Group to be set up to establish risk and agreed approach to mitigate risk. <p>Responsible Manager: Leisure Services Manager.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		employees, therefore should be paid through the payroll. For example: self-employed coaches do not pay for hire of the room, they use Council owned/hired premises, collect income on behalf of the Council, have agreed hours and on occasions have used Council owned equipment. This is no different to coaches who are paid through the payroll and who are on the establishment.			Implementation date: 31 st May 2014.
2	High	<p><u>Bankings</u></p> <p>Under normal circumstance income is collected by the coaches and handed to the Sports Development Officers for banking. However following an Internal Audit walkthrough of the system instances were noted where the Sports Development Officer had taken the cash and also received and banked the income. As there is no overall reconciliation undertaken by the Sports Development Officers to ensure all income received is banked there is no clear separation of duties.</p> <p>Because there are no proper independent checks to income banked, overs and under bankings are not recorded and monitored.</p> <p>Audit testing also highlighted instances where cash is handed from</p>	Risk of theft and financial loss to the Council.	<p>The Sports Development team must ensure that there is adequate separation of duties in the cash collection procedures at all times with sufficient evidence to support this retained in their files.</p> <p>A reconciliation of income collected/monies due to that banked should be undertaken by the Sports Development team on a monthly basis. This should include the recording and monitoring of unders and overs for individual officers.</p> <p>A signature (discharge of liability) to be obtained when takings are handed from one officer to another prior to banking.</p>	<p>Agreed.</p> <ul style="list-style-type: none"> • Normal Operating Procedure to be written and issued to staff. Procedure to include obtaining a signature when takings are handed to the Business Support Officer for banking. • Management to carry out regular checks to ensure compliance. • List of sessions identified on a spreadsheet and reviewed weekly to ensure monies received. <p>Responsible Manager: Sports and Physical Activity Development Manager.</p> <p>Implementation date: 31st May 2014.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		one officer to another prior to banking without discharge of liability being obtained i.e. signature confirming receipt.			
3	High	<p><u>Incomplete records – recording of income received</u></p> <p>The cash collection paying in sheet was not completed in full i.e. the date of the class and the number of people attending the class was not always recorded. The cash collection paying in sheet is the only record maintained of the total number of attendees and the total income received for each class. A register is not usually compiled at the start of each class providing names of all attendees and individual amounts paid other than the Disability and Minority classes. Monies are paid direct to the coach running each session and receipts are not given.</p> <p>It was also identified following testing of 25 classes that the amount banked for 12 of them did not agree to the number of attendees multiplied by the class fee.</p>	Risk of financial loss and theft to the Council.	<p>Class attendees to pay in any income due for classes that take place at Council owned Leisure Centres direct to the centre's cash desk.</p> <p>Cash collection paying in sheets to be completed in full to ensure a reconciliation of income received to banking can be performed. To also include the date the income was banked to provide a clear audit trail.</p> <p>A register to be compiled of names of attendees and individual amounts paid for each class where income is being taken direct by coaches. This needs to be attached to the cash collection paying in sheets.</p>	<p>Agreed.</p> <ul style="list-style-type: none"> • Normal Operating Procedure to be written and issued to staff. Management to carry out regular checks to ensure compliance. • Procedure to include a requirement for all attendees to pay fees direct to the cash desk when classes take place at Council owned Leisure Centres. • Cash collection paying in sheets will be completed in full to ensure a reconciliation of income received to banking is performed and this will also include the date the income was banked to provide a clear audit trail. • A register will be compiled of names of attendees and individual amounts paid for each class where income is being taken direct by coaches. This will be attached to the cash collection paying in sheets. <p>Responsible Manager: Sports and Physical Activity Development Manager.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: 31 st May 2014.
4	Medium	<p><u>Written Procedures</u></p> <p>There are no up to date written procedures for the collection of income, maintenance of registers and the banking process for Sports Development Staff.</p>	Risk of theft and financial loss to the Council.	Written procedures to be put in place for the collection of income process and procedures for both staff and third parties. These procedures to be reviewed on an annual basis or as soon as there has been changes to the process.	<p>Agreed.</p> <ul style="list-style-type: none"> Normal Operating Procedure to be written and issued to staff. Management to carry out regular checks to ensure compliance. <p>Responsible Manager: Sports and Physical Activity Development Manager.</p> <p>Implementation date: 30th June 2014</p>
5	Medium	<p><u>Asset Inventory</u></p> <p>Inventory checks are not performed by the Sports Development team on a regular basis.</p> <p>There are also no formal procedure/guidance notes covering the maintenance of Inventory used by Sports Development staff and Coaches.</p>	Risk of theft and financial loss to the Council.	<p>An inventory check is performed by the Sports Development team on a six monthly basis.</p> <p>A formal written procedure on inventory maintenance to be produced and put in place.</p>	<p>Agreed.</p> <ul style="list-style-type: none"> Normal Operating Procedure to be written and issued to staff. Six monthly Inventory checks will only include items with a value over £100. <p>Responsible Manager: Sports and Physical Activity Development Manager.</p> <p>Implementation date:</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					1 st September 2014.
Audit: ICT 2013/14					
Assurance: Limited					
Summary: The review was a full systems audit concentrating on the controls in operation by IT Services to provide measures of success including ICT helpdesk functionality since the merging of the service for Redditch Borough Council					
1	High	<p><u>Starters and Leavers</u></p> <p>Internal Audit identified 3 out of the 12 starters from the sample testing to have been processed without sufficient evidence of approval from their Line Managers.</p> <p>It was also noted that there is no control in regards to ensuring the Manager has approved it prior to it being sent to ICT.</p> <p>In addition, Internal Audit identified that there is no control around the changes to network access requested through IT.</p> <p>The IT Access Policy currently states that the Line Manager is required to request for the starter or leaver to get network access.</p>	<p>Unauthorised access given to staff members that may lead to inappropriate use and fraudulent activities and data mismanagement leading to reputation damage and potentially financial loss.</p>	<p>ICT Services need to ensure that they only provide additional access for members of staff via appropriate line management approval.</p> <p>ICT must act in accordance with the corporate IT Access Policy.</p> <p>A review of the policy must be done at least bi-yearly basis and needs to incorporate all the relevant references to BDC and</p>	<p>We have updated the Starter and Leaver forms on the Intranet to reflect the need for management approval. We have also added a new form to deal with changes to peoples roles within the organization – the new forms have been discussed at ICT team meetings to ensure they are being used correctly. The forms now also automatically raise a helpdesk call and update the helpdesk call and the ORB section with audit trail</p> <p>All ICT staff are expected to comply with Corporate Policies and the Netconsent product audits all staff to check they have read and agreed the policies.</p> <p>Policy is reviewed every 12 months as part of the Netconsent process</p> <p>Responsible Manager:</p> <p>Head of Business Transformation and Organisational Development (to include</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				RBC, be version controlled and be published in such a way to ensure all staff have access to it	HR) Implementation date: Complete
2	Medium	<p><u>Written Procedures-Disposals of ICT equipment</u></p> <p>Internal Audit identified that there were no guidelines available to Council employees with regard to the process of disposal of ICT equipment. It was also identified that there is no written procedure used by ICT staff or given to RBC and BDC employees to help identify equipment regarded as redundant.</p>	Failure to Comply with council policies leading to inappropriate handling of disposal procedure leading to reputation damage	ICT Services must ensure that guidelines are available for all Council staff in regards to identifying redundant equipment and action required e.g. sending to ICT to assess whether it must be either disposed of or re-used.	<p>Guidance is given in several policies explaining to staff the correct procedure for identifying redundant equipment.</p> <p>The policies are currently being summarised into a document that is easier to read to help make this clearer.</p> <p>Responsible Manager: ICT Operations Manager</p> <p>Implementation date: Complete</p>
3	Medium	<p><u>Inventory Management</u></p> <p>There is no formal process for periodically reviewing the ICT inventory, to ensure all equipment can be accounted for.</p> <p>Internal Audit identified valuable Council Assets (e.g. laptops) that were not tagged or recorded on any of the</p>	Inadequate monitoring leading to unnoticed theft or inappropriate use, potentially leading to financial loss and reputational damage	ICT services need to ensure that all valuable Council Assets are recorded and tagged including their locations and can be accounted for, with annual checks performed as a way of certifying information held in the Council systems is correct.	Financeare currently procuring a new system that will include an Asset management module. ICT have stated their intention to use this to manage their valuable items. A Procedure is now in place to check information remains valid by completing a spot check every 6 months.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Council's Asset Inventory list including the location of the asset.</p> <p>Testing also identified that prior to January 2013, there is no record of items that have been disposed of or re-used by Council employees.</p> <p>It should be noted that there is currently an in-house system being used to record the disposal of assets and any items rebuilt by the ICT Technicians for re-use.</p>		<p>Instances of missing equipment should be investigated and reported appropriately to management and/or the Police.</p> <p>The Service also need to ensure that there are adequate records to support any disposals and re-used equipment in the Council at all times.</p>	<p>The procedure for dealing with missing equipment is stated in ICT policies that are auditable via the Netconsent product.</p> <p>A new company has been selected to dispose of redundant ICT assets. They provide all documentation required including a record of destruction.</p> <p>Responsible Manager:</p> <p>ICT Transformation Manager</p> <p>Implementation date:</p> <p>March 2015</p>
4	Medium	<p><u>Contracts</u></p> <p>ICT were unable to locate the contract between the Council and Disposal Company to confirm the equipment disposal arrangements. Therefore, there is no evidence to show that the contract is reviewed or benchmarked to ensure the Council is acting efficiently and effectively in the disposal of equipment</p>	<p>The inability to identify non-compliance with contractual agreement by both parties and potential mismanagement of the disposed equipment leading to potential financial implications and reputational damage for the Council.</p>	<p>A review of the contract between the Council and the Disposal Company should be undertaken on a regular basis as stipulated in any contract to ensure that the agreed Terms and Conditions are in line with all legislative requirements relating to disposal of Council equipment, and, the contract remains fit for purpose.</p>	<p>A new company has been selected (Aug 2014) to dispose of ICT Assets (Re PC) – they have all legislative requirements to enable them to undertake this work and we have data processing agreements with them. This will be reviewed on an annual basis.</p> <p>Responsible Manager:</p> <p>ICT Transformation Manager</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: Complete.
5	Medium	<p><u>ICT Disposal</u></p> <p>The software used to erase and wipe down the hard drives of disposed equipment is not recommended for use by large organisations/companies</p>	<p>Sensitive data may be left on IT equipment leading to potential huge fines, financial loss and reputation damage to the Council.</p>	<p>The Council must investigate a more appropriate tool for wiping down data on IT equipment that due to be sent for disposal.</p>	<p>ICT are trialling Paragon Hard Disk Manager for a month with a view to purchasing a full licence for £500 if successful.</p> <p>This is a recommended piece of software for the removal of data in larger organisations.</p> <p>Responsible Manager:</p> <p>ICT Transformation Manager</p> <p>Implementation date:</p> <p>October 2014</p>
6	Medium	<p><u>Disabling inactive users</u></p> <p>The ICT Services are not performing checks that include long periods of inactivity of network access. There is also no evidence to show checks have been performed on a regular basis for network accounts to disable or delete them.</p>	<p>There is potential for unauthorised network access which could compromise the data leading to reputation damage and financial loss</p>	<p>A review of inactive users on the network and accounts that require deletion from the Council systems should be performed on a regular basis e.g. every 3mths.</p>	<p>A process will be put in place to ensure a check is carried out of staff who have not logged on for over 4 weeks. The check will be on a 4 weekly basis.</p> <p>Responsible Manager:</p> <p>ICT Transformation Manager</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: December 2014
Land Charges 2014/15					
Assurance: Moderate					
Summary: The review was a full system audit of the controls over the Land Charges system. The setting of fees and charges and the appropriateness of the fees themselves was not covered by this audit.					
1	High	Reconciliation of Day Book to Financial Ledger The lack of reconciliation of the Receipts Book to the Financial Management System has resulted in significant financial failures over a period of years. These would have been identified sooner if the reconciliation had taken place. It was found during the 2014/15 audit that reconciliation is still not undertaken. It was also identified that currently it would be difficult to trace some payments in order to undertake a reconciliation because: <ul style="list-style-type: none"> Cashiers are not always inputting sufficient information when receipting payments so payments cannot be related back to 	There is a risk of financial loss and reputational damage to the Council.	The reconciliation of the income recorded in the Receipts Book against that recorded in the Financial Accounts must be reinstated and carried out on a monthly basis. It is further advised that a full review of opportunities to streamline the reconciliation be undertaken. To ensure cashiers are reminded that when they receipt payments on behalf of Local Land Charges, receipts to be attached to supporting paperwork to include the cost centre code. Secondly the cashiers to ensure sufficient information is input into	Responsible Manager: Principal Solicitor Implementation date: Reconciliation – October 2014 Review of process – January 2015 Responsible Manager: Senior Customer Service Advisor Implementation date: End of July 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		individual searches. <ul style="list-style-type: none"> Receipts are not always attached to the supporting paperwork following receipt of payment. 		the cash receipting system in order to identify payment i.e. name, address and reference number.	
2	High	Fees and Charges Testing showed actual Land charges levied to the customer so far for 2014/15 are not in accordance with the Scale of Charges approved by committee for this financial year. Arithmetical errors were noted immediately following submission of the proposed Land Charge fees for approval and as a result it was realised that the approved fees were not the same as those initially calculated An officer decision was made at the time to carry out some small adjustments (max 0.65p per transaction) in order to rectify this and to bring them in line with those originally intended. The adjusted fees are those published on the Council's website.	If charges are incorrect there is a risk of public challenge leading to reputational damage to the Council	All Council's fees and charges must be approved by committee in accordance with the Council's Constitution and delegation of authority. As actual fees and charges currently being levied for 2014/15 are not, management must address this with immediate effect and seek appropriate advice from the committee portfolio holder.	Responsible Manager: Principal Solicitor Implementation date: End of July 2014

Planning Fees 2014/15

Assurance: Moderate

Summary: The review was a full system audit and concentrated on controls in place for applications processed. The audit did not cover an evaluation of planning decisions for the purpose of determining the suitability of a proposed development.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
1	Medium	<u>Security of Application Cheques</u> Once cheque payments have been received by the Planning Services team, they are retained with the planning/ pre-planning applications on an open shelf within the planning office, and not inside a secure container, e.g. a lockable cabinet. The office is not easily accessible by individuals who are not employed by Redditch.	Loss of cheque payments due to theft or negligence, leading to additional cost to the authority for arranging replacement and reputational damage for the Service.	Cheque payments to be secured inside a lockable cabinet, with accessed restricted to only Planning Services employees.	Agreed. Responsible Manager: Development Control Manager (Operations) Implementation date: October 2014
2	Medium	<u>Pre-Planning Application Fees</u> Of a random sample of 10 pre-planning applications, 1 was identified as needing to be charged a fee for the consultation given for new developments. However records show that no fee had been charged.	Lack of income for chargeable activities resulting in financial loss to the authority.	Fees to be charged for all pre-application advice relating to new developments, in accordance with the charge policy. Instances where a decision has been made not to charge a pre-application fee should be clearly documented on the case file and Uniform records.	A charge will be made on all pre-application advice relating to new developments. Responsible Manager: Development Manager Implementation date: Immediate
Data Security, Storage, Publication and Disposal 2014/15 Assurance: Moderate Summary: The review was a full systems audit concentrating on Data Security, Storage, Publication and Disposal					
1	Medium	Local Government Transparency Code 2014			Responsible Manager:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>There are no specific plans in place to ensure compliance with the Local Government Transparency Code 2014 which is due to be introduced this year.</p> <p>The Local Government Transparency Code 2014 requires specific data sets held and managed by local authorities to be made available on the public website.</p>	Lack of compliance with the Government code of practice may lead to financial penalties being imposed on the Council.	The council needs to identify a lead officer responsible for drawing up a working plan to identify what changes need to be put into place when the code comes into force, that changes are implemented, and to undertake yearly monitoring to ensure that Redditch Borough Council remains compliant.	<p>Executive Director (Finance and Resources) and Head of Transformation and Organisational Development</p> <p>Implementation date: December 2014</p> <p>Officers have now discussed the requirements of the Code and have determined that there are some specific datasets that will need to be published as these are new requirements e.g. data relating to procurement. A plan of action will be drawn up to address these.</p>
Planning Enforcement 2014/15					
Assurance: Significant					
Summary: The review was a full system audit that concentrated on areas of the Planning Enforcement system					
1	Medium	<p><u>Enforcement Policy</u></p> <p>The Planning Enforcement Policy available on the Council internet page is dated 24th April 2006. It is not subject to regular review to determine on-going suitability.</p>	Failure to update changes in working practices, leading to reputational damage.	<p>The Planning Enforcement Policy to be reviewed.</p> <p>A review period to be defined, to ensure on-going suitability of the policy document.</p>	<p>To be reviewed on a 6-monthly basis going forwards.</p> <p>Responsible Manager: Development Control Manager (Operations)</p> <p>Implementation date: March 2015</p>
end					