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Audit, Governance & Standards

Committee

Thu 6 Jul
2017
7.00 pm

Committee Room Two
Town Hall
Redditch

REDDITCH BOROUGH COUNCIL

making a difference

www.redditchbc.gov.uk

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REDDITCH BOROUGH COUNCIL

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Audit, Governance & Standards

Thursday, 6th July, 2017
7.00 pm
Committee Room 2 Town Hall

Agenda

Membership:

Cllrs:	Jane Potter (Chair)	Mark Shurmer
	Tom Baker-Price (Vice-Chair)	Yvonne Smith
	Natalie Brookes	David Thain
	Michael Chalk	Pat Witherspoon
	Andrew Fry	
Independent Member:	Dave Jones (non-voting co-opted – for Audit and Governance)	
Feckenham Parish Council Representative	Alan Smith (non-voting co-opted – for Standards)	

1. Apologies and named Substitutes

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 of the meeting held on 27th April 2017 (to follow)

4. Monitoring Officer's Report - Standards Regime (Pages 1 - 4)

5. External Audit - Progress Update (verbal report)

6. Internal Audit - Annual Report 2016/17 (Pages 5 - 28)

7. Internal Audit Progress Report (Pages 29 - 72)

8. Section 11 Update (Pages 73 - 76)

9. Corporate Governance and Risk (Pages 77 - 90)

10. Financial Savings Monitoring Report 2016/17 (Pages 91 - 94)

11. Committee Action List and Work Programme (to follow)

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Agenda Item 4

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

6th July 2017

MONITORING OFFICER'S REPORT – STANDARDS REGIME

Relevant Portfolio Holder	Councillor John Fisher, Portfolio Holder for Corporate Management
Portfolio Holder consulted	No
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 27th April 2017.

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 with any relevant standards matters.

1.3 Any further updates arising after publication of this report, including any standards issues raised by the Feckenham Parish Council Representative(s), will be reported by the Monitoring Officer (MO) at the meeting.

2. RECOMMENDATIONS

The Committee is asked to RESOLVE that

1) subject to Members' comments, the report be noted; and

2) the membership of the Hearings Sub-Committees, as detailed at paragraph 3.11 of this report, be agreed.

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 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 2012

Service / Operational Implications

Member Complaints

3.3 Since the last meeting of the Committee one Member to Member Borough Council complaint has been received. This is in the process of being reviewed as part of the initial local resolution process.

3.4 The formal investigation which into the complaint reported at the last meeting has now been completed. The MO is meeting the Independent Person to determine the most appropriate course of action in this regard.

Member Training

3.5 No Member training events have taken place since the last meeting of the Committee.

3.6 As there have been no Borough Council elections this year training for Members will be provided where necessary, and when requested either through Group Leaders and/or the Member Support Steering Group. If any training is requested by individual Members one to one sessions will be provided.

3.7 A programme of planning training for the Redditch and Bromsgrove Parish Councils is currently being rolled out – as detailed at 3.8 below.

Parish Council training

3.8 The shared Planning Team at Redditch Borough Council and Bromsgrove District Council are currently rolling out a programme of planning training for the Parish Councils within the Borough and District. A two hour session on permitted development matters, Green Belt Policy and how Parish Councils should be responding to planning application consultations is being offered to all of the parish councils. The team delivering the training are happy to go out

to a venue local to the parish councils or to arrange for the training to take place at Parkside or the Town Hall. Very positive feedback has so far been received from those parishes which have undertaken the training.

Hearings Sub-Committees

3.9 As part of the Council's Arrangements for Managing Standards Complaints under the Localism Act 2011 Hearings Sub-Committees exist, the membership of which needs to be agreed annually by the Committee should a complaint reach hearing stage.

3.10 As previously agreed, the chairing of the Hearings Sub-Committees will vary according to the circumstances of the Hearing (Labour Chair for a hearing about a Conservative Member and Conservative Chair for a hearing about a Labour Member).

3.11 The parent Committee of the Hearings Sub-Committees – previously the Standards Committee and now the Audit, Governance and Standards Committee – establishes membership of the Sub-Committees. Based on the same formula which was previously applied the proposed Sub-Committee memberships are set out below, which Members are asked to approve.

Hearings Sub-Committee 1

Cllr Potter (Chair), Cllr Brookes and Cllr Shurmer.

Hearings Sub-Committee 2

Cllr Witherspoon (Chair), Cllr Chalk and Cllr Thain.

Hearings Sub-Committee 3

Cllr Baker-Price (Chair), Cllr Y Smith and Cllr Fry.

Customer / Equalities and Diversity Implications

3.12 There are no direct implications arising out of this report. Any process for managing standards of behaviour for elected and co-opted councillors must be accessible to the public. Details of the Member complaints process are available on the Council's website and from the Monitoring Officer on request.

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

6. BACKGROUND PAPERS

Chapter 7 of the Localism Act 2011.
Various reports to, and minutes of, Council and Committee, as detailed in the report.

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

6th July 2017

INTERNAL AUDIT - ANNUAL REPORT 2016/17

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Paul Field ~ 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 Internal Audit Annual Report for 2016/17;
- the 2016/17 Worcestershire Internal Audit Shared Services Manager's annual opinion on the overall adequacy of the Council's internal control environment (Appendix 3), and,
- Internal Audit Charter

2. RECOMMENDATIONS

2.1 **The Committee is asked to RESOLVE that the report be noted, and, the Internal Audit Charter is approved.**

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 5 of the Accounts and Audit Regulations 2015 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".

Service/Operational Implications

3.3 This report provides an overview of the utilisation of Internal Audit resources during 2016/17.

3.4 Appendix 1 shows during 2016/2017 there were 460 productive audit days used against a budget of 400.

3.5 Appendix 2 provides a breakdown of the audits completed and the overall assurance.

3.6 The Worcestershire Internal Audit Shared Service has achieved and delivered the 2016/2017 audit plan with some minor revisions.

3.7 For 2016/17 the Annual Audit Plan was approved by the Audit, Governance and Standards Committee on 21st April 2016. The Internal Audit Plan was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance and
- a number of operational systems, for example, Community Centre, Planning Enforcement, Development Control, Bereavement Services, Community Transport, were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

3.8 In accordance with best practice the plan is subject to review each year to ensure that identified changes, for example, external influences, risk assessment, process re-engineering and transformation are taken into consideration within the annual plan.

3.9 The purpose of the 2016/17 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:

- Internal Audit assisted the Authority in meeting its objectives by reviewing the high risk areas, systems and processes,
- The audit plan delivery was monitored, appropriate action taken and performance reports issued on a regular basis,
- The key financial systems are reviewed annually, enabling the Authority's external auditors to place reliance on the work completed by Internal Audit,
- An opinion can be formed on the adequacy of the Authority's system of internal control (reported in Appendix 3), which feeds into

the Annual Governance Statement which is presented with the statement of accounts.

3.10 2016/17 was a very demanding year for the internal audit team with a significant churn of team members during the early part of the year and replacements arriving over a 6 month period. To further compound the pressure on resource the new starters needed to take some time to understand the working practices and methodology the Service uses. Due to the settling down period required audits took longer to deliver than budgeted which is indicated in Appendix 1. The Service has carefully managed its resource and worked with partners to deliver the full audit programme for Redditch Borough Council for 2016/17 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year in regard to overall progress and in regard to a long running investigation that was undertaken.

Quality Measures

3.11 Managers are asked to provide feedback on systems audits by completing a questionnaire. At the conclusion of each audit a feedback questionnaire is sent to the Responsible Manager and an analysis of those returned along with anecdotal evidence during the year shows a very high satisfaction with the audit product – see Appendix 2.

3.12 To further assist the Committee with their assurance of the overall delivery the Worcestershire Internal Audit Shared Service conforms to Public Sector Internal Audit Standards 2013.

3.13 During 2016/17, 26 final audit reports and 1 draft report have been issued, and, a substantial and lengthy investigation was also undertaken. Summaries of the audit reports, plus the Auditors opinion on the effectiveness of the controls operating within those areas and an action plan containing recommendations to address the identified control weakness, have either been reported to the Audit, Governance and Standards Committee on an on going basis throughout the year or will be reported on finalisation.

3.14 Based on the audits performed in accordance with the audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that the internal control arrangements during 2016/17 effectively managed the principal risks identified in the audit plan.

3.15 Worcestershire Internal Audit Shared Service Internal Audit activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Audit, Governance and Standards Committee.

3.16 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. All staff work to a given methodology and have access to the internal audit manual and Charter. The Charter (Appendix 4) is brought before Committee for consideration as it has been recently reviewed and updated.

3.17 The shared service management board, the Client Officer Group, meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan, and, actively promote continuous improvement.

3.18 Heads of Service provide regular Risk Management updates before the Audit Committee for consideration along with verbal updates from the Financial Services Manager to provide assurance.

3.19 Work is continuing in respect of the NFI exercise. Appropriate action is being taken and work is progressing to identify any potential fraudulent activity for example overpayment for housing benefits, income support, etc. The amount of fraudulent activity identified by the 2014/15 exercise for Redditch Borough Council was circa £16,549 which all related to housing benefit. This is a biennial exercise. The last significant data extract was during 2016/17 and continues to be worked on. The next is scheduled for 2018/19.

3.20 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 seek to place reliance on such work thus reducing the internal audit coverage as required

Annual Governance Statement ~ Assurance Checklist Statements 2016/17

3.21 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.

3.22 In order to ascertain management's view on this and in order to identify any areas where current or emerging risks in relation to internal controls may exist all Fourth Tier Managers were asked to complete an internal control checklist covering Strategic and Operational, Human Resources, Corporate Procedure Documents, Service Specific Procedures, Risk Management and Anti Fraud, Performance Management and Data Quality, Inventories and independent recommendations from outside bodies including audit.

3.23 Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise.

3.24 All of the Annual Governance Statement Assurance Checklist Statements have been returned. Review of the returned statements indicates that although work continues to strengthen some control requirements they did not identify any areas that present a significant and material risk.

Work of interest to the External Auditor

3.25 To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is shared with the external auditors for information. The results of the work that we perform on eight systems audits will be of direct interest to External Audit. Audit reports are passed to the external auditor on request for their information.

External Work

3.26 The work to deliver the Place Partnership Ltd internal audit contract was predominantly completed during 2016/17 with only management responses awaited in order to finalise one audit.

Follow Up Work

3.27 An on going programme of 'follow up' in regard to the implementation of audit report recommendations continued during 2016/17. The outcome of the 'follow up' work is reported to the Committee on an exception basis as part of the progress reports. During 2016/17 there have been no exceptions to report however there have been a number of occasions where additional follow up visits have been required as the recommendations have not been completed but remain on-going. The 'follow up' audit work undertaken during 2016/17 has been reported in Appendix 2.

Customer / Equalities and Diversity Implications

3.28 There are no implications arising out of this report.

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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4. RISK MANAGEMENT

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

- Non-compliance with statutory requirements

5. APPENDICES

Appendix 1	Delivery against plan 2016/17
Appendix 2	Audits completed with Assurance 2016/17
Appendix 3	Head of Internal Audit Shared Service Audit Opinion and Commentary
Appendix 4	Internal Audit Charter 2017

6. BACKGROUND PAPERS

None

7. KEY

N/a

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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APPENDIX 1

Delivery against Internal Audit Plan for 2016/17
1st April 2016 to 31st March 2017

Audit Area	2016/17 Plan Days	2016/17 Plan Days Used
Core Financial Systems (Note 1)	104	116
Corporate Audits(Note 2)	66	112
Other Systems Audits	176	185
TOTAL	**346**	**413**
Audit Management Meetings	20	18
Corporate Meetings / Reading	9	6
Annual Plans and Reports	12	12
Audit Committee support	13	11
Other chargeable	0	0
TOTAL	**54**	**47**
GRAND TOTAL (Note 2)	**400**	**460**

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
The additional 60 days that were required occurred as a result of reduced service productivity throughout the year due to factors including the arrival of three new auditors in the first quarter along with a further auditor towards the end of quarter 2 and the time they required to familiarise themselves with Partner and Service requirements. As a result audits took longer to deliver resulting in an increase in the required days to deliver the plan. Also included in this figure was the budget for a substantial investigation (45 days). There was no financial implication to Redditch Borough Council as a result of this as the partnership absorbed the over runs.

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Performance Indicators (KPIs) for 01st April 2016 to 31st March 2017

The success or otherwise of the Internal Audit Shared Service can be measured the following performance indicators for 2016/17.

	PI	Trend / Target requirement	2014/15 Year End Position	2015/16 Year End Position	2016/17 Year End Position	Frequency of Reporting
1	No. of customers who assess the service as 'excellent'.	Target = >85% of returns	4 (7 returns; 4 excellent and 3 good)	1 (2 returns; 1 excellent & 1 good)	6 (14 issued; 6x returned & 6x excellent)	Quarterly
2	No. of audits achieved during the year	Per identified target	Target = 24 (minimum) Delivered = 29 Reports	Target = 16 (minimum) Delivered = 23	Target = 17 (minimum) Delivered = 27 (Inclusive of 1 at draft stage)	Quarterly
3	Percentage of Plan Delivery	>90% of agreed annual plan	N/A	99%	100%	Quarterly
4	Service Productivity	Annual target >70%	N/A	81%	* 62%	Quarterly

*As previously reported as part of the performance indicators Service productivity has been down due to a combination of factors during the financial year. It is starting to show signs of recovery after the arrival of three new auditors in the first quarter along with a further auditor towards the end of quarter 2. Expectation is that productivity will continue to increase into 2017/18 as they become more familiar with Partner and Service requirements but the result of the reduced productivity during 2016/17 is that audits have taken longer to deliver resulting in an increase in the required days, however, the 2016/17 plan has been delivered.

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

REDDITCH BOROUGH COUNCIL

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Appendix 2

Audit Opinion Analysis ~
Audits completed during financial year 2016/2017:

Audit Report / Title 2016 - 2017	Final Report Issued	Assurance Level
Grants to Voluntary Bodies	16th June 2016	Significant
Shop Mobility	1st September 2016	Significant
Rent Verification	12th September 2016	Significant
One Stop Shop/Customer Services	28th September 2016	Significant
Charity Fund Accounts	26th October 2016	Significant
Debtors	13th December 2016	Significant
Treasury Management	13th December 2016	Significant
Cash Collection	3rd January 2017	Significant
Planning Enforcement	16th February 2017	Significant
Main Ledger	6th March 2017	Significant
Bereavement Services	17th March 2017	Significant
Benefits	12th May 2017	Significant
Planning Application & Fees	16th February 2017	Moderate
Creditors	3rd April 2017	Moderate
Council Tax	1st June 2017	Moderate
NNDR	1st June 2017	Moderate
Fees and Charges (D)	29th March 2017 (D)	Moderate (D)
Allotments	16th August 2016	Limited
Community Centres	6th February 2017	Limited
Contracts – Post Contract Appraisal	17th March 2017	Limited
Housing Capital Programme	30th March 2017	Limited
Performance Measures	3rd May 2017	Limited
Risk Management	24th May 2017	Limited
Insurance	17th February 2017	Critical Review
Shared Service		
ICT: Freedom of Information	24th October 2016	Significant
Payroll	5th June 2017	Significant
Worcestershire Regulatory Services	26th May 2017	Moderate
Note: (D) denotes audit is currently in draft but unlikely the assurance level will change.		

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Follow Up		
2013/14		
Corporate Fraud 2013/14	December 2016	On going Anti Fraud & Corruption Policy going through Cttee June 2017
2014/15		
Procurement	October 2016	2 in progress
Forge Mill	November 2016	All implemented
Cash Receipting	January 2017	All implemented
Corporate Governance – appointments to outside bodies	February 2017	All implemented
Reddicards	February 2017	Satisfied
Budget Setting (Critical Review)	February 2017	Positive Direction of Travel
2015/16		
Corporate Governance – AGS	September 2016	On going - 3 recommendations
Consultancy and Agency	December 2016	On going – 4 recommendations
Housing Right to Buy	February 2017	On going – 1 recommendation
Member Allowances	June 2016 & February 2017	All implemented
Leisure – Banking	June 2016 & February 2017	All implemented
Leisure – Consumables (Critical Review)	November 2016 & March 2017	Positive Direction of Travel
S106 Planning Obligations (Critical Review)	September 2016	Positive Direction of Travel
CCTV (Critical Review)	September 2016	Positive Direction of Travel
Worcestershire Regulatory Services (Critical Review)	December 2016	Positive Direction of Travel
Accounts Reconciliation (Critical Review)	January 2017	Positive Direction of Travel
2016/17		
Allotments	February 2017	On going – 1 recommendation
One Stop Shop/Customer Services	February 2017	On going – 2 recommendations
Community Transport	February 2017	All implemented
Rent Verification	February 2017	All implemented
Freedom of Information	March 2017	All implemented
Cash Collection	March 2017	All implemented
All core financials		

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Summary of 2016/17 Audit Assurance Levels.

2016/17	Number of Audits	Assurance	Overall % (Rounded)
From 27 audits (including those at draft stage)	0	Full	0%
	14	Significant	52%
	6	Moderate	22%
	6	Limited	22%
	0	No	0%
	0	To be confirmed	0%
	1	Critical Review	4%

Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report either verbally or via a feedback questionnaire. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2016/17 financial year indicated that of those who responded:

- The Managers were happy with the process and format of the reviews. This continues to be further developed.
- Two Managers commented, "All work around this audit was relevant and concise making the whole process quick and efficient" , and, "Audit work was very clear and met the expectations set out of the scope. Report comprehensive and recommendations valued".
- Anecdotal evidence also indicates there is a high satisfaction rate with the audit product.

Of the 14 questionnaires issued 6 were returned all marked as 'excellent' '.

Overall Conclusions:

- 78% of the audits undertaken for 2016/17 which have received an assurance allocated returned an assurance of 'moderate' or above. This figure is inclusive of the critical reviews.
- Clients are satisfied with the audit process and service from the data received.

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Appendix 3

Head of Worcestershire Internal Audit Shared Service Opinion on the Effectiveness of the System of Internal Control at Redditch Borough Council (the Council) for the Year Ended 31st March 2017.

1. Audit Opinion

1.1 The internal audit of Redditch Borough Council's systems and operations during 2016/17 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 21st April 2016 and any subsequent revision.

1.2 The Internal Audit function was set up as a shared service in 2010/11 and hosted by Worcester City for 5 district councils and increased to 6 partners with the inclusion of Hereford and Worcester Fire and Rescue Authority from April 2016. The shared service conforms with CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 as amended and objectively reviews on a continuous basis the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic and effective use of resources.

1.3 The Internal Audit Plan for 2016/2017 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk) using a predefined scoring system. It included:

- a number of core systems which were designed to suitably assist the external auditor to reach their 'opinion' and other corporate systems for example governance, and,
- a number of operational systems, for example, allotments, bereavement services, planning enforcement, grants to voluntary bodies were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.

1.4 The 2016/17 internal audit plan and any revision thereto, was delivered in full providing sufficient coverage for the Head of Internal Audit Shared Service to form an overall audit opinion.

1.5 In relation to the 27 reviews that have been undertaken, 26 have been finalised and 1 is at draft report stage. Areas which returned an assurance level of 'limited' were Contracts – post contract appraisals, Performance Measures, Risk Management, Housing Capital Programme, Community Centres and Allotments. Due to the nature of the findings in regard to the Contracts – post contract appraisals a further piece of work was commissioned after discussions between Senior Management Team and the Head of Internal Audit which focussed on the Housing Capital Programme. This was a significant piece of work for internal audit lasting approximately three months culminating in a number of high risk areas being identified that required immediate attention. A key outcome of this review was a decision by Senior Management Team to employ a Senior Contracts Manager who is now working on developing as well as delivering a robust action plan to address the identified risks. The Manager is reporting directly to the Senior Management Team and internal audit have worked with the team sharing information.

1.6 A clear management action plan has been formulated to address the issues identified in all the other audit areas where 'limited' assurance was identified to mitigate the risk. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer. Further work is required to embed risk management throughout the organisation with the outcomes now being monitored by the Executive Director - Finance and Resource. Where audits are to be finalised a comprehensive management action plan will be required and agreed by the s151 Officer from the relevant Service Manager.

1.7 As part of the process of assessing the Council's control environment, senior officers within the Council are required to complete an annual "Internal Control Assurance Statement" to confirm that the controls in the areas for which they are responsible are operating effectively. Officers were required to acknowledge their responsibilities for establishing and maintaining adequate and effective systems of internal control in the services for which they are responsible and confirming that those controls were operating effectively except where reported otherwise. No areas of significant risk have been identified in additional to those already identified in the audit work completed. Any concerns raised by managers will be assessed and addressed by the Corporate Management Team.

1.8 The majority of the completed audits have been allocated an audit assurance of either 'moderate' or above meaning that there is generally a sound system of internal control in place, no significant control issues have been encountered and no material losses have been identified during a time of significant transformation and change.

However, there were 6 audits allocated a 'limited' assurance which indicates weaknesses in the design and / or inconsistent application of controls potentially putting the achievement of the organisation's objectives at risk in those areas reviewed. Any assurance provided is limited to the few areas of the system where controls are in place and are operating effectively.

1.9 WIASS can conclude that no system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance based on the audits performed in accordance with the approved plan and the scoping therein. Based on the audits performed in accordance with the approved plan, the Head of Internal Audit Shared Service has concluded that the internal control arrangements during 2016/17 effectively managed the principal risks in a number of areas, but not all, and can be reasonably relied upon to ensure that the Council's corporate objectives have been met in the main. However, there remains a significant risk which could jeopardise this in the future in regard to the Housing Capital Programme and Risk Management. Close monitoring of deployed measures are set to continue but the need to reduce the overall risk and work towards a better approach beyond 2016/17 will be critical to create better transparency, expectation and accountability. This will be necessary in order to ensure the Borough can deliver a satisfactory housing capital programme, manage it's risk management effectively, and, ensure other areas which attracted a 'limited' assurance develop and deploy a sound control environment.

Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
June 2017

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

6th July 2017

Appendix 4

providing assurance, adding value
WORCESTERSHIRE
Internal Audit Shared Service

Worcestershire Internal Audit Shared Service (WIASS)

Internal Audit Charter

Redditch Borough Council

Definitions

1. Management refers to the Chief Executive, Executive Directors, Heads of Service and Service Managers

2. Board refers to the Audit, Governance & Standards Committee

This Charter was last reviewed April 2017 and was approved by the Audit Governance and Standards Committee on ……..

REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

6th July 2017

1. Introduction

Purpose

1.1 The purpose of this charter is to define what Internal Audit is and explain its purpose, role and responsibilities.

Provision of Internal Audit Services

1.2 WIASS covers five district authorities Wychavon, Malvern Hills, Bromsgrove, Redditch and Worcester and one Fire Service Hereford and Worcester Fire and Rescue Authority. WIASS also provides internal audit services to Place Partnership Limited.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group which is made up of the district and Fire Service s151 officers each having an 'equal say'. The Client Officer Group meets approximately 4 times a year.

1.3 For line management matters internal audit will report to the Corporate Director of Resources (s151 Officer within Worcester City Council) and the Monitoring Officer in their prolonged absence.

2. Definition

2.1 Internal Auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bring a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

3. Scope and Authority of Internal Audit Work

3.1 Under the Accounts and Audit Regulations 2015 No. 234 Part 2 Regulation 5:

(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

(2) Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—

(a) make available such documents and records; and

(b) supply such information and explanations;

as are considered necessary by those conducting the internal audit.

(3) In this regulation "documents and records" includes information recorded in an electronic form.

To aid compliance with Regulation 5 of the Accounts and Audit Regulations 2015, the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 details that "Internal Audit should work in partnership with management to improve the control environment and assist the organisation in achieving its objectives".

Internal Audit work should be planned, controlled and recorded in order to determine priorities, establish and achieve objectives.

3.2 In the course of their reviews internal audit staff, under the direction of the Head of Service, shall have authority in all partner organisations to:-

- at all reasonable times after taking account of audit requirements, enter on any partners' premises or land;
- have access to, and where internal audit deem necessary take into their possession, any records, documents and correspondence relating to any matter that is the subject of an audit;
- require and receive such explanations as may be considered necessary from any officer of the Partner regardless of their position;
- require any officer of the Partner to produce forthwith cash, stores or any other property under their control.

for which the internal audit service is being provided.

3.3 Internal Audit work will normally include, but is not restricted to:

- review and assess the soundness, adequacy, integrity and reliability of financial and non-financial management and performance systems, and quality of data;
- reviewing the means of safeguarding assets;
- examine, evaluate and report on compliance with legislation, plans, policies, procedures, laws and regulations;
- promote and assist the Partner in the effective use of resources
- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the Partner and recommend arrangements to address weaknesses as appropriate;
- advise upon the control and risk implications of new systems or other organisational changes.
- provide a 'critical friend' to assist services to achieve value for money
- undertake independent investigations into allegations of fraud and irregularity in accordance with the Partner's policies and procedures and relevant legislation

- at the specific request of management[1], internal audit may provide consultancy services provided:

  - the internal auditors independence is not compromised
  - the internal audit service has the necessary skills to carry out the assignment, or can obtain skills without undue cost or delay
  - the scope of the consultancy assignment is clearly defined and management[1] have made proper provision for resources within the annual plan
  - management understand that the work being undertaken is not internal audit work.

4. Responsibility of Management[1] and of Internal Audit.

4.1 At all times internal audit will operate in accordance with the partner's Constitution and legal requirements and all internal audit staff will adhere to recognised Professional Standards and Codes of Conduct and Ethics e.g. the Institute of Internal Auditors' and/or CIPFA as well as the Partner's Codes of Conduct and Anti-Fraud and Corruption Policies.

4.2 It is the responsibility of Management to put in place adequate controls to ensure systems meet their objectives and that they are notified without delay of any instances where systems are failing to operate properly. However, where there has been, or there are grounds to suspect that there is risk of a serious breakdown in a significant system, the Head of Service should be informed of the problem and any counter measures already in hand or proposed, as quickly as possible, in order that the Head of Internal Audit Shared Service can decide whether audit involvement is needed.

4.3 Similarly, it is the responsibility of Management to put in place adequate controls to prevent and detect fraud, irregularities, waste of resource, etc. Internal Audit will assist Management to effectively manage these risks. However, no level of controls can guarantee that fraud and the like will not occur even when the controls are performed diligently with due professional care. As a consequence all cases of actual or suspected fraud should be reported to the Head of Internal Audit Shared Service forthwith. The Head of Internal Audit Shared Service will then decide the course of action to be taken with due regard to the Partner's Constitution, e.g. Whistleblower's Charter, Stopping Fraud and Corruption Strategy, etc.

4.4 Any officer of a partner organisation who has genuine concerns at raising a suspected instance of fraud or malpractice through their normal reporting channels, can raise the matter under the Partner's Whistleblower's Charter directly with any of the persons named in the policy document, including the Head of Internal Audit Shared Service. Head of Internal Audit Shared

Service will then pursue the matter in accordance with the provisions of the policy document.

4.5 Internal audit is not responsible for any of the activities which it audits. WIASS will not assume responsibility for the design, installation, operation or control of procedures. However should any partner/client contract for specialist services within an area then the WIASS staff member assigned will not be asked to review any aspect of the work undertaken until two years have passed from the completion of the assignment.

4.6 The Head of Internal Audit Shared Service will ensure that the Section 151 Officer is briefed on any matter coming to the attention of internal audit that could have a material impact on the finances of the Partner as quickly as possible and will ensure the appropriate Officer of the Authority e.g. Director, Monitoring Officer is regularly briefed on the progress of audits having a corporate aspect. Matters involving fraud or malpractice should be reported to an appropriate Officer of the Authority e.g. Managing Director, Chief Executive, Director, Monitoring Officer and Section 151 Officer (except where the latter may involve the Managing Director, Chief Executive, Director, Monitoring Officer and/or the Section 151 Officer when the Head of Internal Audit Shared Service for the Worcestershire Internal Audit Shared Service will brief the Chairman of the Board[1] and/or Leader of the Partner on the position and agree the way forward in accordance with Financial Regulations).

4.7 In order to (1) maintain a broad skills base within Internal Audit and (2) maximise the ability of the team to offset the cost of providing the internal audit function to the Partner, the strategic plan will include a commitment that internal audit obtains income to the Partner from external work either from partnership working and/or selling its expertise. Such activities will be governed by targets set out in the Collaborative Administrative Agreement and will be approved and reported on to the Client Officer Group.

5. Planning and Reporting

5.1 To meet the objectives above, the Head of Internal Audit Shared Service shall:-

a) prior to the beginning of each financial year, following consultation with Management[1] and after taking into account comments from Members arising from the reporting process set out below, provide the Committee with:

- a risk based audit plan forecasting which of the Partner's activities are due to receive audit attention in the next 12 months. The risk based plan will take into consideration a number of risk factors and provide a basis of a three year strategic plan. A key responsibility of the Head of Internal Audit

Shared Service is to ensure all core activities receive attention at least once every 3 years with higher risk areas receiving more frequent attention, at the same time meeting the requirements of the latest appointed External Auditor guidance, whereby internal and external audit should work in partnership. Also, where there is a potential difference between strategy/plan and resource that this is reported to the Board[2];

- a detailed operational plan using a risk based assessment methodology showing how/what resources will be required/allocated in the coming financial year in order to meet the requirements of the Partners strategic plans. The Plans will be flexible and include a small contingency contained as part of the consultancy budget to allow for changes in priorities, emerging risks, ad hoc projects, fraud and irregularity, etc. The Head of Internal Audit Shared Service will bring to the attention of the s151 Officer if this budget is depleted so an additional contingency can be agreed. 'Consultancy', for the purposes of WIASS activity, is defined as work that is of a specialist nature and commissioned/requested in regard to an area of work activity within a service area that is in addition to the agreed partners audit plan. The work can be financial or governance based and the output will provide management[1] with challenges to consider depending on it's nature. The approach to the assignment can be flexible but follow a similar path in regard to the methodology.

b) during the course and at the close of each financial year provide the Board[2] with:

- quarterly progress reports on actual progress compared to the plan and performance indicators. Such reports to highlight serious problems, either affecting the implementation of the plan, or, in the take up of audit recommendations;

- an annual report summarising the overall results for the year compared to the plan and pointing out any matters that will impact on internal audit's ability to meet the requirements in the strategic plan;

c) during the course and close of each full systems/risk audit provide the client manager[1] with:

- a copy of an audit brief and audit information request setting out the objectives and scope of the audit prior to commencement of the audit and a confirmation of resource requirements for the audit.

- draft recommendations, which will be discussed with the responsible manager[1] prior to sending the draft audit report. The manager[1] is responsible for confirming the accuracy of the audit findings and is invited to discuss the report during the 'clearance' meeting prior to the issue of the draft report.

- an audit report containing an overview of the quality of the control system, an opinion as to the level of system assurance and detailed findings and recommendations including priority. 'Assurance', for WIASS purposes, is defined as the determination of an overall outcome against a predetermined criteria leading to an applied level giving an overall summary for the work audited.

d) shortly after the close of each financial year provide for the purposes of the Annual Governance Statement:

- an annual audit opinion of the Partner's system of controls based on the audit work performed during the year in accordance with the plans at 5.1(a) above and reported in accordance with 5.1(b) and (c) above and on the assurance methodology adopted, and, a statement of conformance with the Public Sector Internal Audit Standards and the results of quality assurance and improvement programme.

5.2 Expectations of Clients:

Managers and staff should co-operate with the Auditors, and responses should be made to draft reports as outlined at 3 above. Responses should include an action plan, dates for action and responsibility where actions are delegated. The final 'High' and 'Medium' recommendations will be reported to the Board[2].

5.3 Audit reports will be drawn up following the internal audit report framework. A matrix type report displaying audit findings, risks and recommendations along with a column for management comments, as per 5.1(c), will be provided to management[1]. The report will also contain an introduction and priority categories for each of the recommendations. A covering report will be attached to the matrix providing details of the partner organization, circulation, audit scope and objectives, an audit opinion and executive summary and an audit assurance rating as well as a clear indication of what action is required by management. Also included in the report will be the definition of audit opinion levels of assurance and definitions of priority of recommendations.

5.4 Upon completion of audits, the audit exceptions will be discussed with the relevant line manager and will form the basis of the draft audit reports. The draft audit reports are issued to the relevant line managers for them to confirm the accuracy of the audit findings and content. Managers are

invited to contact the Auditor if they wish to discuss the report and asked to show their response in the form of an action plan to each recommendation on the draft report. For accepted recommendations, dates for action or implementation are recorded. The managers' responses are recorded in the final reports that are issued to the appropriate Management[1] officers as deemed relevant for the audit.

5.5 In accordance with professional standards, after three/six months from the date of issue of the final report, follow-up audits are undertaken to ensure that the agreed recommendations and action plans have been implemented, or, are in the process of being implemented. A formal follow up procedure / methodology is used to follow up audit reports. A follow up is then undertaken every three months to coincide with the Board[2] cycle so progress reporting is timely.

5.6 Internal Audit works to the reporting quality standards of:

- draft audit reports to be issued within 5 working days of the clearance meeting;
- management responses received within 10 working days;
- final audit reports to be issued within 5 working days of the final discussions of the draft audit report and receipt of management responses;
- final reports to be followed-up initially within 3 to 6 months of the date issue of the final audit report depending on the recommendation priority and residual risk, to ensure that the accepted recommendations due for implementation have been established.

6. External Relationships

6.1 The main contacts are with:

- Institute of Internal Auditors
- External Auditors
- Local Authorities in the Worcestershire area
- Local Authorities in the Midlands area
- Organisations within the Exeter Benchmarking Group

- CIPFA (publishers of the systems based auditing control matrices written by Exeter IA section)
- National Fraud Initiative via DCLG and Cabinet Office

But may include other external parties as necessary.

Notes

a) In the absence of the Head of Internal Audit Shared Service all provisions relating to him/her above will apply to the relevant Team Leader in accordance with the duties allocated by the Head of Internal Audit Shared Service.

Version Control:	Date of Change	Action	Updated by
1.0	2nd March 2012	Charter for WIASS	AB
2.0	9th August 2012	Update to Charter	AB
3.0	23rd April 2013	Update to Charter re. International Standards	AB
4.0	21st Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1st July 2016	Update re. titles and definition of 'consultancy' and 'assurance'.	AB
6.0	April 2017	Full review in line with Standards	HT
7.0	May 2017	COG suggestion: Update of H&WFRS name to reflect legal entity & 'Council's' to 'Partners'.	HT

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REDDITCH BOROUGH COUNCIL

Date: 6th JULY 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

THE INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE; WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Paul Field, Interim 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 2017/18 and residual 2016/17.

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 the Accounts and Audit Regulations 2015 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".

REDDITCH BOROUGH COUNCIL

Date: 6th JULY 2017

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 2017 to 31st May 2017 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 (27th April 2017):

2016/17 AUDIT SUMMARY UPDATES:

Creditors

The review found the following areas of the system were working well:

- Payments are in accordance with internal and external regulations are properly chargeable to the Council are timely and only made once;
- Expenditure for goods/services is recorded correctly and accurately in the main ledger including VAT;
- Reconciliations between the main ledger and the creditors ledger are carried out in a timely manner.

The review found the following areas of the system where controls could be strengthened:

- Controls ensure that goods/services cannot be requisitioned, ordered and received by the same individual;
- Purchase orders to be raised prior to the receipt of goods/services unless specifically excluded;
- 'Value' order amounts are not exceeded;
- Goods are receipted in a timely manner on the system;
- The setting up of new creditors and amendments to supplier records are validated and authorised;
- Invoices are only paid upon the confirmed receipt of the good/services and only where the invoice/order match or the difference is within the authorised tolerance level; disputed invoices are tracked and monitored.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 3rd April 2017

REDDITCH BOROUGH COUNCIL

Date: 6th JULY 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Regulatory Services

The review found the following areas of the system were working well:

- Licensing applications are being recorded on the Uniform system
- All relevant documents to each license is recorded or attached to the file
- Testing demonstrated the applications being dealt with timely
- Where online facility is available the process is straight forward

The review found the following areas of the system where controls could be strengthened:

- Inconsistent and lengthy cheque process in some districts leading to inefficiency
- Recording of cheques at Worcestershire Regulatory Services
- Application forms getting to Worcestershire Regulatory Services
- Reporting of payments to Worcestershire Regulatory Services

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 26th May 2017

Risk Management

The review found the following areas of the system were working well:

- The monitoring and management of corporate risks.

The review found the following areas of the system where controls could be strengthened:

- The development and implementation of an effective Risk Management Strategy throughout the organisation.
- Effective monitoring of service risk entries, ensuring that there are regular and timely reviews by risk owners which are fully documented on the risk register.
- Ensuring mitigating actions have been identified for all issues raised, and effectively addressed.
- The provision of training to staff and Members, particularly recently appointed Portfolio Holders.

Type of audit: Full Systems Audit
Assurance: Limited
Report issued: 24th May 2017

Dash Board and Performance Indicators

The review found the following areas of the system were working well:

- The security of the Dashboard whereby only authorised editors had access to make changes to the individual performance measures.

The review found the following areas of the system where controls could be strengthened:

- The timeliness of reporting of performance measures on the Dashboard;
- The resilience in reporting the measures;
- The process of data collection and reporting;
- The comments within the Dashboard which purpose is to clarify and explain reason for variances in the data reported.

Type of audit: Limited Scope Audit
Assurance: Limited
Report issued: 3rd May 2017

Benefits

The review found the following areas of the system were working well:

- The accurate and timely processing of new claims and changes in circumstances;
- The accurate calculation and classification of overpayments;
- Controls in place for the management of write-offs.
- The process for managing discretionary hardship schemes
- The timely reconciliation of systems
- Arrangements for monitoring service performance.

The review found the following areas of the system where controls could be strengthened:

- Management of outstanding debts, including the regular monitoring of debtor accounts; ensuring there is a full audit trail of actions taken and identification of reasons for delays in updating debtor accounts to enable an effective management review process; monitoring of debts relating to fraud cases that have been transferred to the DWP.

Type of audit: Full Systems Audit
Assurance: Significant
Report issued: 12th May 2017

NDR

The review found the following areas of the system were working well:

- Multipliers - The correct national multipliers are entered to the NNDR system and used for calculating the amount to be charged.
- Valuation Office Reconciliations - The number of properties and total RV is reconciled to Valuation Office lists;
- Discounts and exemptions - The process for applying discounts and exemptions on account;

- Performance - Processes for monitoring service performance including collection rates;
- Debt management - arrangements are in place;
- Income postings - to IBS are reconciled regularly;
- NNDR3 - collection rate figures are monitored and suitably reported; and
- Compliance Team - has been created to address fraud issues.

The review found the following areas of the system where controls could be strengthened:

- New and Empty Properties - Processes for notifying all new developments to the Valuation Office and the monitoring of voids;
- Reliefs, Discounts and Small Business Relief – maintenance of records of applications;
- Review of credit balances;
- Refunds – recording of evidence and independent review of refunds;
- Recovery – prompt implementation of each stage of recovery and recording of explanation for cessation of recovery action;
- Reconciliation – frequency and promptness of reconciliation of NNDR cash to ledger.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 1st June 2017

Council Tax

The review found the following areas of the system were working well:

- Opening debit – processes and recording;
- Reconciliation to Valuation Office - Ongoing reconciliation processes in place;
- Council Tax discounts, reliefs and exemptions are applied correctly;
- Debt management processes are in place;
- Council Tax bands - application to accounts;
- Compliance Team established to consider fraud issues;
- Ledger Reconciliation - Income postings to IBS are reconciled regularly.
- Write off procedure and practice;
- Service performance is recorded, monitored and reported;

The review found the following areas of the system where controls could be strengthened:

- New properties – lack of process for the updating and reviewing new housing developments;

- Webforms NFI FPN – need to include NFI fair processing notices on electronic forms;
- Refunds – independent review of reason for refund;
- Reconciliation – frequency and timeliness of reconciliation of Council Tax cash to ledger; and
- Review of credit balances.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 1st June 2017

Payroll

The review found the following areas of the system were working well:

- The employees paid through the Payroll system are bona fide
- Additional payments are actioned only when appropriate authorisation is received
- The requirements of HMRC's Real Time Information reporting are being met in relation to payments from payroll
- System reports and exception reports are timely and are investigated and acted upon
- Controls over authorisation are appropriate and effective throughout the Payroll procedure

The review found the following areas of the system where controls could be strengthened:

- Document retention in relation to Payroll needs bringing up to date so that only appropriate data is held
- There is no deadline being enforced for items from Wyre Forest District Council that are to be included in the Payroll

Type of audit: Full Systems Audit
Assurance: Significant
Report issued: 5th June 2017

Summary of assurance levels:

2016/17	
Creditors	Moderate
Worcestershire Regulatory Services	Moderate
Risk Management	Limited
Dash Board and Performance Indicators	Limited
Benefits	Significant

NDR	Moderate
Council Tax	Moderate
Payroll	Significant

Audits completed to draft report stage included:

- Fees and Charges 2016/17
- Palace Theatre 2017/18
- Pitcher Oak Golf Course 2017/18

2017/18 audits continuing as at the 31st May 2017 included:

- Housing – Homelessness
- Housing - Allocations
- Community Services - Disabled Facilities Grants
- Legal and Democratic - Land Charges
- Environmental - Waste Management
- Records Management
- Procurement
- Building Control

The summary outcome of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

Critical review audits (e.g. Insurance 2016/17) are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regard to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. In order to assist the service area to move forwards a number of challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. To report this percentage during the year based on outturn will cause the figure to fluctuate throughout the year, however, a final percentage figure will be reported in the annual report. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.3 above.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcome of the follow up reviews is reported on an exception basis taking into consideration the general direction of travel and the risk exposure. An escalation process is to

be agreed for 2017-18 involving CMT and SMT to ensure more effective use of resource in regard to follow up and reduce the number of revisits that are currently necessary.

3.4 AUDIT DAYS

Appendix 1 shows the progress made towards delivering the 2017/18 Internal Audit Plan and achieving the targets set for the year. As at 31st May 2017 a total of 83 days had been delivered against an overall target of 400 days for 2017/18.

Appendix 2 shows the performance indicators for the service. Performance and management Indicators were agreed by the Committee on the 27th April 2017 for 2017/18.

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.

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

There has been on going work undertaken in regard to the National Fraud Initiative. 2016/17 saw the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is over seen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a

coordinating role in regard to this investigative exercise in Redditch Borough Council.

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.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2017/18
Appendix 2 ~ Performance indicators 2017/18
Appendix 3 ~ Tracking analysis of previous audits
Appendix 4 ~ 'High' and 'Medium' priority recommendations

6. BACKGROUND PAPERS

Individual internal audit reports which are held in the internal audit service.

REDDITCH BOROUGH COUNCIL

Date: 6th JULY 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

7. KEY

N/a

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

Date: 6th JULY 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2017/18
1st April 2017 to 31st May 2017

Audit Area	2017/18 PLAN DAYS	Forecasted days to the 30th June 2017	Days used to 31st May 2017
Core Financial Systems (see note 1)	108	0	0
Corporate Audits(see note 2)	81	31	18
Other Systems Audits	157	97	57
TOTAL	346	128	76
Audit Management Meetings	20	5	4
Corporate Meetings / Reading	9	2	1
Annual Plans and Reports	12	3	2
Audit Committee support	13	3	0
Other chargeable	0	0	0
TOTAL	54	13	7
GRAND TOTAL	400	141	83

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.

REDDITCH BOROUGH COUNCIL

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Appendix 2

PERFORMANCE INDICATORS 2017/18

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. governance indicators. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2017/18 Position (as at 31st May 2017)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 18 Delivered = 0 2 in draft	When Audit, Governance and Standards Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	20%	When Audit, Governance and Standards Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	66%	When Audit, Governance and Standards Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to date	When Audit, Governance and Standards Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to date	When Audit, Governance and Standards Committee convene
6	'Follow Up' results (Using 2017/18 reviews onwards)	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit, Governance and Standards Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report	When Audit, Governance and Standards Committee convene

WIASS considers it operates within, and conforms to, the Public Sector Internal Audit Standards 2013.

REDDITCH BOROUGH COUNCIL

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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 is planned going forward in regard to the more recent audits providing assurance that a programme of follow up is operating.

To provide the Audit, Governance & Standards Committee with assurance we are following a comprehensive 'follow up' programme to ensure recommendations and risks have been addressed from previous audits. Commentary has been provided on audits as part of the normal reporting process. Previous audit year updates in regard to 'follow ups' will be provided every six months to avoid duplication of information. Any exceptions (i.e. where no action has commenced by the agreed implementation date) 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 Team Leader.

Follow up in connection with the core financials is undertaken as part of the routine audits that were performed during quarters 3 and 4.

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Date: 6th JULY 2017

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
Cash Receipting	29th January 2015	Head of Customer Access and Financial support	Moderate	1 "high" and 1 "medium priority recommendations re the need to ensure a PCIDSS certificate is obtained and that the suspense account is reviewed and cleared.	Follow up undertaken in December 2015. The medium priority recommendation in relation to suspense accounts has been implemented. The recommendation in relation to PCIDSS certification is still to be actioned as this will need to be revisited.	Follow up undertaken December 2016 with Finance. Implementation remains in progress in obtaining PCI certification; delays due to resources and delays with the banks. Further follow up In March 17 when audit spoke to the interim financial services manager to make him aware of the ongoing report. The interim Financial Services Manager will look into the need for PCI certification. Further follow up confirmed that PCIDSS certification has been received. **No further follow required.**	
Leisure - Consumables	4/01/16	Leisure Services Manager	N/A Critical Friend	Challenge points and good practice	A follow up took place in October 2016 and found the service was satisfactorily progressing with all challenges and had a clear sense of direction. There are certain areas that need further consideration or action. Further follow up May -17.	Follow up took place in May 2017 which found the service was heading in the positive direction of travel with challenges from the review being fully considered. **No further follow up required.**	

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Corporate Governance – AGS	22/02/16	Financial Services Manager	Moderate	1 'high' priority and 3 'medium' priority recommendations; No action plan, compilation of AGS, review of terminology and circulation of document	A follow up took in September 2016 and found 3 recommendations were in progress relating to the circulation of the AGS, action plan and the responsibility for compilation of the AGS. 1 recommendation was still to be actioned relating to a review of the AGS.	Follow up was scheduled for February, however, due to change of Financial Service Manager, the interim manager will pick up AGS as part of job therefore follow up has been delayed until June 2017.	
S106s - Planning obligations	08/04/2016	Head of Planning and Regeneration, Financial Services Manager, Principal Solicitor	Critical review	Challenge points and good practice in relation to Committee Reporting, Policies/Procedures, Waste Services Contributions, Project Contribution areas, Central Finance Spreadsheets, Withdrawn Planning Applications, Online Publication and Retention and Income Management	The follow up in September 2016 found that the service is progressing with the challenges made. The follow up has found that out of the nine challenges made above Management have actioned five of them and have/are giving due consideration to the other challenges made. These relates to the contributions formula being updated, process to monitor amount of developers per project and uploading of S106 agreements. Further follow up in 6 months.	Follow up originally scheduled for Mar 2017, however, it has been delayed until after the restructure has taken place in mid May 17. Management are currently considering the progress report.	

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CCTV	31/03/2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	A follow up was undertaken in September 2016 and found although both recommendations have been actioned however there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy.	Follow up originally scheduled for April 2017, however, delayed until May 17 due to staff resource issues in Community Services.	Audit met with both responsible managers on 10.05.17 and was informed position was the same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy to be finalised. Further follow up date Nov 17.
Consultancy and Agency	13/06/2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post transformation reviews, professional indemnity Insurance and accuracy of invoices received.	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to the use of Matrix, the procurement procedures, outcomes set for the use of agency staff and processing invoices. One recommendation is still to be actioned reliant on the outcome of a recommendation.	Audit met with the Director of Finance and Resources on 10.05.17. The review of Matrix is still in progress. As several recommendations rely on the matrix review being completed no official follow up will take place until completed. Further follow up date Nov 17	
Housing Right to Buy	08/06/2016	Head of Housing and Housing Performance and Database Manager	Moderate	3 'medium' priority recommendations in relation to confirmation of the right to buy, Completion of Sale and Mortgage rescue Scheme	A follow up was undertaken in February and found that 2 recommendations relating to issuing of RTB2 and completion of sales were implemented. One recommendation relating to the mortgage rescue scheme has yet to be actioned. Further follow up in 6 months.	Aug - 17	

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Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Results of follow Up 1st	Results of follow Up 2nd	Results of follow Up 3rd & 4th
Regulatory Services	08/06/2016	Head of Regulatory Services	Critical Review	Time recording challenges in relation to Systems Specification, Policies & Guidance, Coding Structure, Fee Earners, Performance Measurement and Database Accuracy.	A follow up took place in December, it found that 2 challenges had been actioned, 4 considered and 1 considered but still awaiting further action. Direction of travel is positive. Further follow up in 6 months.	Jun- 17	
Allotments	16/08/2016	Head of Leisure and Cultural Services	Limited	1 'high' priority recommendation in regard to the overall management of allotment services	A follow up took place in February 2017 finding one recommendation relating to the allotment action plan was in progress. Further follow up in 3 months.	A follow up took place in May 2017 and found that the one recommendation was on going with two action points still in progress relating to the use of SLA and the use of a new management information software. Further follow up date Nov 2017.	
One Stop Shop/Customer Services	28th September 2016	Community Services	Significant	Three medium priority recommendations were made relating to training, minutes of meetings and safety of staff. Two low priority recommendations were made relating to assistance for translators and for data management.	A follow up was undertaken in February 17 finding 1 recommendation relating to training has been implemented, and 2 recommendations relating to documenting meetings and safety of staff are in progress. Follow up 6 months.	Aug- 17	

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Cash Collection	3rd January 2017	Executive Director (Finance and Resources)	Significant	The report reported one medium priority recommendation relating to a review taking place of safe keys for cash offices. Follow up in 6 months.	A follow up was undertaken in March 17 and found that the one medium priority recommendation relating to the security of keys has been implemented. **There will be no further follow up required.**		
Insurance	13th January 2017	Corporate	Critical Friend	This audit reported 3 recommendations to all 5 authorities, these related to, documentation of claims, insurance risk on risk register and admin and claim handling fee. Follow up in 6 months.	Aug- 17		
Community Centres	6th February 2017	Leisure and Cultural Services	Limited	This audit report reported 1 high priority recommendation relating to debt monitoring and 6 medium priority recommendations relating to documents, invoices, cancellations and security. Follow up in 3 months.	A follow up was undertaken in May 2017 and found that 5 recommendations were implemented and 2 were in progress relating to booking forms and invoice reconciliation. A further follow up will take place in Nov 2017.		

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Planning Enforcement	16th Feb 17	Planning and Regeneration	Significant	This audit reported one high priority recommendation relating to supporting documentation for the planning enforcement. Follow up in 3 months.	A follow up was undertaken in May. It found the one recommendation relating to supporting documentation for complaints has been implemented. **There will be no further follow up required.**		
Planning Application and Fees	16th Feb 17	Planning and Regeneration	Moderate	This audit reported 2 high priority recommendations relating to, VAT and redaction of published applications and 2 medium priority recommendations relating to, record of notification and reconciliation of payments. Follow up in 3 months.	A follow up was undertaken in May. All recommendations have now been implemented. **There will be no further follow up required.**		
Bereavement Services	17th March 17	Environmental Services	Significant	This audit reported 2 medium priority recommendations relating to written sales invoices and invoice reconciliations. A follow up will be undertaken in 6 months time.	A follow up took place in May and found that the 2 recommendations had been implemented. **There will be no further follow up required.**		
Contracts - Post Contract Appraisal	17th March 2017	Housing	Limited	This audit reported 5 high priority recommendations and 3 medium priority recommendations	Sept -17		

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				relating to performance measures, contract specifications, variations, payments, tender evaluations, insurance, contract documents and meetings. Contract specification, variations and contractor meetings have been satisfied.			
Performance Measures	3rd May 2017	Corporate	Limited	This audit report made 3 high priority recommendations and 1 medium priority recommendation relating to resilience, timeliness, integrity of information and other aspects of performance. **A follow up will take place in 3 months time.**	Aug-17		
Worcester Regulatory Services	26th May 2017	WRS	Moderate	This audit made 1 high priority recommendation and 2 medium priority recommendations relating to payment for licences granted, cheque payment and application forms. **A follow up will take place in 3 months**	Aug-17		

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				time.			
Risk Management	24th May 2017		Limited	This audit made 5 medium priority recommendations relating to corporate risk management strategy, risk management group, risk register updates, portfolio holder monitoring and training. **A follow up will take place in 3 months time.**	Sep-17		
Creditors	3rd April 2017	Financial Services Manager	Moderate	This audit report made 1 high priority recommendations relating to segregation of duties, and 4 medium priority recommendations relating to purchase orders, value orders, timing and supplier details. **This will be followed up as part of the 17/18 audit.**			
Benefits	12th May 2017	Financial Services Manager	Significant	This audit report made 3 medium priority recommendations relating to debtor invoicing and monitoring, outstanding debts and debt recovery. **This will be followed up**			

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				as part of the 17/18 audit.			
end							

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APPENDIX 4

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.
Significant Assurance	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. 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.
Moderate Assurance	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. 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.
Limited Assurance	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. 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.
No Assurance	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. 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.

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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.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Creditors					
Assurance: Moderate					
Summary: Full system review					
1	High	**Segregation of duties:** In 10 out of the 25 transactions selected for testing orders were raised and authorised by the same person demonstrating no proper segregation of duties in the purchasing process. Also 6 of 10 orders were 'goods received' (GRNd) by the same person. This was occurring mainly on transactions where stock is ordered into the stores. However, 2 orders were raised, authorised and GRNd by a staff member who is within Environmental Services at Bromsgrove District Council. 1 transaction was requisitioned and authorised by someone in stores not on the authorised signatories list on the Orb. 4 transactions were authorised by a stores member of staff who does not have approval to authorise orders according to the Orb authorised signatory list. A member of Housing staff was listed twice on the authorised signatories list with each entry giving different permissions – one of which would mean orders have been authorised when this person does not have such authorisation. User account permissions being set up on Cedar by ICT are determined by liaising with finance staff to agree whether	With a lack of segregation there is a potential risk of internal fraud and theft leading to reputation damage and resource implications should an investigation be required. Furthermore there is a potential risk of poor monitoring which could lead to overspending.	Implementation of integral system controls to ensure segregation of duties and the use of exception reporting to identify non compliance. Where there is a business need to work around the systems controls then a cost/risk/benefit analysis is to be undertaken and reasonable additional controls implemented, i.e. as monitoring of a monthly spend analysis by an independent officer, to ensure that the risk to the council remains within acceptable boundaries. Implementation of integral system controls related to an individual's authorisation level to permit/ deny authorisations or orders. Review and update the authorised signatories to ensure current permissions have been correctly authorised and are in place, so that the authorising permissions dictate the individual's permissions on use of the goods ordering system (Cedar) that staff are using. Review the process by which user accounts on Cedar are set up and updated by ICT to ensure	**Responsible Manager(s):** Finance Manager Business Support Officer Head of Environment Environmental Services Manager ICT Operations Manager **Implementation date:** **Response from Head of Environment** This has been discussed with the stores team to ensure that process and procedures are followed. The authorised signatories list for Environmental Services including Stores has been revised. Meet with Finance and Stores to review the policy to consider any changes needed to allow self authorisation for those staff accessing EProc. **Response from Head of Housing Services:** The Authorisation list has been amended with the correct levels of authorisation and the duplicate entry deleted. **Response from ICT Operations Manager:**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		permissions are appropriate to the job role, and also with reference to the authorised signatory list on the Orb. However findings above indicate the authorised signatories list is not always up to date.		permissions are set at the correct level according to the relevant manager's authorisations.	Finance to audit signatory list quarterly to ensure leavers and starters are updated accordingly and change to job roles are captured. Implementation of integral system controls and the process for user account permissions being set up on Cedar by ICT to be documented and reviewed by ICT in partnership with relevant staff in finance. Complete by May 2017. Produce a quarterly Business Objects exception report from Cedar to list individual orders where authorisation levels are exceeded for finance to audit. Complete after year end June 2017 Produce a monthly Business Objects report from Cedar to list users that have ordered, authorised and GRN products for finance to audit. Complete after year end June 2017. Produce a quarterly Business Objects report from Cedar to list individual authorisation levels that can be compared with the signatories list to expose discrepancies and reported to Finance. Complete after year end June 2017 Fortnightly meetings are in place between ICT and Finance Manager to monitor progress with the actions above.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Version 5 of Cedar functionality is being reviewed by ICT and Finance to understand where developments can support the resolution of issues raised and recommendations of this report.
2	Medium	**Purchase Orders:** A number of purchases are being made without purchase order numbers and these are being processed through the non-POP system. This is usual for orders in the Housing service area because the 'Saffron' system does not interface with Cedar. However it is happening with other purchases where an expectation would be that purchase orders would normally be raised.	There is a risk of poor commitment accounting potentially leading to a lack of budgetary control. There is the potential this could also lead to reputation damage and a lack of confidence in the budget monitoring process if budgets are being exceeded.	Purchase orders to be raised before the purchase of goods. A pragmatic approach to be adopted where circumstances do not allow for the procedure to be followed e.g. out of hours/emergency purchases but there must always be accountability.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work
3	Medium	**'Value' Orders:** 'Value' orders are being raised for a total amount when the exact cost of goods/services is unknown. These are being invoiced for and GRNd in parts until the amount on the order has run out. Invoices continue to be received which cannot be paid by the original order so a new order has to be raised, meaning the incoming invoices then do not match the new order number because they are linked to the original.	There is the potential risk of a lack of budgetary control and accountability due to a poor audit trail of transactions. There is the potential this could also lead to reputation damage, financial loss or a lack of confidence in the budget monitoring process if budgets are being exceeded.	Investigate the use of Cedar to see if it is possible for an alert when a % of the value of an order has been spent to prevent the purchase order amount being exceeded. Services to ensure that multiple orders are raised where possible instead of opting for a 'value order' however it is acknowledged that a pragmatic approach is required in regard to some services.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Over payments have also been made as consequence of this. One example was found as part of the RBC sample. This had been identified by the creditor's team and the money had been paid back to RBC.			working to all services. This will be picked up as part this work **Response from Head of Environment** Will ensure that ES Managers speak to their teams about this. However, for certain orders where there is ongoing work but the sum differs over the period due to different levels of work in that period this may be difficult.
4	Medium	**Timely Noting of Goods Received:** Goods are not always being GRNd in a timely manner. 12 out of 50 transactions demonstrated goods were GRNd between 2 weeks and 6 months after the delivery date.	There is the potential for delays in paying invoices and processing returns/refunds leading to reputation damage and financial loss if penalties are incurred for late payments. Further risks include making it difficult to track stock that has been delivered and may be used before it's been GRNd potentially leading to delayed detection of internal fraud and theft.	Investigate the use of Cedar to see whether implementation of a system alert or exception reporting is possible if an order is not GRNd within a specific time following its authorisation.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work **Response from Head of Environment** Part of this may be due to getting delivery notes / collection notes back from staff, this was found to be an issue where stores raise and order that is then taken by an member of staff from another service to collect goods. We will be sending out reminders to all Teams that use the

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Stores regarding the need to return paperwork in a timely fashion
5	Medium	**Supplier Details:** Prior to suppliers being set up on Cedar there is no formalised process for checking the background to ensure suppliers are legitimate and operating legally and ethically.	Reputational damage to the authority if found to be dealing with illegal businesses or funding criminal activity as well as the potential of financial loss.	Authority to introduce a formalised process for checking suppliers prior to them being used to supply goods/services.	An example of a new supplier checks template will be presented to the newly established contracts working group to consider the best approach for validating companies. **Responsible Manager(s):** Contracts Working Group **Implementation date:** Meeting to be held on 5th May 2017.
Audit: Worcestershire Regulatory Services					
Assurance: Moderate					
Summary: Full systems audit					
1	High	Payment for Licences granted Testing was carried out on the following licences: • Alcohol licences (Premise and Personal • Animal establishments (Pet shop and	Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.	Districts in conjunction with Worcestershire Regulatory Services to review and consider systems in place to ensure effective control of all income so that all payments can be traced in the financial ledgers.	**Responsible Manager:** Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Boarding) • Temporary events notice. Payments could not be traced for all licences examined due to a number of reasons: • Insufficient referencing in financial ledgers to identify individual payments to applications. • Lack of proof of payment for cheques received directly by Regulatory Services (a consistent approach not applied and not all districts forward receipts). • Out of a sample of ten Licencing Act 2003 Premises licences sundry debtor accounts could not be found for two of them. Sundry Debtor accounts have since been raised for the two licences identified. • Varying standards of payment notification to Regulatory for those payments received direct by districts. • Some incorrect coding of income found. In most cases there was a note on the licencing file to say payment had been received however due to the lack of audit trail and insufficient referencing in the financial ledgers payments could not be systematically and directly traced for several cases.		Testing has identified that the current working arrangements are clearly not working. This should include consideration to: • Reviewing who should be responsible for the handling and receipt of payments so that there is a clear and consistent approach. This may mean revisiting the Shared Service legal agreement and Statement of Partner Requirements. • There is sufficient information provided on receipt of payment and this is input to ensure all payments can easily be identified to applications in the financial ledgers. • Where a request is sent by Regulatory Services to a district to raise a Sundry Debtor account whether it is necessary to introduce a process where confirmation of action is provided. This will aid in the process of reconciling income received to the service/licence provided for each authority	and implement required changes. A working group was set up after the previous audit who met on at least 1 occasion it was then decided not to progress further with this group but would be reviewed after a year. **Implementation date:** To be determined by District Finance Teams and Section 151 Officers in conjunction with Worcestershire Regulatory Services.
2	Medium	**Cheque Payments** The cheque payments process is inconsistent and a potentially lengthy	There is a risk of incomplete application process. More so	To consider and work with the districts to develop a smoother more	**Responsible Manager:**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		process in some districts causing it to be potentially inefficient. This could delay issuing of licences. There is also cause for concern that payments and forms could potentially go missing. Cheques which get separated from applications also have no link to a district or a licence type. There is no record of the cheques that get sent into WRS as the log is not being completed, they then get separated from the application. Cheques sent to WRS are taken out to the districts on days of surgery which are twice a week and only when required at Malvern. During testing there was 1out of 36 records missing the receipt number this was a payment by cheque. The receipt was not attached and the information was not written on the form as required by WRS. If any are likely to be missing receipt numbers it is likely to be a cheque.	a risk of an inconsistent and potentially inefficient process which could cause time delays in payments being processed timely and applications completed. There is a risk of cheques going missing. This all leads to a potential risk of customer dissatisfaction leading to reputational risk. A potential financial risk but also legislative if payment is not received but an application has gone through.	efficient way of taking and processing cheques. Another possibility would be to move towards reducing this payment method starting with a review of how payment methods are advertised making some more prominent than others	Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes **Implementation date:** As in recommendation 1 (above)
3	Medium	**Application Forms** Although there were no issues of delay in the applications tested there is a difference across the districts to whether the application form is put in a tray and waits for licencing surgery or whether it is posted back to WRS. This can potentially cause a delay in the application process either way.	Risk in delaying application process and possibly forms going missing leading to potential reputational damage through customer dissatisfaction. Also a risk to breaching data protection if personal information is lost that is provided on the application.	Review the process in relation to the payments made with consideration to applications possibly being facilitated in one location where able.	**Responsible Manager:** Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes **Implementation date:**

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					As in recommendation 1 (above)
Audit: Risk Management					
Assurance: Limited					
Summary: Full system audit					
1	Medium	**Corporate Risk Management Strategy, Roles and Responsibilities** The Risk Strategy document has been approved by CMT in 2015, but there is no record of this document being approved by Members. There is also no indication that this has been reviewed/ updated since this time. The roles and responsibilities of the officers involved in the risk management process have not been formally defined. There is also no central listing of the officers involved with Risk Management, and their respective areas of involvement.	Lack of corporate guidance on managing risk, resulting in potential inconsistencies in approach being adopted, which could result in reputational damage. Failure to formally identify officers could result in ineffective management of risks within the respective service areas, resulting in reputational damage if challenged. Failure to effectively hold officers to account for poor management of risk.	To review the Risk Management Strategy to ensure that it is still relevant and fits the needs of the Council. To ensure the roles and responsibilities of all officers involved with Risk Management have been defined and documented.	**Management Comment:** A new strategic document has been developed and will be presented to members in September. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** Management Team – July 2017 Members – September 2017
2	Medium	**Risk Management Group** The Risk Management Group has been reformed, and meetings have been scheduled. However, the group is yet to meet due to work priorities. Meetings are not known to have taken place for 2 years.	Failure to monitor risks in accordance with the defined strategy, resulting in ineffective risks management practices, which could lead to reputational damage for the authority.	To ensure the Risk Management Group meet regularly, and adheres to an agenda which facilitates effective internal challenge.	**Management Comment:** Meeting set up for mid June 2017 and quarterly thereafter. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** Mid June

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	Medium	**Service Risk Register Updates** Audit testing identified that service risk register entries were being reviewed on a regular basis by responsible officers. However, some of these reviews were not formally reflected in the service risk registers, in respect of dates of reviews or outcomes. There are risk entries on the registers that have a medium residual score but do not indicate whether any further actions are to be taken, or whether the risk level is to be accepted or monitored. There are some service risks which have been given a medium inherent risk rating, whereby this has been reduced to a low residual risk rating without the documentation of any existing controls. Audit testing also found that the implementation dates for some risk entries have passed, whereby the reasoning for this with further planned action dates has not been documented.	Omission of review information could result in challenges to the process, or instances where reviews are being missed which are not identifiable from the information provided, resulting in reputational damage for the authorities.	To assess the system for managing risk and determine whether improvements can be made to make this process more effective. To remind staff to document any reviews undertaken in relation to the risk register entries. To fully document existing controls and actions required for each risk register entry.	**Management Comment:** Review of departmental risk registers to be undertaken by Insurance Officer. CMT to be reminded of their roles in relation to the registers. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** June 2017
4	Medium	**Portfolio Holder Monitoring** There is no formal review of the Service Risk Register entries with the respective portfolio holders upon commencement of the role.	Reduced high level management challenge, and reduced understanding of the issues affecting the service resulting in reduced control, potentially leading to reputational damage for the authorities.	To consider a formal process of introduction for new Portfolio Holders to include a review of the current risks that have been identified as a concern for the Service.	**Management Comment:** Heads of Service to undertake review of registers with Portfolio Holders. **Responsible Manager:** Executive Director – Finance & Resources (and Heads of Service) **Implementation date:** July 2017
5	Medium	**Risk Management Training**			

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		There is currently no formal programme of training in risk management for officers with delegated responsibility for monitoring risk within their Services/ Departments.	Potential for inconsistencies in how risk is managed throughout the two councils, and increased risk of issues not being managed effectively, leading to reputational damage for the authority if issues arise.	To develop a formal programme of risk management training, to be provided to all staff with responsibility for managing risk within their service areas. To also consider extending this training to other Staff and Members where deemed suitable, including consideration for online training.	**Management Comment:** To discuss with the Human Resources & Organisational Development Advisor the potential training that can be delivered to all staff – to look at in conjunction with other councils. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** September 2017 (in line with new strategy being approved)
Audit: Dash Board and Performance Indicators					
Assurance: Limited					
Summary: Full system audit					
1	High	Resilience 5 out of 24 performance measures did not provide complete data on the Dashboard due to a lack of resilience. At the time of the audit, one performance measure did not show data past August 2016. This was due to the officer reporting on the measure having only 2 out of 5 supporting measures on their personal dashboard, leaving 2 completely unpopulated and 1 partially populated. Another measure did not have any data reported past August 2016 as the employee who used to collect and report the data had left the authority. The measure was updated after the 16th February 2017 and is now up to date. The third performance measure had no	Performance measures are not reported in a timely manner leading to reputational risk in the form of internal and external criticism.	Ensure that a minimum of two employees are trained and able to report on the Dashboard for each performance measure.	**Management Response:** The dashboard requires service areas to be responsible for their own data. The reporting element of the dashboard will be included in the review of the dashboard being undertaken during 2017/18. The majority of measures have two or more people with permission to enter data. The measures identified in the audit have only one officer working in the area. Automation for some measures was set up in a previous version of the dashboard but due to technical changes this can no longer be delivered. **Responsible Manager:** Rebecca Dunne - Policy Manager

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		data reported from September 2015 as the responsible officer was on maternity leave. The fourth performance measure had no data reported from August 2016. The population from an internal spreadsheet to the Dashboard should be automatic but at the time of the audit this was not happening due to an unknown reason. For the fifth measure there is only one contact person and editor. There is no second editor to report the data should the officer be absent for a longer period of time.			All data owners/line managers of data owners **Implementation date:** Policy Team actions: April -May 2017- management of current system 2017/18- complete review of dashboard June/July 2017 the Policy Team will offer further group training sessions Service area management of measures- ongoing
2	High	<u>Timeliness of Reporting</u> Audit testing found that 7 out of 24 performance measures reviewed were not reported on a timely basis, giving a percentage of 29.2%. Out of these 7 measures 6 were strategic measures, 4 from BDC and 2 from RBC.	Information reported to Management is outdated and no longer relevant which could lead to financial loss or reputation damage if decisions are made on historic information.	Implement a monitoring tool to ensure that the information contained on the Dashboard remains relevant and up to date In the case of performance measures reliant on third parties, it is to be clearly stated on the Dashboard that reporting is delayed due to a third party as the Council has no control over the publishing of this information.	**Management Response:** Responsibility for the timeliness of reporting rests with individual service areas; the measures are developed *by* those service areas in response to *their* service needs. The development of a monitoring tool will be considered as part of the review of the dashboard being undertaken during 2017/18. Where third party data is used, measure owners are expected to refer to this in the commentary text. **Responsible Manager:** Rebecca Dunne - Policy Manager All data owners/line managers of data owners **Implementation date:**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Policy Team actions: April -May 2017 - management of current system 2017/18 - complete review of dashboard Service area management of measures- ongoing
3	High	Integrity of Information For 10 out of 10 performance measures, 4 from BDC and 6 from RBC, 3 strategic and 7 operational measures, there was no formal template outlining how data is collected, calculated and entered onto the Dashboard. The supporting evidence for 6 out of 10 performance measures did not agree to the data reported on the Dashboard. One measure did not have any evidence to support reported data. For another measure 4 months were reviewed. Supporting evidence for 3 out of 4 months did not match with data on the Dashboard. For the third and fourth measure 2 months were reviewed and for one month the data was mixed up and data from the previous month was reported again. The fifth and sixth measure was reviewed and for 2 out of 3 months the number of bookings in the booking system did not match up with the number of bookings on	Data corruption due to human error and lack of experience / knowledge in reporting performance measure. Management Decisions are made based on incorrect information, which does not accurately reflect the needs of the Council leading to reputational risk.	If practical to implement a quality control tool and performance measure data collection template to ensure that performance information reported matches the source data. As a minimum requirement the information collated for the purpose of reporting performance measures on the Dashboard must be retained to provide accurate and complete evidence of data reported.	**Management Response:** Responsibility for the integrity of information rests with individual service areas. The dashboard review will include the delivery of automation where possible. The Policy Team will review the strategic measures and update the metadata and data source sections. Quarterly random checks of data integrity will be undertaken. **Responsible Manager:** Rebecca Dunne - Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April -May 2017 - management of current system Ensure that data quality (guidance on data collection, input and verification) is included in all training and reminder emails. Ongoing quarterly - random checks of data

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		the Dashboard.			integrity 2017/18 - complete review of dashboard Service area management of measures - ongoing
4	Medium	<u>Additional Information – Comments</u> Audit testing found that 6 out of 19 performance measures did not provide comments to some of the significant variances reported on the Dashboard. For 3 out of those 6 measures, no comments were provided as the data was initially populated onto the Dashboard automatically from an Excel spreadsheet. This automation is no longer operating and 2 of the measures are manually entered onto the Dashboard by the Business Development Manager and the remaining measure was not reported as the Senior Marketing and Communications Officer was unaware of the automatic reporting no longer operating. For another 2 measures there were no comment stating that the reason for a delay in reporting was due to the move from the Revenue and Benefits' Academy system to the Civica Open Revenues system. For the last measure there was no comment made in regards to a significant peak in August 2016.	Management and Members may be unable understand or interpret the underlying reason for the variances reported on the dashboard, resulting in an inability to make required decisions. This could be a reputational risk for the authority.	Ensure that comments are included for every performance measure, with the exception of third party information reported for reference, at every reporting event.	**Management Response:** Responsibility for the quality of commentary and annotation lies with individual service areas. The Policy Team will update the training guidance to emphasise what a good comment looks like. A yearly review of all measures will test the quality of the commentary and support will be offered to the relevant officers as required. The Policy team will review measures that are from external sources where comment is not possible and label them 'for information'. **Responsible Manager:** Rebecca Dunne - Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April - May 2017 - management of current system Update training guidance – June 2017 Ongoing annual - review of measures, including challenge around effective commentary

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					2017/18 - complete review of dashboard Service area management of measures – ongoing
Audit: Benefits					
Assurance: Significant					
Summary: Full system audit					
1	Medium	**Debtor Invoicing and Monitoring** From a random sample of 30 accounts with outstanding arrears, debts on 2 of these accounts are not being recovered in a timely manner. There are no notes on the system to identify any reasons why these are not being recovered. In one of these cases, the invoice for the outstanding debt has not yet been raised.	Failure to recover overpayments from claimants in a timely manner potentially resulting in financial loss and reputational damage for the Borough if errors are deemed to be LA.	To ensure all outstanding debts are being monitored regularly and that invoices are being raised in a timely manner and appropriate action is being taken. To ensure recovery reports are run monthly and there is clear responsibility allocated for actioning them.	**Management Response:** Review of procedures for invoicing and recovery to be carried out during 2017/18 to include introduction of measures pertaining to debt recovery. This will provide more effective monitoring and address points 1,2,3 in this report. **Responsible Manager:** Financial Support Services Manager **Implementation date:** September 2017
2	Medium	**Outstanding Debts – Fraud** From a random sample of 30 accounts with outstanding arrears, 1 was a fraud referral raised in 2015. There is no evidence that this debt has been resolved, or that it has been invoiced to formally communicate the outstanding debt to the applicant.	Failure to manage fraud cases effectively, potentially resulting in a financial loss to the Borough due to being unable to recover.	To ensure that there is ongoing monitoring of fraud cases, to ensure DWP have been notified of the debt, and to determine whether the DWP plan to recover the debt and whether this should remain as an outstanding debt for the authority.	**Management Response:** Fraud referral document includes note detailing that NICE close letter was forwarded to the applicant. This notice advises the customer that no further fraud action will be taken and closes the claim. The overpayment was suspended and not brought back into normal debt recovery. Outstanding adjustments reports will be reviewed as part of revised debt recovery

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					procedures to be put in place from September 2017. **Responsible Manager:** Financial Support Services Manager **Implementation date:** September 2017
3	Medium	**Debt Recovery – Workflow Monitoring** From a random sample of 30 accounts with outstanding arrears, 1 was created following an administrative delay between April 2016 (first notification) and September 2016 (when it was actioned). The reason for the delay has not been documented and remains unknown. The amount remained unpaid at the time of the audit work in December 2016.	Failure to action changes in a timely manner, resulting in incorrect Benefit payments to the applicant potentially leading to reputational damage for the authority as well as if overpayments are due to LA error and are irrecoverable.	To ensure all documents in the workflow system are addressed in a timely manner with exception reporting for unprocessed documents that have been awaiting action for an unrealistic time. To remind staff to action their workflow items correctly, and in a timely manner.	**Management Response:** Implementation of new workflow system will allow for greater monitoring of outstanding work items. We will review the use of workflow to minimise administrative delay and request all staff notebook reasons for delay. **Responsible Manager:** Financial Support Services Manager **Implementation date:** September 2017
Audit: NDR					
Assurance: Moderate					
Summary: Full system audit					
1	Medium	New Properties There is no formal process in place for ensuring all new commercial developments are notified to the Valuation Office in a timely manner, and updated on the NDR system.	Failure to charge a full and correct charge on new commercial properties, potentially resulting in delayed billing and payment to the Authority and reputational damage to the	A formal process for updating and reviewing new commercial developments to be documented and implemented, to ensure timely charging.	**Management Action:** New property procedures are being documented and will be implemented from 2nd quarter of year. **Responsible Manager:** David Riley

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			authority. Incorrect classification of properties potentially resulting in delayed billing and payment to the authority.		**Implementation date:** June – August 2017
2	Medium	Relief Records Our testing of 30 reliefs and exemptions found that for 10% of our sample of reliefs and exemptions there was no record of the request / reason for the granting of the relief / exemption.	Lack of effective maintenance of account potentially resulting in fraudulent activity, incorrectly billed amounts, the requirement to back date bills, and delayed billing and payment for the authority.	All reliefs and exemptions granted should have a record of the request / reason for the granting of the relief / exemption and should be regularly reviewed managed to ensure accuracy of billing is always maintained.	**Management Action:** Reminders have been issued to all staff to ensure that pertinent notes are added to all accounts when reliefs or exemptions are awarded. **Responsible Manager:** David Riley **Implementation date:** Completed
3	Medium	Refunds There is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team. Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.	Inappropriate or erroneous refunds are processed and paid against NNDR accounts. Leading to financial loss to the Council.	A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	**Management Action:** The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team. The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team. The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly. The procedure will be reviewed to ensure the full compliance checks are carried out.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Responsible Manager: David Riley **Implementation date:** 31 August 2017
4	Medium	Recovery Action From a sample of 30 Internal Audit found that for 17% of the sample there was no recorded recovery action for a number of weeks from the last recorded action.	Failure to manage the effective recovery of outstanding charges potentially resulting in financial loss in the long term if unable to recover, or delayed income in the short term to the authority.	To ensure that recovery timetables adhered to when seeking to recover unpaid NNDR debt.	**Management Action:** Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken. **Responsible Manager:** David Riley **Implementation date:** Completed
5	Medium	Reconciliations Reconciliation of NDR cash to ledger have not been undertaken on a monthly basis during 2016-17 as intended. In November 2016 it was confirmed that the last reconciliation was undertaken in June 2016. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the NDR cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.	**Management Action:** Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. **Responsible Manager:** Chief Accountant **Implementation date:** 1st May 2017
Audit: Council Tax					
Assurance: Moderate					
Summary: Full system audit					
1	Medium	New Properties The process for ensuring all new developments are notified to the Valuation	Failure to charge a full correct charge on new	A formal process for updating and reviewing new housing	**Management Action:** New property procedures are being

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Office in a timely manner and updated on the Revenues system for Council Tax is not documented. There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging.	properties in a timely manner, potentially leading to delayed income and reputational damage to the authority. Further risk associated with a potential lack of database integrity if there is no reconciliation with other databases potentially leading to reputation damage and a poor customer experience.	developments to be documented and implemented, to ensure timely charging and the sharing of information to ensure other council controlled databases are updated appropriately. Consideration to be given to the most appropriate method to ensure there is no undue delay for Council Tax charging in regard to all new builds and unbanded properties.	documented and will be implemented from 2nd quarter of year. **Responsible Manager:** David Riley **Implementation date:** June – August 2017
2	Medium	Webforms NFI FPN The following Webforms accessed on the Council's website on 25/10/16 did not include reference to a NFI fair processing notification including that the data collected being used in a data matching exercises for the prevention and detection of fraud as required by the Data Matching Code of Practice issued by the Cabinet Office. • Single Person Discount; • Disabled; • Serious Mental Impairment; • Carers; and • Council-tax-student-discount-form. The Webform related to those in Detention did include a relevant notification.	Non compliance with the Data Matching Code of Practice issued by the Cabinet Office potentially leading to either reputational damage, financial penalty or failure to be able to participate in NFI data matching exercises which is a mandatory requirement.	All Revenues forms used for the collection of personal data to be reviewed to ensure that they include a NFI fair processing notification.	**Management Action:** All documentation for Revenues will be reviewed during financial year, including those held on website. NFI processing notices will be included where required. **Responsible Manager:** David Riley **Implementation date:** 31 March 2018
3	Medium	Monitoring of Refunds - Revenues Officers area responsible for the setting up of refunds on the Council Tax system. Such set up does not require system approval / authorisation by another Revenues employee.	Inappropriate or erroneous refunds are processed and paid against Council tax accounts potentially leading to financial loss and	A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	**Management Action:** The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.	reputation damage to the Council.		The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team. The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly. The procedure will be reviewed to ensure the full compliance checks are carried out. **Responsible Manager:** David Riley **Implementation date:** 31 August 2017
4	Medium	Reconciliations Reconciliation of Council Tax cash to ledger was not being undertaken within Finance on a monthly basis as intended. When reviewed by Audit in November 2016 the last completed reconciliation on file was for May 2016. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the Council tax cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that are complete and accurate and timely. Such review to be recorded by signature and date.	**Management Action:** Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. **Responsible Manager:** Chief Accountant **Implementation date:** 1st May 2017
Audit: Payroll					
Assurance: Significant					
Summary: Full system audit					
1	Medium	**Document Retention**			**Responsible Manager:**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		There were documents found in the Payroll Offices that have not been disposed of in line with the document retention schedule.	The Authority may potentially breach the Data Protection Act with regards to retaining personal records for longer than is necessary, which could result in challenge to Council policy and reputation damage.	Investigate and dispose of 'out of date' documentation in the immediate Payroll environment, and follow this up by carrying out the same task with any information stored in the archives. Implement a schedule for checking and disposing of electronic and hard copy documentation in line with the document retention schedule.	Payroll Team Leader **Implementation date:** A thorough review has been undertaken and the majority of the old documentation has now been disposed of. There are documents that need to be shredded and this is planned to be completed by 30th June 2017.
2	Medium	**Payroll schedule for Wyre Forest District Council** There is no Payroll schedule in place for the Wyre Forest District Council Payroll. As such there are no enforceable Payroll deadlines. Payroll is receiving information sent from Wyre Forest District Council Payroll/HR right up until the last few hours before the Wyre Forest District Council pay run is due leading to increased risk of potential error.	Failure to meet the Payroll deadline could potentially result in Wyre Forest District Council deciding to terminate the agreement if staff were not being paid on time, resulting in the loss of a client and income stream.	Construct a schedule for pay runs that works for both Authorities, and work with Wyre Forest District Council to ensure that this is enforced and there is a monthly cut off date communicated by Wyre Forest District Council to all their employees for which information must be submitted by.	**Responsible Manager:** Payroll Team Leader **Implementation date:** Monthly cut off dates for 2017/18 have been agreed with WFDC. The difficulty will be WFDC requesting late adjustments and the protocol is that this will only be accepted if there is a risk of a significant overpayment.
end					

REDDITCH BOROUGH COUNCIL

AUDIT GOVERNANCE & STANDARDS COMMITTEE

6TH JULY 2017

SECTION 11 UPDATE

Relevant Portfolio Holder	Cllr. John Fisher
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Wards Affected	All Wards
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present the Committee with an update of the progress following the Section 11 recommendations as identified by Grant Thornton.

2. RECOMMENDATIONS

The Committee is asked to NOTE the Actions detailed in the report.

3. KEY ISSUES

Financial Implications

3.1 There are no specific implications to this report.

Legal Implications

3.2 The Council received a s11 notice (Audit Commission Act 1998) in relation to a number of recommendations relating to the financial management and accounting of the Authority. As part of the monitoring of the actions in place to address these recommendations the Committee agreed to receive updates of the progress against the actions to ensure that the Council is taking appropriate action to address the significant issues identified.

Service/Operational Implications

3.3 As Members are aware unqualified opinions were given for the accounts and the Value for Money Judgement on 30th September 2016 for the financial year 2015/16.

3.4 Whilst the accounts issues identified had been addressed as part of the 2015/16 accounts closedown and with the draft accounts being presented a month earlier than the deadline for 2016/17 this reflects

the improvements that have been made in financial accounting arrangements. In addition to the accounts issues that have been resolved, there were a number of recommendations in relation to budget monitoring.

3.5 Regular discussions are held with Grant Thornton to consider the recommendations raised and officers are reviewing examples of best practice to ensure that improvements are made in the future.

3.6 The recommendations that require further work to be undertaken include:

- The Council should put in place robust arrangements to ensure that the budget preparation processes are based on sound assumptions which enable forecast to be made of budget out-turn, including realistic assessments of demand factors, service and demographic changes as well as sound assumptions around turnover and vacancy rates.

  Action :
  - *Detailed Pressures/Savings/Bids forms are prepared to detail all associated costs for additional funding or where savings are being proposed. Vacancy rates and budget outturn savings are also included in the budget estimates.*
  - *Further sensitivity analysis in relation to demand on services and demographic assumptions to be considered for future reviews of the Medium Term Financial Plan.*

- The Council should ensure that budget monitoring processes are timely to enable an accurate forecast to be made in-year of the likely year-end out-turn and action to be taken, where necessary, to address budget variances.

  Action :
  - *New Financial Planning module to include forecasting currently being rolled out to departments following extensive work with users to ensure the system meets their requirements. This will enable managers to view financial information on a daily basis and to update forecasts in a timely way.*

  - *Quarterly monitoring statements are sent out to budget-holders within 5 working days of period end. Projections and explanations are required within a week of draft Committee reporting.*

  - *Large variances to budget to be addressed with Head of Service prior to Committee with details of cause and plans to mitigate any overspends*

- *Quarterly monitoring report under review to revise to show exception reporting to enable focus on high variance and risk areas.*

3.7 Officers will continue to work with both Internal and External Audit to ensure the recommendations are implemented as reported.

Customer / Equalities and Diversity Implications

3.8 There are no implications arising out of this report.

4. RISK MANAGEMENT

As part of all audit work, auditors undertake a risk assessment to ensure that adequate controls are in place within the Council so reliance can be placed on internal systems.

AUTHOR OF REPORT

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REDDITCH BOROUGH COUNCIL

AUDIT, STANDARDS & GOVERNANCE COMMITTEE 6TH JULY 2017

CORPORATE GOVERNANCE AND RISK

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	No
Relevant Head of Service	Jayne Pickering – Executive Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No

1. SUMMARY OF PROPOSALS

1.1 For Members to consider the draft Corporate Risk Register for 2017/18.

2. RECOMMENDATIONS

2.1 **The Committee is asked to asked to:**

2.1.1 consider the draft register and propose any further risks to be included

3. KEY ISSUES

Financial Implications

3.1 There are no financial implications in relation to the development of the register or the associated Governance updates.

Legal Implications

3.2 The Council operates within a number of statutory Governance regulations and the Corporate Risk Register demonstrates how the Council will address and mitigate risks associated with the delivery of the Councils Strategic Purposes. The Annual Governance Statement details the ways that the Council operates within both the statutory and general good governance framework.

Service / Operational Implications

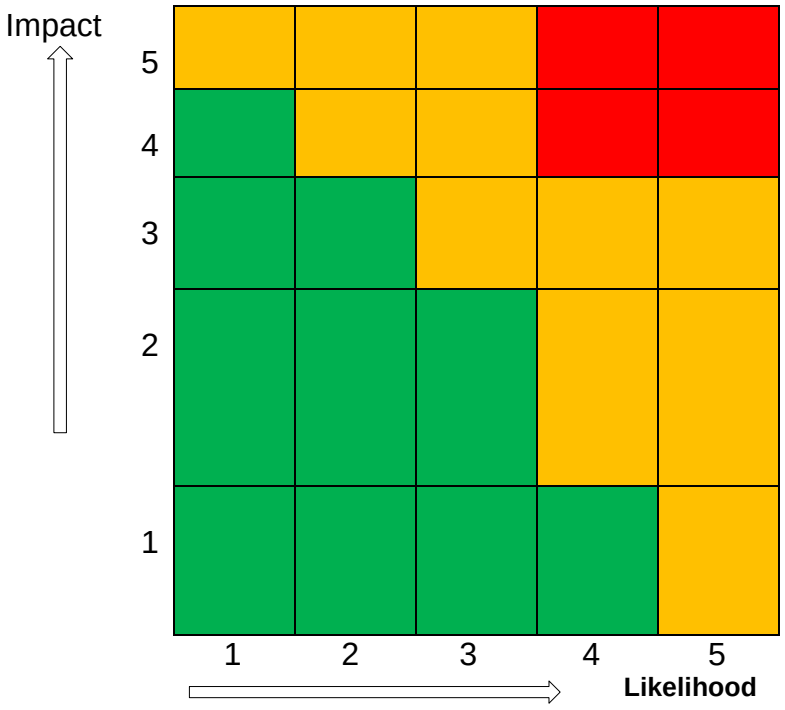
Corporate Risk Register

3.3 The Corporate Risk Register has been developed by the management team to address issues that are of a strategic nature and are seen as areas that have potential to impact on the delivery of the Strategic Purposes. The register attached at Appendix 1 is the draft 2017/18 register to enable members to be aware of corporate risks within the Council and uses the Red/ Amber / Green Scoring Mechanism to assess the risk associated with the issue and details both the controls and mitigating actions that are in place to reduce the risk to the organisation.

3.4 The scoring mechanism is shown in the table below and the Impact Scoring Criteria is attached at Appendix 2:

Risk scoring matrix

The risk scoring matrix reflects the Councils' current appetite / tolerance to risk. This risk tolerance should be reviewed at least annually as part of the formal refresh of risk management. There are three risk classification (low, medium and high) and these are based on the impact and likelihood values that are given to each risk. The risk matrix below illustrates how risks are classified. Officers are currently reviewing the risk appetite / tolerance and the outcome of any revised proposals will be presented to this Committee later in the year.



High
High risks require immediate attention. They should be regularly monitored for change and also to ensure agreed actions are being completed.

Medium
Medium risks should be monitored and, if deemed necessary, further action taken to reduce the impact and/or likelihood of the risk

Low
Activity should concentrate on obtaining assurance on those controls in place that are reducing the risk. No additional action is necessary.

3.5 Members are asked to consider the draft register and make any proposed changes or additions to be monitored on a 6 monthly basis by this Committee.

3.6 **Other Corporate Governance Issues**

The Annual Governance Statement as included in the Statement of Accounts refers to the Internal Audit reports that have been assessed as limited in their assurance level. For 2016/17 these were;

- Contracts – post contract appraisals
- Performance Measures

- Risk Management
- Housing Capital Programme
- Community Centres
- Allotments.

There are clear action plans in place in relation to all of the above to ensure that improvements can be seen at the next audit review. The recommendations regarding post contract appraisals were bought to the last meeting of this Committee and officers are working with the interim contracts manager to put more robust contracting arrangements in place. Further work is required to embed risk management throughout the organisation with the outcomes now being monitored by the Executive Director - Finance and Resource. Actions include development of a new risk management strategy together with improvements to reporting of the Corporate Risk Register to this Committee.

Customer / Equalities and Diversity Implications

3.7 By promoting good governance the Council ensures that all of its residents and communities have a consistent standard of service and opportunities.

4. RISK MANAGEMENT

4.1 The Corporate Risk Register provides a framework for risks to be addressed and mitigated in relation to the delivery of the Councils Strategic Purposes. There have been a number of improvements recommended by Internal Audit to strengthen the risk management arrangements and the member review of the corporate register will support one of the recommendations.

5. APPENDICES

Appendix 1 - Draft Corporate Risk Register 2017/18
Appendix 2 - Impact scoring criteria

6. BACKGROUND PAPERS

Departmental risk registers.

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DRAFT CORPORATE RISK REGISTER –REDDITCH BOROUGH COUNCIL 2017/18 APPENDIX 1

Risk	Cause / Effect	Current Mitigations	Inherent Risk	Actions Needed	Residual Risk	Risk Owner	Links to Strategic Purposes
Non Compliance with Health and Safety Legisalation	***Cause:*** • Consequence of Council action • Negligence by Council • Actions beyond Council control ***Effect:*** • Reputation affected • Legal action against Council • Financial impact	• Standard Operating Procedures -SOP (H&S etc) • Health and Safety Committee meets regularly • Training for staff • Health-checks • First Aid / Defibrillation provision • Safeguarding Policy and Procedures • Risk Assessments • Updated inspection policy • Continued updates to Health and Safety Committee	Impact – 4 Likelihood – 2 = 8	• Development of Corporate H&S Measures	Impact – 4 Likelihood – 2 = 8	Deb Poole	*All*
Snap / poorly informed decisions made on savings / cuts	***Cause:*** • Requirement for savings to balance budget • Unanticipated cost pressures / demand on services • Pressure from	• Robust budget-setting process in place • Developed budget bids for pressures and details of savings proposed • Performance Dashboard in	Impact – 4 Likelihood – 3 =12	• Establish "whole-life" or "end to end" approach to assessment of savings proposals • Develop/improve support for Leadership and	Impact – 4 Likelihood -2 = 8	Jayne Pickering	*All*

	other partners ***Effect:*** • Longer term improvement / innovation / efficiency is hindered • Impact on organisation, staff and residents • Impact on Transformation Programme	place • Data used to evidence need in business cases		decision-making roles of Members • On line access for managers for budgets and actual spend being rolled out to managers • Performance dashboard to be used when reporting to members			
Managing the impact of National Changes – financial / social economic or environmental which may have a detrimental impact on service delivery or quality (eg Brexit / Universal Credit)	***Cause:*** • Changes to National Policy impacting on services at a local level • Lack of resource to meet the demand on the service • Reduction in funding or revenue available • Funding for new initiatives not available • Service	• Regular consideration at management team of National Issues • Medium Term Financial Plan in place with assumptions on levels of cuts • Full review of reserves and balances • Officers working with partners and	Impact – 4 Likelihood – 4 = 16	• Consider opportunities for alternative service delivery models/ approaches to generate income / reduce cost • Ensure updated with legislation and financial impact of changes • Reporting regularly to members of	Impact – 4 Likelihood – 4 = 16	Jayne Pickering	*All*

	cessation ***Effect:*** • Reputation affected • Quality of life of residents affected • Demand increasing on services • Negative Financial impact	networks to identify issues • 4 year financial plan and efficiency plan in place •		National policy changes that may impact on local demand			
Partners of the Councils fail to work together in proactive way	***Cause:*** • Sovereignty issues / fear of losing control • Pressures on partner organisation (financial or political) • Resources available from partners • Lack of understanding / buy in ***Effect:*** • Service improvement hindered • Reputation affected	• Robust governance structures in place • Funding mechanisms in place and legally enforceable • Partnership Boards (LEP etc)	Impact – 4 Likelihood -4 = 16	• Ensure that key decision-makers are round the partnership table • Undertake Partnership health-check for all partnership initiatives • Connecting Families roll out	Impact – 4 Likelihood -3 = 12		Help me live my life independently Help me run a successful business Help me find somewhere to live in my locality

	• Financial impact						
Business Continuity Plans fail to operate effectively in an incident.	***Cause:*** • Service plans not all in place, fit for purpose or validated. • Plans not implemented or embedded within the culture of the organisation. ***Effect:*** • Damage to property / equipment • Service delivery affected • Councils' reputation harmed • Financial impact	• Corporate Business Continuity Plan is in place • All team plans in place • Work programme of training & exercising to be reviewed Sept 17	Impact -3 Likelihood – 4 =12	• All services have undertaken a Business Impact Analysis (BIA) resulting in revised Business Continuity Plans • Refresh Corporate Business Continuity Plan following service BIA delivery. • Deliver work programme of training & exercises. • Risk assessments • Work Programmes (testing etc) to be developed	Impact -5 Likelihood -2 = 10	Sue Hanley	*All*
IT systems and infrastructure has a major failure	***Cause:*** • Systems bugs / errors • Failure in power supply • Storage of data/servers affected ***Effect:*** • Loss of key	• Business Continuity Plans in place • Discrete and remote data storage in place • Back-up procedures in place and	Impact – 3 Likelihood – 3 = 9	• Continue to assess strength of IT security	Impact – 3 Likelihood – 2 = 6	Deb Poole	*Enabling Services*

	• data • Service delivery affected • Councils' reputation harmed • Financial impact	• followed • IT business continuity procedures reviewed					
Lack of robust financial accounting and monitoring arrangements	***Cause:*** • Systems failures • Inexperienced staff • Lack of capacity / resources • Changes in legislation not addressed ***Effect:*** • Inaccurate accounts • Reputation harmed • Financial Decisions being made on inaccurate information	• Action plan in place to monitor S11 recommendations • External support sourced to ensure specialist advice available • Training on system undertaken • Staff training undertaken • Key roles and responsibilities identified	Impact – 3 Likelihood – 3 = 9	• Regular reporting to members • Continue professional development training • Review financial regulations • Implement on line access to financial system for managers	Impact – 3 Likelihood – 3 = 9	Jayne Pickering	*Enabling Services*
Non adherence with Statutory Inspection Policy	***Cause:*** • Lack of robust	• Clear plan of monitoring in place • Staff training	Impact -5 Likelihood -	• Further review of monitoring arrangements	Impact -5 Likelihood		

	monitoring systems • Lack of capacity / resources • Changes in legislation not addressed ***Effect:*** • Impact on residents • Reputation harmed • Financial Penalties	undertaken • Specialist advice on pull should it be required • Action plan in place to address insurance inspection recommendations	3 = 15	• Regular checks undertaken on inspections	-2 = 10		

Impact scoring criteria

Appendix 2

Impact value	Impact Areas	Impact Criteria
1. Negligible	Financial	• Possible financial impact manageable within service budget i.e. less than £50,000 • > 1% of monthly budget
	Health & Safety	• Incident – no lost time
	Service Delivery	• Brief disruption, less than 1 day • Impacts to non-vulnerable groups • Affects a project
	Reputational	• Minor adverse local publicity
2. Slight	Financial	• Financial impact manageable within existing service budget but requiring service manager approval for virement or additional funds i.e. between £50,000 and £250,000 • >2% of monthly budget
	Health & Safety	• Injury – no lost time
	Service Delivery	• Loss of Service 1 to 2 days • Impacts to non-vulnerable groups • Affects 1 or a few services of the council
	Reputational	• Negative local publicity
3. Moderate	Financial	• Financial impact manageable within existing Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e. between £250,000 and £500,000 • >5% of monthly budget
	Health & Safety	• Injury, lost time, Short term sick absence
	Service Delivery	• Loss of service 2 to 3 days • Impacts to non-vulnerable groups • Affects a single directorate
	Reputational	• Negative sustained local publicity • High proportion of negative customer complaints
4. Critical	Financial	• Financial impact manageable within existing

		Directorate budget but requiring Director and Head of Finance approval for virement or additional funds i.e. between £500,000 and £1,000,000 • >10% of monthly budget
	Health & Safety	• Extensive, permanent/long term injury or long term sick
	Service Delivery	• Loss of service 3 to 5 days • Possible impact to small numbers of vulnerable people, definite impacts on property or non-vulnerable groups • Affects most directorates
	Reputational	• Negative national publicity
5. Catastrophic	Financial	• Financial impact not manageable within existing funds and requiring Member approval for virement or additional funds i.e. in excess of £1,000,000 • >15% of monthly budget
	Health & Safety	• Death or life threatening
	Service Delivery	• Loss of service for more than 5 days • Impacts on vulnerable groups • Affect the whole council
	Reputational	• Negative sustained national publicity, resignation or removal of CE, Director or elected member.

Likelihood scoring criteria

Likelihood value	Likelihood / Probability Criteria
1. Rare	• Has not happened in the past 5 years or more; or • Is not expected to happen in the next 5 years or more • Between 1% to 10% probability
2. Possible	• Has not happened in the past 1 to 5 years • Is not expected to happen in the next 1 to 5 years

	• Between 10% to 40% probability
3. Likely	• Has not happened in the past 6 months to 1 year • Is not expected to happen in the next 6 months to 1 year • Between 40% to 75% probability
4. Highly Likely	• Has happened in the past 1 month to 6 months • Is expected to happen in the next 1 month to 6 months • Between 75% to 95% probability
5. Almost Certain	• Has happened in the past 1 month; or • Is expected to happen in the next 1 month • More than 95% probability

Agenda Item 9

REDDITCH BOROUGH COUNCIL

AUDIT GOVERNANCE AND STANDARDS COMMITTEE 6th JULY 2017

APRIL – MARCH FINANCIAL SAVINGS MONITORING REPORT 2016/17

Relevant Portfolio Holder	Councillor John Fisher
Portfolio Holder Consulted	-
Relevant Head of Service	Jayne Pickering – Exec Director Finance and Resources
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

1. SUMMARY OF PROPOSALS

To report to the Committee the monitoring of the savings for 2016/17. This report includes the delivery of savings and additional income for the period April 2016 – March 2017.

2. RECOMMENDATIONS

2.1 That the Committee note the final financial position for savings as presented in the report for the period April 2016 – March 2017.

3. KEY ISSUES

3.1 This report provides a statement to show the savings for April 2016 – March 2017 for each strategic purpose and the delivery of the saving for the financial year. This report is separate to the main financial monitoring report that is presented to Executive as it focuses on the delivery of savings rather than the overall financial position of the Council. For 2016/17 this report also presents other savings and additional income that have been generated across the Council.

3.2 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring is recommended to be undertaken by this Committee and the statement attached at Appendix 1 details the savings to be achieved and the financial position of each area.

3.3 As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.

REDDITCH BOROUGH COUNCIL

AUDIT GOVERNANCE AND STANDARDS COMMITTEE 6th JULY 2017

3.4 Appendix 1 shows that for April 2016 – March 2017 savings to budgets have been delivered. In addition further savings / additional income are shown that were not included in the original budget projections. A further £348k was generated in savings and additional income at the end of the financial year 2016/17.

3.5 **Legal Implications**

None as a direct result of this report.

3.6 **Service/Operational Implications**

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council

4. Customer / Equalities and Diversity Implications

None, as a direct result of this report.

5. RISK MANAGEMENT

Effective financial management is included in the Corporate Risk Register.

6. APPENDICES

Appendix 1 – Saving monitoring 2016/17

7. BACKGROUND PAPERS

Available from Financial Services

AUTHOR OF REPORT

Name: Jayne Pickering – Executive Director Finance and Resources
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Tel: (01527) 881400

APPENDIX 1

SAVINGS & ADDITIONAL INCOME - 2016/17

Department	Strategic Purpose	2016-17 £'000	Comments
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	-5	Rates no longer chargeable as building demolished.
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	-11	Vacant post released
Leisure and Cultural Services , Hewell Road	Provide Good things to see, do and visit	-44	Following full review of all budgets a number of savings can be released
Environmental Services	Keep my place safe & looking good	-24	Various savings in Supplies & Services due to the restructure of the Service
Environmental Services	Keep my place safe & looking good	-139	Savings generated from Service Review in addition to £162k savings have been realised from further efficiences and income.
Environmental Services	Keep my place safe & looking good	-52	Additional income generated from price 8% annual increase on cremation fees. In addtion a further £90k has been generated through changing the pricing model at the crematorium
Environmental Services	Keep my place safe & looking good	-125	Anticipated growth in funeral numbers based on actual income achieved over budget in last few years
Corporate - Printing	Enabling	-46	Change to the way print contracts are managed
Community Services	Help me live my life independantly	-53	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	-6	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	-38	Following full review of all budgets a number of savings can be released
Business Transformation	Enabling	-5	Following full review of all budgets a number of savings can be released
Legal, Equality and Democratic Services - Elections	Enabling	-35	Due to the local election being combined with the PCC in 16/17 there will be lower costs. In 17/18 there are no Local Elections, only County Council
Legal, Equality and Democratic Services	Enabling	-16	Vacant posts in Democratic Services
Legal, Equality and Democratic Services	Enabling	-13	Following full review of all budgets a number of savings can be released
Customer Access and Financial Support	Help me be financially independed	-17	Reduction in Hours within Customer Services
Finance & Resources	Enabling	-3	Reduction in costs associated with the apprentice post
Various	All	-80	Following a review of the costs between the General Fund and HRA additional charges can be made to the HRA
TOTAL		**-712**	

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