



# **Audit, Governance & Standards Committee**

Mon 27 Jul  
2020  
7.00 pm

Virtual Meeting

**REDDITCH** BOROUGH COUNCIL

*making  
a  
difference*

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If you have any queries on this Agenda please contact  
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## **GUIDANCE ON VIRTUAL MEETINGS**

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Due to the current Covid-19 pandemic Bromsgrove District Council will be holding this meeting in accordance with the relevant legislative arrangements for remote meetings of a local authority. For more information please refer to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police Crime Panels meetings) (England and Wales) Regulations 2020.

Please note that this is a public meeting conducted remotely by Skype conferencing between invited participants and live streamed for general access via the Council's YouTube channel.

You are able to access the agenda for the meeting from the Committee Pages of the website. The livestream of the meeting is available from the Committee Pages of the website or via the link below.

### **[Audit, Governance and Standards Meeting - 27th July 2020](#)**

If you have any questions regarding the agenda or attached papers please do not hesitate to contact the officer named above.

#### **Notes:**

As referred to above, the virtual Skype meeting will be streamed live and accessible to view. Although this is a public meeting, there are circumstances when Council might have to move into closed session to consider exempt or confidential information. For agenda items that are exempt, the public are excluded and for any such items the live stream will be suspended and that part of the meeting will not be recorded.



# Audit, Governance & Standards

Monday, 27th July, 2020

7.00 pm

Virtual Meeting - Skype - Virtual

## Committee

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### Agenda

#### Membership:

Cllrs:	John Fisher (Chair)	Juliet Brunner
	Mark Shurmer	Peter Fleming
	(Vice-Chair)	Yvonne Smith
	Salman Akbar	David Thain
	Tom Baker-Price	
	Joanne Beecham	

**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 (Pages 1 - 14)

**4.** Public Speaking

Members of the public have an opportunity to speak at meetings of the Audit, Governance and Standards Committee. In order to do so members of the public must register by 12 noon on the day of the meeting. A maximum of 15 minutes will be allocated to public speaking.

**5.** Monitoring Officer's Report - Standards Regime (Pages 15 - 26)

**6.** Model Code of Conduct (Pages 27 - 58)

**7.** Regulation of Investigatory Powers Act (Pages 59 - 62)

**8.** Grant Thornton - Update Report - Verbal Update

**9.** Grant Thornton - Redditch Borough Council 2019-20 Audit Plan Addendum - Covid19 (Pages 63 - 68)

**10.** Grant Thornton - Informing the Audit Risk Assessment 2019-20 (Pages 69 - 102)

**11.** Internal Audit - Final Audit Plan 2020/21 (Pages 103 - 114)

**12.** Internal Audit Annual Report including Audit Opinion 2019/20 (Pages 115 - 144)

# **Audit, Governance & Standards**

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Committee

- 13.** Internal Audit Progress Report 2019/20 & 2020/21 (Pages 145 - 284)
- 14.** Health and Safety Presentation
- 15.** Impact of Covid-19 including Section 24 Update (Presentation to follow)
- 16.** Independent Member Recruitment - Verbal Update
- 17.** Final Accounts 2019-2020 - Verbal Update
- 18.** Work Programme (Pages 285 - 286)



# Audit, Governance & Standards Committee

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Thursday, 30 January 2020

## MINUTES

### Present:

Councillor John Fisher (Chair), Councillor Mark Shurmer (Vice-Chair) and Councillors Tom Baker-Price, Michael Chalk, Ann Isherwood, Julian Grubb, Nyear Nazir, Yvonne Smith and David Thain

### Officers:

Andy Bromage, Fiona Campbell, Louise Langston and Jayne Pickering

### Democratic Services Officers:

Jess Bayley and Joanne Gresham

### 37. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Salman Akbar and Councillor Julian Grubb attended as his substitute.

### 38. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 39. MINUTES

**RESOLVED that**

**the minutes of the meeting of the Audit, Governance and Standards Committee held on Thursday 31<sup>st</sup> October 2019 be approved as a true and correct record and signed by the Chair.**

.....  
Chair

# **Audit, Governance & Standards Committee**

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## **40. PUBLIC SPEAKING**

The Chair confirmed that there were no registered public speakers on this occasion.

## **41. MONITORING OFFICER'S REPORT - STANDARDS REGIME**

The Executive Director, Finance and Resources presented the Monitoring Officer's report for Members' consideration

Members were advised that there had been one complaint received which had been resolved.

There had been two training sessions since the last meeting of the Audit, Governance and Standards Committee on the subject of data protection and commercialism.

Members' ICT support was discussed and officers explained that progress was being made in terms of enabling Councillors to become paperless in order to reduce the amount of paperwork generated for Committee meetings.

### **RESOLVED that**

**the Monitoring Officer's report be noted.**

## **42. GRANT THORNTON - EXTERNAL AUDIT - 2019/20 AUDIT PLAN**

The Engagement Lead from Grant Thornton presented the External Audit - 2019/20 Audit Plan. He explained that this plan slightly differed from previous years and included Group accounts which incorporated accounts for Rubicon Leisure.

Members' attention was drawn to page 9 of the report and Grant Thornton reported the 3 key risks that would require special audit consideration and explained what was meant by Materiality in regard to this audit process, the levels that had been set and rationale behind these figures. All uncorrected omissions or misstatements would be reported back to the Audit, Governance and Standards Committee.

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It was noted on page 17 of the report that the significant Value for Money risk was Financial Sustainability and Grant Thornton explained that they would follow the progress of the two key areas identified in the report that would establish the Financial Sustainability of the Council.

The Committee advised that due to the significant pressures of undertaking the Audit this would not be completed prior to 31<sup>st</sup> July and the audit opinion would therefore be presented to the Committee in October. The Authority would have to publish the un-audited accounts by 31<sup>st</sup> July with a statement to explain the audit is ongoing. He reassured Members that there were no reputational consequences if the audit opinion was submitted at a later date.

Members questioned why there was more flexibility in the dates this year after moving the dates earlier in the previous year. Grant Thornton explained that due to the Redmond Review of Local Authority audits by The Chartered Institute of Public Finance and Accounting (CIPFA) it was found that the current timetable was unsustainable. The Redmond Review was also concerned with looking at how to make accounts of Local Authorities more simplified. Grant Thornton reassured Members that they were not easing off, that the deadlines were still important and that the Council had to send the statement of accounts by 31<sup>st</sup> May to the Auditors and publish by 31<sup>st</sup> July.

Grant Thornton explained that the proposed fees were higher than in previous years but remained lower than prior to the new tender being implemented.

## **RESOLVED that**

**the 2019/20 Audit Opinion Plan be noted and approved.**

### **43. GRANT THORNTON - EXTERNAL AUDIT - GRANT CLAIMS CERTIFICATION WORK REPORT 2018/19**

The Engagement Lead for Grant Thornton presented a report in respect of the Grant Claims Certification Work Report 2018/19.

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Members were informed that this work had to be delivered under a scope of work prescribed by the Department of Work and Pensions (DWP). In addition, as there was no level of materiality when auditing the housing benefit, even minor errors that were picked up resulted in further testing. The Engagement Lead for Grant Thornton thought it was worth noting that most of the errors were down to operator data entry mistakes rather than significant errors within the system. The Executive Director, Finance and Resources further stated that there was now a Quality Team in place working with the auditors, so quality assurances carried out had improved.

**RESOLVED that**

**the Grant Claims Certification Work Report 2018/19 Audit Letter be noted.**

**44. GRANT THORNTON - EXTERNAL AUDITORS - PROGRESS REPORT**

The Engagement Lead, Grant Thornton presented the Audit Progress report and Sector Update report which related to the interim phase of the Council's audit prior to commencement of the audit of accounts.

Members' attention was drawn to page 41 of the main agenda pack, which detailed the National Audit Office – Code of Audit Practice. The committee was informed that this was part of a new framework document that was presented before Parliament and that a New Code of Audit Practice would come into force no later than 1<sup>st</sup> April 2020.

Members thanked Grant Thornton for providing such a comprehensive report.

**RESOLVED that**

**the Grant Thornton - External Auditors - Progress report be noted.**



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## **45. TREASURY MANAGEMENT STRATEGY, PRUDENTIAL INDICATORS AND MINIMUM REVENUE POLICY PROVISION 2020/21**

The Executive Director, Finance and Resources presented the Treasury Management Strategy 2020/21 report for Members' consideration. It was explained to Members that this was a statutory report which would enable the Council to manage its treasury management with the aim to maximise income whilst protecting the Council's funds.

The Executive Director, Finance and Resources highlighted the key points from the report as follows:

- The Council planned £17.8m of capital expenditure in the year 2020/21.
- Borrowing was not permitted for the day to day working of the Council for example salaries and wages.
- The fleet replacement programme was part of the £1.8m General Fund expenditure.
- The Authority planned to invest in regeneration properties that provided the acquisition and investment policy was met
- The Council's Finance team had the relevant skills including qualified accountants who prepared this strategy. In addition external professional support is received via a contract.
- The external borrowing figures were fluid as the Finance team constantly looked at ways to decrease debt payments.

Members questioned whether there was a possibility of leasing vehicles rather than using the General Fund for a fleet replacement scheme. The Executive Director Finance and Resources stated that she would ask the Head of Environmental Services to investigate.

It was discussed whether the tables that were used on pages 30 and 32 of the agenda pack were the correct ones that were used for investment counterparts and limits. The Executive Director, Finance and Resources undertook to query this with her team and report back to Members.

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The Chair questioned whether the strategy had significantly changed. It was confirmed by the Executive Director Finance and Resources that the strategy towards regeneration and commercialism had changed. She also confirmed that the capital receipts strategy meant that transformation projects could be undertaken which resulted in savings for the Authority.

## **RECOMMENDED that**

- i) the Capital Strategy as an appropriate overarching strategy for the Council be approved;**
- ii) the Treasury Management Strategy for 2020/21 and the associated MRP policy be approved;**
- iii) the policy for Flexible use of Capital Receipts be approved; and**
- iv) the Investment Strategy be approved.**

## **46. INTERNAL AUDIT FINDINGS - ST DAVID'S HOUSE - FOLLOW UP PRESENTATION**

The Community Services Manager and the Business Manager for the Parenting and Community Service delivered a presentation updating Members on the action that had been taken to address the issues that had led the Internal Auditors to conclude that there was no assurance for St David's House.

Members were advised that there were flats and other properties at St David's House, including the Queen's Cottages, and there were 55 tenants living in this accommodation. The tenants shared a communal area and mainly lived independently, though some required extra support. Meals were also provided to customers through a luncheon club.

The Community Services Manager had become responsible for St David's House some months previously. She had identified a number of areas that were concerning and had therefore requested an Internal Audit review. The Internal Audit team had reviewed the

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facilities at St David's House in May and June 2019 and had concluded that there was no assurance for the facility. In response the Community Services Manager had developed an action plan designed to outline the action that needed to be taken to address the problems identified in the Internal Audit.

The Internal Audit had found that staff were purchasing items for tenants and obtaining cash from cash machines for tenants using the tenant's bank cards or details. Bank cards were being locked away in the St David's House safe rather than retained by the tenants. Staff were also being paid in cash by customers for the luncheon club's services and there had been no audit trail for these payments.

Since the Internal Audit had been undertaken changes had been made to the way in which the luncheon club was managed at St David's House. All tenants now paid for this service in the same way that they paid for all Council services and therefore staff were no longer paid directly by residents. This ensured that there was an audit trail for these payments. Staff had been provided with Council credit cards which could be used to purchase food and other household items for tenants who would then be invoiced for the amount owed to the Council. This ensured that staff were not handling tenants' bank details or credit cards. All bank cards had been returned from the St David's House safe to relevant tenants.

In total 29 of the 30 actions required in the Internal Audit had been addressed. A new agreement had been drawn up on behalf of tenants. This ensured that there was a proper procedure in place. Staff had signed an agreement in respect of new operating procedures and a service review had been undertaken. New staff had also been recruited at St David's House to undertake financial monitoring and administration. A return visit had been undertaken by the Internal Audit team some months after the initial inspection and at that time it had been found that some actions remained outstanding but Officers were confident that all appropriate actions had now been addressed.

Following the presentation Members discussed a number of points in detail:

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- The costs of recruiting two new members of staff and the impact that this had had on budgets for St David's House. Members were advised that following the service review of St David's House some staff had left the organisation and whilst these two new posts had been introduced to fill service gaps this had not resulted in an increase to budgets for the service overall.
- The one outstanding action that had not yet been resolved and the reasons for the delay in addressing this action. Officers explained that whilst remaining staff had signed the new agreement at work two new members of staff had recently been recruited and had not yet signed the agreement. Once they had done so the action would be completed.
- The potential for visitors to participate in the luncheon club and how visitors' payments were audited. The Committee was informed that visitors attending the luncheon club once or twice were permitted to pay in cash and there was an honesty box. Visitors who attended more frequently were invoiced for the service.
- The approach that had been taken by Officers to communicate the changes at St David's House to tenants and the response that had been received. Officers advised that all tenants had been informed about the changes and support had been provided to those tenants who had struggled with the change.
- The skills required to manage one's finances and the support provided to tenants at St David's House to enable them to do so. Members were informed that in previous years staff had provided financial management advice but since the Internal Audit of St David's House this had changed and an external advocacy team now provided the service.
- The safeguarding implications of the issues that had been discovered in the Internal Audit of St David's House, including in respect of Deprivation of Liberty Safeguards (DoLS). Officers confirmed that St David's House was registered with the Care Quality Commission (CQC) and that a tool had been developed to enable staff to support tenants who did not have the capacity to make decisions for themselves. This tool had not yet had to be used but staff had received training in how to use the resource if it was ever needed in the future.
- The reasons why in the past staff had offered to provide financial advice and to purchase objects on behalf of tenants

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using their bank details. Members were advised that this had included concerns about some tenants being placed in a difficult position financially by their family. However, whilst Members accepted that these were good intentions, this was not considered to be an acceptable reason to act in that manner from a safeguarding perspective.

Members concluded their discussions by thanking Officers for all their hard work in terms of addressing the issues that had been identified at St David's House.

**RESOLVED that**

**the update in respect of St David's House be noted.**

## **47. INTERNAL AUDIT PROGRESS REPORT**

The Head of Internal Audit Shared Service presented the report to Members and explained that this was a regular report that was presented to the Audit, Governance and Standards Committee.

There were four audit summaries within the report and only one was found to have limited assurance. Members' attention was drawn to pages 62 - 69 of the report where a clear action plan had been provided by officers in response to the audits undertaken. The Head of Internal Audit Shared Service commented that that plan was progressing steadily but there were tweaks which incurred small plan adjustments.

Officers confirmed that there were high priority recommendations that were spread across all appendices of the report and that actions that had been satisfied were shown in the extra column of the tables for transparency.

Members questioned with officers the process of tracking complaints as there had been some reports from constituents regarding lack of reference numbers in order to track complaints. The Executive Director, Finance and Enabling undertook to ask officers what the complaints process consisted of and how complaints were tracked.

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**RESOLVED that**

**the Internal Audit Progress report be noted.**

**48. INTERNAL AUDIT - DRAFT AUDIT PLAN 2020/21**

The Head of the Worcestershire Internal Audit Shard Service presented the Internal Audit Plan for 2020/21 and explained that this was the proposed plan and would be confirmed by the Audit, Governance and Standards Committee at their next meeting. He explained that there could be potential changes as emerging risks were assessed and considered. The Committee were asked to look at the plan and propose any changes.

Members confirmed that they were satisfied with the current proposed plan. There were detailed discussions regarding the number of days that audit had allocated for each audit. The Head of the Worcestershire Internal Audit Shared Service explained to Members that these numbers were allocated and took into account staff holidays and sickness. He added that the hope was that the number of days would decrease as the levels of assurance increased.

Officers noted the request from Members in regards to including more detail when showing downward trends on page 80 of the report.

**RESOLVED that**

**the contents of the Draft Audit Plan 2020/21 report be noted.**

**49. ROLE OF INDEPENDENT MEMBER**

The Executive Director, Finance and Enabling presented the report for Role of an Independent Member for Members' consideration. It had been previously been noted that Members were keen on reinstating the role on the Audit, Governance and Standards Committee. It was discussed that the application process would be delegated to officers who would arrange the advertisement of the role and the interview process. It was clarified by officers that this

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role would be a voluntary post travel costs would however be reimbursed.

It was agreed that there would be a panel of three to four Members to interview potential candidates. Members were asked to volunteer to sit on the interview panel. The following Councillors volunteered, Councillors Fisher, Baker-Price, Chalk, Shurmer and Thain.

## **RESOLVED that**

**the process for recruitment of an Independent Member be noted.**

## **50. FINANCIAL SAVINGS REPORT**

The Executive Director of Finance and Resources presented the Financial Savings report to Members for their consideration. It was clarified that this report showed that the savings were being monitored and she explained the actions that had been undertaken to meet the recommendations within the Section 24 Notice from Grant Thornton.

It was discussed in detail that the expected savings of £1.127m would be realised and that £339K worth of savings had already been realised at quarter 2. The figures would become clearer by the end of the audit process by Grant Thornton which was expected to be in September or October 2020. At this time it was expected that there would be a qualified Value for Money (VFM) conclusion regarding the Section 24 Notice.

Members questioned whether it would be possible to release a statement to residents if the Section 24 Notice was lifted. The Executive Director, Finance and Enabling explained that Council was not statutorily obliged to release a statement but would do in order to clarify the situation for resident going forward.

The Committee also questioned the regularity of Financial reporting to the Committee given that sometimes the information was not up to date and the delays in pulling information together. However, Members agreed to continue to receive Financial Savings Monitoring Reports at meetings of the Committee for the time being.

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**RESOLVED that**

**the contents of the Financial Savings report be noted.**

**51. S151 HOUSING REPORT**

The Executive Director, Finance and Resources presented the S151 Update to Members. This report included the information regarding the Internal Housing Audit that took place the previous year and any updates on internal controls that had been put in place as a result of the audit.

The key points that were noted were as follows:

- External consultants worked on Stock Condition Surveys in order that they were completed in a timely fashion.
- The installation of the new Housing system would take place alongside the new Finance system.

Members queried when the last stock condition surveys were carried out and the Executive Director, Finance and Resources confirmed that it was a long while ago and so the comparisons between the two surveys could not be made as the stock had changed significantly since then. Officers resolved that they would inform Members of the outcomes of the report.

**RESOLVED that**

**the contents of the S151 Housing Report report be noted.**

**52. COMMITTEE WORK PROGRAMME**

The Senior Democratic Officer (Redditch) advised that the items that had been requested for consideration at future meetings of the Committee earlier in the meeting would be added to the work programme.



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**RESOLVED that**

**the content of the Audit, Governance and Standards  
Committee's work programme be noted.**

The Meeting commenced at 7.00pm  
and closed at 8.55 pm

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

27th July 2020

**MONITORING OFFICER'S REPORT**

Relevant Portfolio Holder	Councillor David Thain (for Governance)
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

**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 in January 2020.
- 1.2 It has been 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. RECOMMENDATION**

**The Committee is asked to RESOLVE that, subject to Members' comments, the report be noted.**

**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 ('the Act') 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

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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 There have been a number of Member-to-Member complaints since the last meeting of the Audit, Governance and Standards Committee. These complaints have been managed locally and resolved following consultation with the Monitoring Officer.

**The New Normal**

- 3.4 Following the nation being placed in lockdown in March 2020 the way Council meetings have been held has become very different. Following new legislation Councils are now able to hold their meetings virtually, which not only ensures that the Councils' business continues but also that the public are able to participate where necessary and observe public meetings.
- 3.5 Democratic Services have worked closely with the IT Team to ensure that all Members were able to access the appropriate software on their Council equipment and were confident in its operation. They have also worked with other teams, such as Planning to ensure these meetings were conducted in the appropriate manner, to enable decisions to be made.
- 3.6 In order for these meetings to run smoothly there has been the need to make small amendments to the Council's constitution, which were agreed by both Group Leaders and agreed through the Urgent Decision process. All Urgent Decisions that have been taken are available on the Council's website to ensure transparency.
- 3.7 As it was appreciated that virtual meetings would need careful planning and management, officers created a Remote Meeting Protocol which detailed a number of key areas for both Members and officers to consider when attending such meetings. This included how meetings were called, access to documents, pre meeting arrangements, the inclusion of external participants at meetings, changes to the role of the Chair, etiquette when attending a virtual meeting, the meeting itself and how the debate would be run, how exempt items would be dealt with and how any technical problems would be handled.

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- 3.8 Officers held one to one sessions with Members initially to check connectivity and then a number of practice and mock meetings were held. Whilst it was appreciated that there would be a number of teething problems Officers were keen to ensure that any virtual meetings ran as smoothly as possible and were a satisfactory experience for both those participating and those viewing the meeting.
- 3.9 In order to meet the requirements of the new legislation all public meetings have been live streamed to the Council's You Tube channel, with a link being provided on the Council's website to access these. This allows the public to continue to see that Council business is carrying on and that decisions are being made in an appropriate manner.
- 3.10 To date a number of Planning Committee meetings have taken place remotely, together with Overview and Scrutiny Committee and Executive Committee meetings. A meeting of the Worcestershire Regulatory Services Board, which was made up of representatives from all districts at which this Council was represented at, has also taken place. The Council's Annual meeting took place virtually on 22<sup>nd</sup> June and the next meeting of the Council is planned for 20<sup>th</sup> July, which will also take place virtually.

**Customer / Equalities and Diversity Implications**

- 3.11 There are no direct implications arising out of this report. Details of the Council's arrangements for managing standards complaints under the Localism Act 2011 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**

Appendix 1 – Remote Meeting Protocol

**6. BACKGROUND PAPERS**

Chapter 7 of the Localism Act 2011.

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27th July 2020

**AUTHOR OF REPORT**

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**REDDITCH BOROUGH COUNCIL  
REMOTE MEETING PROTOCOL**

**Introduction**

This protocol is made in line with the requirements of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No.392 (the Regs) and will apply to the conduct of all Virtual Meetings of the Council and its various Committees and Sub-Committees.

Remote attendance is permitted provided certain conditions are satisfied. These include that the Councillor is able to hear and be heard by the other Councillors in attendance and be heard by any members of the public entitled to attend the meeting. A visual solution is preferred, but audio is sufficient.

This also relates to members of the public attending the meeting also being able to be heard by all those attending the meeting.

The regulations are clear that a meeting is not limited to those present in the same place, but includes electronic, digital or virtual locations (internet locations, web addresses or conference call telephone numbers).

This protocol should be read in conjunction with the wider requirements for meetings as set out in the Council's Constitution and where the specifics for a Virtual Meeting are not detailed then the normal meeting rules should be assumed unless the meeting Chair states otherwise.

This protocol will be kept under regular review.

**Skype for Business**

Skype for Business is the system which has been adopted by the Council for hosting remote / virtual meetings. It has functionality for audio, video, and screen sharing and has accessibility for a member of an organisation or the public to join a meeting.

**1. Calling of Virtual Meetings**

- 1.1 All virtual meetings will be considered called when the relevant Notice of meeting and Agenda are published on the Council's website. This shall be at least five clear working days before a meeting and detail date, time and web attendance details.
- 1.2 Members and Officers should note that the start times of virtual meetings may differ from the usual time of a meeting, therefore all attendees are encouraged to check their agendas in advance to ensure they have the correct details.
- 1.3 This will be accompanied by such reports as are available and clearly set out details on how, and by when, members of the public can submit their questions and comments in advance of the meeting.

**2. Access to Documents**

- 2.1 Democratic Services will publish the agenda and reports for Committee meetings on the Council's website and will notify Councillors by email in line with usual practice. Paper copies of agendas will be made available to attendees to assist with participating in virtual meetings.

(Printed copies will not be available for inspection at the Council's offices and this requirement was removed by the Regulations.)

### **3. Pre meeting arrangements**

- 3.1 Officers hosting virtual Council meetings will ensure that all public questions and comments received by the relevant cut off time (where meeting rules allow for these) will be published on the Council's website and available to all Members and officers attending the meeting prior to the start of the meeting.
- 3.2 In respect of Planning Committee meetings the updated public speaking rules will apply. For Overview and Scrutiny, Audit, Governance and Standards and Licensing Parent Committees the existing public speaking rules as set out in the Council's constitution will continue to apply.
- 3.3 Any Member, not a member of the relevant Committee, wishing to participate in the virtual meeting must submit their request by email to Democratic Services at least 24 hours in advance of the meeting taking place (for example a Member wishing to speak to the Executive Committee or Portfolio Holders at Overview and Scrutiny Committee) in order to be provided with the relevant information to join the meeting.
- 3.4 For a Ward Councillor wishing to speak at Planning Committee, Members should refer to the amended Planning Procedure Rules, as detailed on the Urgent Decision page of the Council's website.
- 3.4 All members of the Committee whose meeting has been called will be sent a Skype for Business Outlook Calendar invitation by email.
- 3.5 The Outlook Calendar invitation will always be set as at least 15 minutes prior the commencement of the virtual meeting start time.

### **4. Including external participants**

- 4.1 All employees and Councillors have Skype for Business on their Council owned equipment (it can also be made available on personal mobile phones) linked to their email account and therefore they can join a meeting.
- 4.2 External participants (for example Worcestershire County Council's Highways Officers at Planning Committee meetings) can be sent the meeting request via email and if a participant is included in this way, they can access the meeting by voice call as a guest. This needs to be controlled at the appropriate time in the meeting by the Democratic Services Officer.
- 4.3 Alternatively, there is also provision for a conference call number and ID to be given to external people who are calling in, which is another mechanism for them to join the meeting. Again, this will be done by the Democratic Services Officer as part of the meeting administration.

### **5. Starting the Meeting**

- 5.1 The Chair will give a brief overview and introduction to the meeting, explaining how it is anticipated that the virtual meeting will be run.



- 5.2 At the start of the meeting, the Chair will check all required attendees are present by asking each Member and Officer to introduce themselves and, in the case of Members, confirm that they have received and read the agenda and any supplementary documentation.
- 5.3 The Chair will ask all Councillors and Officers to **turn off all unnecessary microphones** unless they are speaking. This prevents background noise, coughing etc. which is intrusive and disruptive during the meeting. The Democratic Services Officer will also keep a watch on this and will be able to turn off participants' microphones when they are not in use. Councillors would then need to turn their microphones back on when they wished to speak.

## 6. Chair of Virtual Meetings

- 6.1 Subject to being available to virtually join the meeting, the Chair of the Committee whose meeting has been called shall lead the meeting and exercise their discretion to ensure that the virtual meeting is conducted, as much as reasonably practicable, in line with the requirements of this protocol.
- 6.2 Where the Chair is not available the usual rules around Vice Chair, another member, chosen by the members present shall apply.
- 6.3 Where the Chair is required to interpret the Council's Constitution in light of the requirements for virtual participation they shall take advice from the Monitoring Officer, other Legal Officer or Democratic Services Officer prior to the meeting or in virtual attendance at the meeting. The Chair's decision will be final.
- 6.4 The rules of quorums for virtual meetings are the same as those applicable to non-virtual meetings and as set out in the Council's constitution.

## 7. Etiquette When Attending a Virtual Meeting

Members and officers attending a virtual meeting should ensure:

- They must ensure that in advance of the meeting that their Council device is fully charged and operational and remains so throughout the length of the meeting.
- They should be available and logged in to any virtual meeting at least 15 minutes prior to the start to ensure equipment is working.
- They have no audible background noise when participating in the meeting.
- They turn off smart speakers such as Amazon Echo (Alexa), Google Home or smart music devices. These could inadvertently record phone or video conversations, which would not be appropriate during the consideration of exempt items and can also cause interference.
- They mute their microphone when they are not speaking.
- They join and stay for the duration of the meeting unless specifically asked to leave by the Chair.
- On each occasion that they speak, they clearly state their name.
- They do not speak when somebody else is speaking / interrupt anybody already speaking.
- If a specific page is referred to in the agenda, ensure the page number is read out.

- The instant messaging chat function is used solely for the purpose of making the Chair/Democratic Services Officer aware that you wish speak (otherwise it is very distracting if other questions/conversations are happening within the chat simultaneous to the meeting).
- Members may also wish to think about their location during the duration of a meeting and the background which will be displayed whilst they are participating by video.
- Members need to remember that the meeting, whilst being remote, may also be available by video to the public and is a public meeting and they should therefore behave in the same manner as they would if attending a meeting on Council premises.
- It is suggested that during formal Committee meetings Members and officers also give consideration to how they are dressed.

## **8. The Meeting and Debate**

- 8.1 The Chair will go through the list of Members ‘in attendance’ following presentation of each item and ask each Member in turn if they have any comments or questions on that item that they would like to discuss in more detail.
- 8.2 Any member who has declared an interest in an item and stated that they will not be partaking in the vote, either at the start of the meeting or prior to the meeting, will not be included in the debate for that item and must remove themselves both by video and sound from the meeting (in line with standard practice when declaring any pecuniary interest).
- 8.3 For Members of the Committee who wish to speak in the debate, they should click on the meeting chat facility and simply write their name. The Chair/Democratic Services Officer will then be aware you wish to speak and can take the requests in the appropriate order. Officers should also use this mechanism if they wish to speak.
- 8.4 When referring to reports or making specific comments, Councillors should refer to the report and page number so that all Members of the Committee and any members of the public that may be “observing” have a clear understanding of what is being discussed at all times.
- 8.5 If the debate appears to be coming to an end, the Chair may ask if any other Member wishes to speak before concluding the debate.

## **9. Proposing / Seconding / Voting**

- 9.1 As the Chair takes comments from each Member in attendance any Member wishing to propose or second a proposal being discussed will state this clearly and officers will record this information.
- 9.2 When the Chair is satisfied that they have allowed sufficient debate and have a proposer and seconder for the item being discussed they will pass to the Democratic Services Officer present who will then call out the name of each Member present (in the form of a roll call). When the Member’s name is called they will be required to clearly state ‘for’, ‘against’, ‘abstain’ to indicate their vote.
- 9.3 The Democratic Services Officer will then clearly state the result of the vote and the Chair will then move onto the next agenda item.

- 9.4 Details of how Members voted will not be kept or minuted unless a formal Recorded Vote was requested by a Member before the vote took place and the normal process for recorded votes was followed.

## **10. Public Participation**

- 10.1 Officers in attendance at the meeting will, at the relevant time and upon the request of the Chair, read out, verbatim, public comments as received and published in advance of the virtual meeting.
- 10.2 Any public speakers at the meeting will, at the invitation of the Chair, be given the opportunity to speak at the relevant time. The Democratic Services Officer will ensure that they are not able to speak at any other point within the meeting.
- 10.3 At the discretion of the Chair any member of the public speaking, when not invited to do so or when asked by the Chair to cease speaking may be removed from the meeting by the Chair.

## **11. Confidential/Exempt Items**

- 11.1 There are times when Council meetings are not open to the public, when confidential, or “exempt” issues – as defined in Schedule 12A of the Local Government Act 1972 – are under consideration. It is important to ensure that there are no members of the public at remote locations able to hear or see the proceedings during such meetings.
- 11.2 If the discussion of a confidential/exempt item is required, prior to the meeting each Member will be asked to record in an email confirmation verifying that their venue is secure, that no member of the public has access and that no recording of the proceedings is being made.
- 11.3 At the start of the exempt item webcasting will temporarily be suspended, and any Member in attendance who has not returned their verification email will be asked by the Chair to leave the meeting.
- 11.4 Any Councillor in remote attendance who fails to disclose that there are in fact persons present, such as those who may be able to see and/or hear the meeting, who are not entitled could be in breach of the Members’ Code of Conduct.
- 11.5 If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time when the meeting goes into exempt session, remove the participant from the meeting.
- 11.6 Turn off smart speakers such as Amazon Echo (Alexa), Google Home or smart music devices. These could inadvertently record phone or video conversations, which would not be appropriate during the consideration of confidential items.

## **12. Leaving a Virtual Meeting**

- 12.1 Once all business on the agenda is concluded the Chair will close the meeting and invite all Members and officers who have joined the meeting to log out.
- 12.2 Members should all leave the meeting quickly and quietly.

**13. Technical Issues**

- 13.1 If a Member encounters IT problems causing them to drop out of the virtual meeting they should use best endeavours to re-join as quickly as possible, e.g. by recalling the joining number, contacting IT services or a Democratic Services Officer.
- 13.2 At any point during a virtual meeting should any aspect of the IT fail, either at the Council source, for an individual Member or for a participating Member of the public, the Chair will use their discretion and call a short adjournment of up to fifteen minutes if necessary in order for this to be rectified.
- 13.3 If a Member's IT equipment fails for any reason during the debate around a quasi-judicial meeting that Member would be unable to vote on that particular item. This corresponds with arrangements for a physical meeting, where a Member would not be permitted to vote where they had left the meeting for any reason.
- 13.3 If it is not possible to address the fault and the meeting becomes inquorate through this fault, the meeting will be abandoned until such time as it can be reconvened. If the meeting is quorate, then it should continue.
- 13.4 Members attending remotely would be aware of the problems and accept that the meeting would continue without them, and a vote taken without their attendance.
- 13.5 If the meeting was due to determine an urgent matter or one which is time-limited and it has not been possible to continue because of technical difficulties, the Chief Executive, Leader and relevant Portfolio Holder, in consultation with the Monitoring Officer, shall explore such other means of taking the decision as may be permitted by the Council's constitution.

**14. Disability**

- 14.1 It is also important for authorities to ensure that the needs of any disabled Members and virtual participants are taken into account when considering the practicality of a remotely attended meeting.

**15. Interpretation of Procedure Rules**

- 15.1 Where the Chair is required to interpret the Council's existing Procedure Rules in light of the requirements of remote participation, they shall take advice from the Democratic Services Officer, Legal Advisor or Monitoring Officer prior to making a ruling. However, the Chair's decision shall be final.

**16. Disorderly Conduct**

- 16.1 If a Councillor persistently disregards the ruling of the person presiding by behaving improperly or offensively or deliberately obstructs business, the person presiding may direct that the Councillor be not heard further.
- 16.2 If the Councillor continues to behave improperly after such a direction, the person presiding may direct that either the Councillor leaves the meeting or that the removed from the meeting or that the meeting is adjourned for a specified period.

- 16.3 Disorderly conduct by members of the public and Council officers will also not be tolerated. The Chair will reserve the right to exclude such a person should they behave in an inappropriate matter.

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**AUDIT, GOVERNANCE AND STANDARDS**27<sup>th</sup> July 2020**MODEL CODE OF CONDUCT**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	
Relevant Head of Service	Claire Felton, Head of Legal, Equalities and Democratic Services
Ward(s) Affected	n/a
Ward Councillor(s) Consulted	n/a
Key Decision / Non-Key Decision	Non-Key Decision

**1. SUMMARY OF PROPOSALS**

The purpose of this report is to consider the content of the updated Model Member Code of Conduct, published by the Local Government Association (LGA). Members are also invited to determine whether to submit any comments in the LGA's consultation process in respect of the model code.

**2. RECOMMENDATIONS**

**The Committee is asked consider the content of the Local Government Association's draft Model Member Code of Conduct and to determine whether to submit any comments about the Model Member Code of Conduct in the Association's consultation process.**

**3. KEY ISSUES**Background

- 3.1 Local authorities are currently required to have in place a code of conduct of their choosing which outlines the behaviour required of Councillors.
- 3.2 The Worcestershire Councils to date have taken the decision to agree a Code of Conduct that is used by all such Councils, for consistency and to assist those Councillors that due to multiple roles are subject to the Code of Conduct at more than one authority.
- 3.3 In January 2019 Authorities received the Review by the Committee on Standards in Public Life (CSPL) into Local Government Ethical Standards.
- 3.4 The CSPL concluded that high standards of conduct in local government are needed to protect the integrity of decision-making, maintain public confidence, and safeguard local democracy.

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- 3.5 Their evidence supports the view that the vast majority of Councillors and officers maintain high standards of conduct. There is, however, clear evidence of misconduct by some Councillors. The majority of these cases relate to bullying or harassment, or other disruptive behaviour. There is also evidence of persistent or repeated misconduct by a minority of Councillors.
- 3.6 At a meeting of the Audit, Governance and Standards Committee held on 31<sup>st</sup> October 2019, Members considered the CSPL's Local Government Ethical Standards report and some amendments to the Members' Code of Conduct were proposed by the Committee which addressed a number of points raised in the report.
- 3.7 The Committee's recommendations in respect of this matter were approved at a meeting of Council held on Monday, 18<sup>th</sup> November 2019 and at that point Members adopted the Council's current Code of Conduct. The Council's current Members' Code of Conduct, which forms Part 19 of the Council's constitution, has been attached at Appendix 1.
- 3.8 The LGA has now undertaken a review of the Model Member Code of Conduct in response to the findings detailed in the CSPL's Local Government Ethical Standards report.
- 3.9 A new Model Member Code of Conduct has subsequently been developed by the LGA. This new Model Member Code of Conduct is attached at Appendix 2 to this report.
- 3.10 The new Model Member Code of Conduct is currently the subject of a consultation process that is being undertaken by the LGA. The consultation process is taking place over a period of 10 weeks between Monday, 8<sup>th</sup> June and Monday, 17<sup>th</sup> August 2020.
- 3.11 Comments from the Audit, Governance and Standards Committee in respect of the draft Model Member Code of Conduct would be welcome. In raising comments Members may wish to consider whether the code applies to how Committee meetings are currently operating virtually in Redditch and to whether the code provides sufficient steer in respect of social media and online activity.

**Financial Implications**

- 3.12 There are no financial implications.

**Legal Implications**

- 3.13 The Council is required to have a Member Code of Conduct outlining the behaviour required of local elected Councillors.

**Service / Operational Implications**

- 3.14 There are no specific service or operational implications.



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**Customer / Equalities and Diversity Implications**

3.15 No Equality Impact Needs Assessment has been undertaken.

**4. RISK MANAGEMENT**

None.

**5. APPENDICES**

Appendix 1 - Current Redditch Borough Council Members Code of Conduct.

Appendix 2 – The Local Government Association’s Model Members Code of Conduct.

**6. BACKGROUND PAPERS**

The CSPL’s Local Government Ethical Standards report, which can be accessed from the following link

<https://www.gov.uk/government/publications/local-government-ethical-standards-report>

Report to the Audit, Governance and Standards Committee in respect of Local Government Ethical Standards, 31<sup>st</sup> October 2019.

**AUTHOR OF REPORT**

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**REDDITCH BOROUGH COUNCIL****CODE OF CONDUCT****Part 1****General provisions****Introduction and interpretation**

1. (1) This Code applies to **you** as a member or co-opted member of Redditch Borough Council Council.
- (2) You should read this Code together with the Ten Principles of Public Life (also known as the Nolan Principles) which are set out in Appendix 1
- (3) It is your responsibility to comply with the provisions of this Code.
- (4) In this Code—
  - "meeting" means any meeting of
    - (a) the authority (Redditch Borough Council);
    - (b) any of the authority's, committees, sub-committees, joint committees, joint sub-committees, or area committees;
    - (c) the executive (Cabinet) of the authority or it's committees
    - (d) an external body upon which the member sits as a representative of the authority;
  - "Monitoring Officer" means the Monitoring Officer for the principal Council which is Redditch Borough Council;
  - "bullying and harassment includes;
    - oppressive behaviour or the abuse of power, which makes the recipient feel threatened, humiliated or vulnerable, and which may undermine his/her self confidence and cause him/her to suffer stress."

Examples are set out at Appendix 3 to this Code.

**Scope**

2. (1) This Code applies to you as a member of this authority when you act in your role as a Member or as a representative of the authority in the circumstances described in para 2 (b) below.
- (2) Where you act as a representative of the authority:
  - (a) on another relevant authority, you must, when acting for that other authority, comply with that other authority's code of conduct; or
  - (b) on any other body, you must, when acting for that other body, comply with the authority's code of conduct, except and insofar as it conflicts with any other lawful obligations to which that other body may be subject.

**General obligations**

3. (1) You must treat others with respect in accordance with the Nolan principles).
  - (2) You must co-operate with any standards investigations.
  - (3) You must not:
    - (a) do anything which may cause your authority to breach any of the equality enactments;
    - (b) bully or harass any person;
    - (c) intimidate or attempt to intimidate any person who is or is likely to be:
      - (i) a complainant,
      - (ii) a witness, or
      - (iii) involved in the administration of any investigation or proceedings,in relation to an allegation that a member (including yourself) has failed to comply with the authority's Code of Conduct;
    - (d) do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the authority.
4. You must not:

- (a) do anything that is likely to cause your authority to breach Data Protection law;
  - (b) disclose information given to you in confidence by anyone, or information acquired by you which you believe, or ought reasonably to be aware, is of a confidential nature, except where:
    - (i) you have the consent of a person authorised to give it;
    - (ii) you are required by law to do so;
    - (iii) the disclosure is made to a third party for the purpose of obtaining professional advice provided that the third party agrees not to disclose the information to any other person; or
    - (iv) the disclosure is:
      - (aa) reasonable and in the public interest; and
      - (bb) made in good faith and in compliance with the reasonable requirements of the authority; or
  - (c) prevent another person from gaining access to information to which that person is entitled by law.
- 5.** You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or authority into disrepute.
- 6.** You:
- (a) must not use or attempt to use your position as a member improperly to confer on or secure for yourself or any other person, an advantage or disadvantage; and
  - (b) must, when using or authorising the use by others of the resources of, or under the control of, the authority:
    - (i) act in accordance with the authority's reasonable requirements including in relation to the use of authority stationery and official logos and branding;
    - (ii) ensure that such resources are not used improperly for political purposes (including party political purposes); and

(c) must have regard to any applicable Local Authority Code of Publicity.

7. You must:

- (a) when reaching decisions on any matter have regard to any relevant advice provided to you by the authority's officers and in particular by the authority's Monitoring Officer and Section 151 Officer; and
- (b) give reasons for all decisions in accordance with any statutory requirements and any reasonable additional requirements imposed by the authority

8. You must not place yourself under any financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties, and must comply with the authority's guidance on gifts and hospitality (attached as Appendix 4).

## **Part 2**

### **Interests**

#### **Disclosable Pecuniary Interests ("DPI")**

9. (1) You will have a Disclosable Pecuniary Interest ("DPI") under this Code if:-
- (a) such interest meets the definition prescribed by The Relevant Authorities ( Disclosable Pecuniary Interests) Regulations 2012 regulations as amended from time to time and set out in Appendix 2 to this Code; and
  - (b) it is either an interest of yourself; or it is an interest of :-
    - (i) your spouse or civil partner; or
    - (ii) a person with whom you are living as husband and wife: or
    - (iii) a person with whom you are living as if you were civil partners;

And you are aware that the other person has the interest.

**Registration of DPIs**

10. (1) You must within 28 days of becoming a member of the authority or being re-elected notify the Monitoring Officer in writing of any DPI which you hold at the time notification is given
- (2) You must within 28 days of becoming aware of any new DPI, or changes to existing DPIs notify the Monitoring Officer in writing of the detail.

**Other Disclosable Interests (ODI)**

- 11.(1) You will have a Disclosable Interest in any matter if you are aware that you or a member of your family or person or organisation with whom you are associated have a:-
  - a pecuniary interest in the matter under discussion; or
  - b a close connection with the matter under discussion.
- (2) If you are a member of another local authority, or public body, or you have been appointed as the Council's representative on an outside body, you do not have a Disclosable Interest unless a member of the public knowing the circumstances would reasonably regard membership of the body concerned as being likely to prejudice your judgment of what is in the public interest.

**Disclosure of Interests****12.(1) Formal Meetings****Disclosable Pecuniary Interest (DPI)**

If you are present at a meeting of the Council and you have a DPI then you must:

- a Disclose the nature and existence of the interest; and
- b Leave the meeting (including the meeting room and public gallery) and take no part in the discussion ; and

- c If the interest has not already been recorded notify the Monitoring Officer of the interest within 28 days beginning with the date of the meeting.

### **Other Disclosable Interest (ODI)**

If you are present at a Meeting and you have an ODI then you must:

- a disclose the nature and existence of the interest; and
- b if the interest;
  - i affects your pecuniary interests or relates to the determination of a planning or regulatory matter; and
  - ii is one which a member of the public knowing the circumstances would reasonably regard as being likely to prejudice your judgment of what is in the public interest

then you must leave the Meeting (including the meeting room and public gallery) and take no part in the discussion.

## (2) Informal Meetings and Correspondence

### **Disclosable Pecuniary Interest (DPI)**

If you have a DPI in the matter you must not participate in informal meetings, briefings or site visits, and must disclose the DPI in any correspondence with the authority.

### **Other Disclosable Interest (ODI)**

If you have an ODI in the matter, then you must disclose the existence and nature of that interest at informal meetings, briefings or site visits, and must disclose the ODI in any correspondence with the authority.

If the ODI is such that you would be required to leave a formal Meeting as above, then you must not participate in the informal meeting.

## (3) Single Member Decisions



**Disclosable Pecuniary Interest (DPI)**

If when participating in single member decision making you have a DPI in the matter being decided then you may take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

**Other Disclosable Interest (ODI)**

If you have an ODI in the matter being decided, then you must disclose the existence and nature and record it on the record of decision.

If the ODI is such that you would be required to leave a formal Meeting as set out above, then you must take no steps in relation to the decision other than asking for the matter to be decided in some other manner.

**(4) Dispensations**

You may take part in the discussion of and any decision or vote on a matter in which you have been granted a formal dispensation.

**Sensitive Information**

**13.** (1) An interest will be a sensitive interest if the two following conditions apply:

- (a) That you have an interest (whether or not a DPI); and
  - (b) the nature of the interest is such that you and the Monitoring Officer consider that disclosure of the details of the interest could lead to you or a person connected to you being subject to violence or intimidation.
- (2) Where it is decided that an interest is a “sensitive interest ” it will be excluded from published versions of the register. The Monitoring Officer may state on the register that the member has an interest the details of which are excluded under this section.
- (3) Where the sensitive interest is a DPI the usual rules relating to disclosure will apply save that the member will only be required to disclose that they hold a DPI in the matter concerned.

**APPENDIX 1**

The Ten General Principles of Public Life

**APPENDIX 2**

The Localism Act Definition of Disclosable Pecuniary Interests Regulations

**APPENDIX 3**

Examples of bullying and harassment

**Appendix 4**

Gifts and hospitality

**APPENDIX 1****THE TEN GENERAL PRINCIPLES OF PUBLIC LIFE**

**Selflessness** – members should serve only the public interest and should never improperly confer an advantage or disadvantage on any person.

**Honesty and integrity** – members should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

**Objectivity** – members should make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

**Accountability** – members should be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should co-operate fully and honestly with any scrutiny appropriate to their particular office.

**Openness** – members should be as open as possible about their actions and those of their authority, and should be prepared to give reasons for those actions.

**Personal judgment** – members may take account of the views of others, including their political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

**Respect for others** – members should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. They should respect the impartiality and integrity of the authority's statutory officers and its other employees.

**Duty to uphold the law** – members should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

**Stewardship** – members should do whatever they are able to do to ensure that their authorities use their resources prudently, and in accordance with the law.

**Leadership** – members should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

**APPENDIX 2****DISCLOSABLE PECUNIARY INTERESTS**

This note explains the requirements of the Localism Act 2011 (Ss 29-34) in relation to disclosable pecuniary interests.

These provisions are enforced by criminal sanction.

They come into force on 1 July.

**1 Notification of disclosable pecuniary interests**

Within 28 days of becoming a member or co-opted member, you must notify the Monitoring Officer of any 'disclosable pecuniary interests'.

A 'disclosable pecuniary interest' is an interest of yourself or your partner (which means spouse or civil partner, a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners) within the following descriptions:

<i>Interest</i>	<i>description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to

	occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and (b) either—  (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

These descriptions on interests are subject to the following definitions;

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” includes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means the person M referred to in section 30 of the Act;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000() and other securities of any description, other than money deposited with a building society.

**APPENDIX 3****EXAMPLES OF BULLYING AND HARRASSMENT**

Bullying and harassment may include:

- physical contact ranging from touching to assault
- verbal and written comments through jokes, offensive language, personal comments about appearance, size, clothing etc
- innuendo, gossip and letters etc.
- malicious rumours and allegations, including fabricating complaints from clients and other members of staff.
- open aggression, threats, shouting, abuse and obscenities, persistent negative attacks.
- constant humiliation, criticism and ridicule, belittling efforts and undervaluing contribution.
- Trolling behaviour

Harassment is unwanted conduct on the grounds of any protected characteristic as defined by the Equality Act 2010, political or Trade Union affiliation, or take the form of victimisation, that:

- has the purpose of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person; or
- is reasonably considered by that person to have the effect of violating his/her dignity or of creating an intimidating, hostile, degrading, humiliating or offensive environment for him/her, even if this effect was not intended by the person responsible for the conduct.

This is not exhaustive.

**APPENDIX 4****GIFTS AND HOSPITALITY**

1. Minor gifts and hospitality are sometimes part of the normal courtesies of life: a resident may offer a modest gift as a token of appreciation and sometimes simple items such as diaries and pens are distributed as advertising matter. In dealing with a matter in your division you may be offered a cup of tea or light refreshments.
2. As a guideline, any gift or hospitality with a value of £15 or more is highly unlikely to be viewed as a 'token'. You must consider whether it is appropriate to accept even token gifts, especially where you are dealing with regulatory or procurement matters when it would usually be inappropriate to receive any gift from involved parties. In case of doubt you should consult the Monitoring Officer.
3. Offers of hospitality, even if seemingly minor in nature, must be treated with particular caution as they can leave individuals and the Council open to allegations of impropriety. The timing of offers of hospitality, for example in relation to the award of contracts, granting of applications or other decisions, should be considered equally to the generosity of the hospitality offered. Accepting hospitality must be justified in the public interest, for example when there is a genuine need to represent the Council.
4. All offers and receipt of gifts and hospitality with a value of £15 higher must be reported to the Monitoring Officer who will ensure it is recorded in the Council's register of gifts and hospitality, which will be published.

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# Local Government Association Model Member Code of Conduct

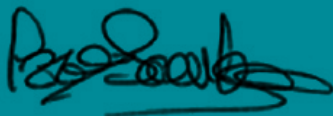
# Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



**Councillor Izzi Seccombe OBE**  
Leader, LGA Conservative Group



**Councillor Nick Forbes CBE**  
Leader, LGA Labour Group



**Councillor Howard Sykes MBE**  
Leader, LGA Liberal Democrats Group



**Councillor Marianne Overton MBE**  
Leader, LGA independent Group

## Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

## Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]<sup>1</sup> in [public or in]<sup>2</sup> your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

## The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

## Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

## Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

**As a councillor I commit to:**

## Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

## Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

## Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

## Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

## Disrepute

### 7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

## Your position

### 8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

## Use of council resources and facilities

### 9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

## Interests

### 10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

## Gifts and hospitality

### 11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

### 12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

## Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

# Example

## LGA guidance and recommendations

### Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

## Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details [www.gov.uk/government/news/the-principles-of-public-life-25-years](http://www.gov.uk/government/news/the-principles-of-public-life-25-years)
5. ACAS’s definition of bullying



# Appendices

## Code Appendix A

The principles are :

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

### **Leadership**

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Code Appendix B

### **Registering interests**

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

### **Declaring interests**

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a friend, relative, close associate; or
  - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.  [Any unpaid directorship.]
<b>Sponsorship</b>	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.  This includes any payment or financial benefit from a trade union within the meaning of the <b>Trade Union and Labour Relations (Consolidation) Act 1992</b> .
<b>Contracts</b>	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —  (a) under which goods or services are to be provided or works are to be executed; and  (b) which has not been fully discharged.
<b>Land and Property</b>	Any beneficial interest in land which is within the area of the council.  ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
<b>Licences</b>	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
<b>Corporate tenancies</b>	Any tenancy where (to the councillor’s knowledge)—  (a) the landlord is the council; and  (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
<b>Securities</b>	Any beneficial interest in securities* of a body where—  (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and  (b) either—  (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

\*'director' includes a member of the committee of management of an industrial and provident society.

\*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

**Table 2: Other Registerable Interests**

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	





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We consider requests on an individual basis.

REF 11.197

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND  
STANDARDS COMMITTEE**27<sup>th</sup> July 2020**REGULATION OF INVESTIGATORY POWERS ACT 2000**

Relevant Portfolio Holder	Councillor Matthew Dormer, Portfolio Holder for Planning, Governance and Partnerships
Portfolio Holder consulted	Yes
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**

- 1.1 The Council, along with other public bodies, has powers under the Regulation of Investigatory Powers Act 2000 [“RIPA”] to carry out covert surveillance in certain circumstances.
- 1.2 This report is the annual update to members on RIPA matters and any update to the Policy that has been made since the last report, to comply with the requirement set out at 3.3.

**2. RECOMMENDATIONS**

**The Committee is asked to RESOLVE that**

**2.1 the Council’s RIPA Policy as reviewed, be endorsed; and**

**2.2 the update on RIPA activity be noted, described in this report**

**NOTE** Members are requested to read and review the Council’s policy electronically. There will be a hard copy available on the evening of the committee meeting and beforehand in Members’ Group Rooms.

**3. KEY ISSUES****Financial Implications**

- 3.1 The Policy is lengthy and costly to print, so a small number of printed copies will be made available for members in their Group Rooms.

**Legal Implications**

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND  
STANDARDS COMMITTEE**27<sup>th</sup> July 2020

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- 3.2 The Regulation of Investigatory Powers Act 2000 [“RIPA”] gave local authorities powers to conduct covert surveillance under certain circumstances. The Act also regulates the use ‘Covert Human Intelligence Sources’ [“CHIS”] and obtaining certain Communications Data.
- 3.3 The revised Code of Practice for Covert Surveillance and Property Interference 2018 (paragraph 4.47) advised that elected members should at least on an annual basis review the RIPA policy and the authority’s use of the Act. This report is published in compliance with that requirement and also to draw attention to the updating of the Policy.
- 3.4 Local Authority powers are at the lower end of the scale and changes in legislation since the Act was originally introduced, have resulted in further restrictions on their use:
- the use of surveillance was restricted to criminal investigations and in 2012;
  - the Protection of Freedoms Act 2012 introduced a requirement for local authorities to obtain approval from the Magistrates Court for any proposed surveillance activity;
  - A threshold for the level of crime being investigated was raised to include only ‘serious crime’ (as defined).
- 3.5 The regime is overseen by the Investigatory Powers Commissioner’s Office, and includes inspections of organisations by an Inspector appointed by the Commissioner, usually about every three years.
- 3.6 Any organisation which had investigatory powers under RIPA is required to have in place a Policy governing all aspects of the regime, including the need for updating and officer training, regardless of whether the powers are exercised. The Council’s Policy is regularly updated to comply with any changes in the legislation, guidance and codes of practice which apply to the regime. Changes are notified to the Council by an external trainer and RIPA expert, who also provides training and advice on RIPA issues.

**Service / Operational Implications**

- 3.7 From the outset, the Council’s use of RIPA powers was always low. There are a number of reasons for this: A rigid process has to be followed to establish that a proposed surveillance activity is both “necessary” and “proportionate”; a senior officer has to evaluate the proposal against a number of criteria and would now have to be referred to the Magistrates Court to be confirmed. Then there would have been major resource implications for any authorised surveillance to have been undertaken.



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- 3.8 Since the changes introduced in 2012 as described in 3.3 above, the Council has not exercised its powers under RIPA at all. The Surveillance Commissioner has noted that in recent years authorities like ours have granted far fewer RIPA authorisations and some have granted none at all in the last three years. The reasons include the legislative changes and also reduced resources, greater access to data-matching and overt, rather than covert law enforcement,
- 3.9 At the time of the Council's last physical inspection, in 2015, RIPA powers had not been exercised by the Council since 2012. In 2018, a further three years on, during which no RIPA activity had been undertaken, the Surveillance Commissioner conducted a remote, light-touch review.
- 3.10 One of the points of feedback provided by the Commissioner in 2018 was a reminder of the importance of regular, ongoing internal oversight of the actual or potential use of these powers, which should be managed through your Senior Responsible Officer. The Inspector advised that officers need to maintain their levels of training lest, however remote a possibility it may appear, the powers need to be used. The Senior Responsible Officer [SRO] is Jayne Pickering, Director of Finance and Resources, who holds a meeting every six months to review any RIPA issues, consider any training or other issues relating to RIPA. These meetings used to take place quarterly, but due to the lack of RIPA activity, the SRO decided that twice a year would be sufficient. The Inspector has been advised of this and has not raised a concern.
- 3.11 It is not possible for the Council to 'opt out' of the RIPA regime, which means that although we have not used these powers for years, we are still required by the Commissioner to keep our officers briefed on it, aware of its potential use and crucially, trained in the completion of applications and their approval.
- 3.12 The Council is a member of the National Anti-Fraud Network [NAFN], which is hosted by Thameside MBC and which provides data and intelligence services under the RIPA regime to public sector organisations in relation to fraud investigations. Over 90% of local authorities are members of NAFN. Membership enables the Council to avail of its expertise, without having to have our own staff for the purpose.
- 3.13 Members' attention is drawn to the recent amendment to the Policy since last year's report, the inclusion of a section on 'Obtaining Communications Data'.

**Customer / Equalities and Diversity Implications**

**AUDIT, GOVERNANCE AND  
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- 3.14 There are no direct implications arising out of this report, providing information to elected members and seeking their approval of the Council's RIPA policies and procedures.

**4. RISK MANAGEMENT**

The Council is required to comply with the statutory provisions and guidance governing the RIPA regime and any recommendation made by the Inspector on behalf of the Commissioner.

Officers need to be aware of the RIPA powers so that there is no risk of surveillance or CHIS activity being undertaken without the correct approvals being in place.

**5. APPENDICES**

None

**6. BACKGROUND PAPERS**

The Council's RIPA Policy

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

27th July 2020

**REDDICTH BOROUGH COUNCIL AUDIT PLAN ADDENDUM - COVID 19**

Relevant Portfolio Holder	Councillor David Thain -Portfolio Holder for Finance and Enabling
Portfolio Holder consulted	No
Relevant Head of Service	Jayne Pickering- Exec Director Finance and Resources
Wards affected	All Wards
Ward Councillor consulted	N/A

**1. SUMMARY OF PROPOSALS**

- 1.1 To present Members with the Redditch Borough Council Audit Plan Addendum - Covid 19 from the Council's External Auditors Grant Thornton.

**2. RECOMMENDATION**

- 2.1 **The Committee is asked to NOTE the report and the Redditch Borough Council Audit Plan Addendum - Covid 19 as presented in the report and at Appendix 1.**

**3. KEY ISSUES**

- 3.1 The document provides an update to the planned scope and timing of the statutory audit in light of the impact of Covid and the increased risks that it has brought.

**Legal Implications**

- 3.2 None as a direct result of this report.

**Service / Operational Implications**

- 3.3 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**

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND  
STANDARDS COMMITTEE**27th July 2020

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

**5. APPENDICES**

Appendix 1 – Redditch Borough Council Audit Plan Addendum - Covid 19

**6. BACKGROUND PAPERS**

None

**AUTHOR OF REPORT**

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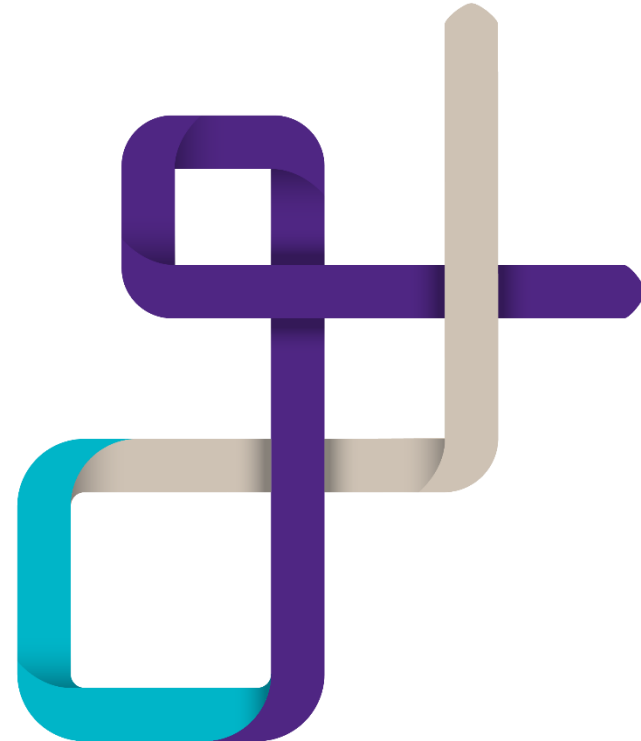


# External Audit Plan update

*Year ending 31 March 2020*

Redditch Borough Council

28 April 2020



# Introduction & headlines

## Purpose

This document provides an update to the planned scope and timing of the statutory audit of Redditch Borough Council ('the Authority') as reported in our Audit Plan dated 30 January 2020, for those charged with governance.

## The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 30 January 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

## Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020. We will liaise with management to agree appropriate timescales. We continue to be responsible for forming and expressing an opinion on the Authority and group's financial statements and VfM arrangements.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

## Changes to our audit approach

To date we have:

- identified a new significant financial statement risk, as described overleaf; and
- reviewed the materiality levels we determined for the audit. We did not identify any changes to our materiality assessment as a result of the risk identified due to Covid-19.

## Changes to our VfM approach

We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.

## Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

# Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid – 19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> <li>remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation;</li> <li>volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates;</li> <li>financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and</li> <li>disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.</li> </ul>	<p>We will:</p> <ul style="list-style-type: none"> <li>work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach;</li> <li>liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise;</li> <li>evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic;</li> <li>evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely;</li> <li>evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances;</li> <li>evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and</li> <li>discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.</li> </ul>

We therefore identified the global outbreak of the Covid-19 virus as a significant risk.

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS COMMITTEE** Date:27/07/2020**Informing the audit risk assessment for Redditch Borough Council 2019/20**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
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**

- 1.1 For Grant Thornton to update the audit and governance committee about the audit risk assessment for Redditch Borough Council for 2019/20.

**2. RECOMMENDATIONS**

- 2.1 **The Committee is asked to note the report as included in Appendix 1.**

**3. KEY ISSUES****Financial Implications**

- 3.1 There are no financial implications arising from this report.

**Legal Implications**

- 3.2 The Council has a statutory responsibility to comply with financial regulations.

**Service / Operational Implications**

- 3.3 This report is designed to contribute towards effective communication between the Council's external auditors, Grant Thornton and the Council's Audit, Governance and Standards Committee. The report covers some important areas of the auditor risk assessment where Grant Thornton are required to make inquiries of the Audit, Governance and Standards Committee under auditing standards.

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE** Date:27/07/2020

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- 3.4 It covers areas such as fraud, laws and regulations and the concept of the council being a going concern as well as the considerations corresponding to these areas and the management responses to questions raised in these areas.

**Customer / Equalities and Diversity Implications**

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

**4. RISK MANAGEMENT**

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

**5. APPENDICES**

Appendix 1 - Grant Thornton Report

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/A

**AUTHOR OF REPORT**

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**Grant Thornton**

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# Informing the audit risk assessment for Redditch Borough Council 2019/20

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between the Council's external auditors and the Council's Audit, Governance and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit, Governance and Standards Committee under auditing standards.

## Background

Under International Standards on Auditing (UK and Ireland) (ISA(UK&I)) auditors have specific responsibilities to communicate with the Audit, Governance and Standards Committee. ISA(UK&I) emphasise the importance of two-way communication between the auditor and the Audit, Governance and Standards Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit, Governance and Standards Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit, Governance and Standards Committee and supports the Audit, Governance and Standards Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit, Governance and Standards Committee's oversight following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Going Concern,
- Related Parties, and
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response we have received from the Council's management. The Audit, Governance and Standards Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

## General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2019/20?</p>	<p>They key issues that will impact the financial statements for 2019/20 can be split between external and internal. The external impact will be determining the accounting requirements for IFRS 16 and the increased audit scrutiny with regards to fixed assets. Internally, the implementation of the new ERP system is absorbing significant resources within the council so identifying the resources needed to ensure both are successfully completed has been a key priority of the council for the past few months, with additional staff being hired to mitigate this risk.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Redditch Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?</p>	<p>The accounting policies are reviewed every year as part of the accounts closedown process. There are no proposed discretionary changes this year as there have been no fundamental changes in council activities.</p>
<p>3. Is there any use of financial instruments, including derivatives?</p>	<p>No</p>
<p>4. Are you aware of any significant transaction outside the normal course of business?</p>	<p>No</p>



## General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	A full review will be conducted as part of the closedown process with officers across the Council and insurance asked to feedback to determine if there have been any potential impacts on non current assets. To date there have been none notified.
6. Are you aware of any guarantee contracts?	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by Redditch Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Anthony Collins Solicitors Browne Jacobson LLP No open matters at this stage.
9. Have any of Redditch Borough Council service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Black Radley have been hired by the council to support its implementation of a commercial culture and bring challenge where appropriate to decision making and a company called Dragongate were brought in to support the Council with its investigations into the possible development of a new town hall.



# Fraud

## Issue

### Matters in relation to fraud

ISA(UK&I)240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit, Governance and Standards Committee and management. Management, with the oversight of the Audit, Governance and Standards Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit, Governance and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As the Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit, Governance and Standards Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit, Governance and Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Audit, Governance and Standards Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from the Council's management.



# Fraud risk assessment

Question	Management response
<p>1. Has Redditch Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do Redditch Borough Council's risk management processes link to financial reporting?</p>	<p>The Council has assessed the risk of material misstatement. Although there is an on-going risk of fraud being committed against the Council, arrangements are in place to both prevent and detect fraud. These include work carried out by Internal Audit on overall fraud risk areas and work on Council Tax and Housing Benefit fraud.</p> <p>There is on-going communication between external audit and responsible officers on emerging technical issues. Officers also attend technical updates. Financial monitoring reports also highlight areas of variance within the capital and revenue budgets and this assists management in identifying areas of material misstatement within the accounts</p> <p>Management considers there is a low risk of material misstatement in the financial statements due to fraud and none has been detected to date.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>There are some areas that are inherently at risk from fraud such as:</p> <ul style="list-style-type: none"> <li>-Council Tax</li> <li>-Benefit Fraud</li> <li>-Single person discount</li> </ul>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Redditch Borough Council as a whole or within specific departments since 1 April 2019?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Audit, Governance &amp; Standards Committee receives any adhoc fraud reports.</p> <p>There are no material instances of fraud that have been identified during the year.</p> <p>The Audit, Governance &amp; Standards Committee would consider the fraud and the actions put forward by officers to ensure fraud is mitigated in the future.</p>

# Fraud risk assessment

Question	Management response
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Redditch Borough Council where fraud is more likely to occur?</p>	<p>Evidence published within the Annual Fraud Indicator report suggests that fraud is committed in all organisations to varying degrees, so it is likely that some fraud is occurring in the Council. Locations handling income, particularly in the form of cash, are more likely to be at risk of fraud. However, management does not consider these to be significant risks</p>
<p>5. What processes does Redditch Borough Council have in place to identify and respond to risks of fraud?</p>	<p>Financial monitoring reports highlight areas of variance within the capital and revenue budgets and this assists management in identifying areas of material misstatement within the accounts.</p>
<p>6. How would you assess the overall control environment for Redditch Borough Council including:</p> <ul style="list-style-type: none"> <li>• the process for reviewing the effectiveness the system of internal control;</li> <li>• internal controls, including segregation of duties;</li> <li>• exist and work effectively?</li> </ul> <p>If not where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>Internal Audit include fraud risks in their planning process and act as an effective internal control against fraud.</p> <p>Sound systems of internal control with roles and responsibilities are defined in various places such as constitution.</p> <p>The role of Internal Audit provides assurance that the Council's internal controls are in place. An annual report is produced and is available prior to the annual accounts being signed and approved.</p> <p>The regular monitoring of budgets and the allocation of financial professional support to budget holders provide control and mitigation against such overrides.</p>

## Fraud risk assessment

Question	Management response
7. Are there any areas where there is potential for misreporting?	Due to the control environment in place, there are no areas which are particularly at risk of misreporting.
8. How does Redditch Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported?	<p>There is a Fraud Strategy and Whistleblowing procedure in place which explain the procedures to follow.</p> <p>These policies have been reviewed and are in place for 2019/20.</p> <p>Employees are aware of the anti-fraud and corruption strategy, details are available on the website. Staff are encouraged to report anything that they perceive as being “out of the ordinary”, and no issues have been raised to date.</p>
9. From a fraud and corruption perspective, what are considered to be high-risk posts?  How are the risks relating to these posts identified, assessed and managed?	There are not any significantly high-risk posts identified.
10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?  How do you mitigate the risks associated with fraud related to related party relationships and transactions?	<p>2018/19 financial statements disclosure of related party transactions does not identify potential fraud risk.</p> <p>Members and officers are required to make full disclosure of any relationships that impact on their roles.</p> <p>Members are required to declare any relevant interests at Council and Committee meetings.</p>



## Fraud risk assessment

Question	Management response
<p>11. What arrangements are in place to report fraud issues and risks to the Audit, Governance and Standards Committee?</p> <p>How does the Audit, Governance and Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Internal Audit provide the Audit, Governance &amp; Standards Committee with updates of their work on fraud prevention and detection, including any significant identified frauds and the action taken.</p> <p>Any adhoc investigations are reported to the Audit, Governance &amp; Standards Committee.</p> <p>The Corporate risk register is reviewed by the Committee and the Member risk champion reports to the Committee at each meeting on updates from managers in relation to departmental registers.</p> <p>To date, no issues or concerns have been raised.</p>
<p>12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>We are not aware of any whistleblowing reports.</p> <p>If there was such a report then members would consider the appropriate course of action.</p>
<p>13. Have any reports been made under the Bribery Act?</p>	<p>We are not aware of any whistleblowing reports.</p>

# Law and regulations

## Issue

### Matters in relation to laws and regulations

ISA(UK&I)250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit, Governance and Standards Committee, is responsible for ensuring that the Council's operations are conducted in accordance with laws and regulations including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit, Governance and Standards Committee as to whether the entity is in compliance with laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

## Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Redditch Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to Redditch Borough Council's regulatory environment that may have a significant impact on Redditch Borough Council's financial statements?</p>	<p>The Monitoring Officer will advise the Council's Management team and Councillors as appropriate.</p> <p>The reporting arrangements include sections for both financial and legal implications to ensure managers have considered compliance with laws and regulations. In addition staff have professional training and conduct in place to support compliance.</p> <p>We are not aware of any changes to Redditch Borough Council's regulatory environment that may have a significant impact on the Redditch Borough Council's financial statements</p>
<p>2. How is the Audit, Governance and Standards Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Assurance of complying with the Council's Constitution is provided through the Annual Governance Statement which is reported to the Audit, Governance &amp; Standards Committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2019 with an on-going impact on the 2019/2020 financial statements?</p>	<p>No.</p>
<p>4. Is there any actual or potential litigation or claims that would affect the financial statements?</p>	<p>None.</p>



## Impact of laws and regulations

Question	Management response
5. What arrangements does Redditch Borough Council have in place to identify, evaluate and account for litigation or claims?	The legal and finance team liaise on a regular basis to identify and evaluate any potential claims.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No.



# Going Concern

## Issue

### Matters in relation to going concern

ISA(UK&I)570 covers auditor responsibilities in the audit of financial statements relating to management's use of the going concern assumption in the financial statements.

The going concern assumption is a fundamental principle in the preparation of financial statements. Under this assumption entities are viewed as continuing in business for the foreseeable future. Assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

Going concern considerations have been set out below and management has provided its response.

## Going concern considerations

Question	Management response
<p>1. Has the management team carried out an assessment of the going concern basis for preparing the financial statements for Redditch Borough Council? What was the outcome of that assessment?</p>	<p>The Council has a four year plan in place for the budget, which forecasts sufficient resources are available to fund all planned expenditure as well as having sufficient reserves to fund any significant unplanned expenditure. The MTFP required a detailed review of all the councils activities, so it can be confident that it is accurate. As such, the council is confident that it is a going concern.</p>
<p>2. Are the financial assumptions in that report (e.g., future levels of income and expenditure) consistent with Redditch Borough Council's Business Plan and the financial information provided to Redditch Borough Council throughout the year?</p>	<p>The MTFP is the culmination of the years reports and savings programme. As such, it is reflective of the approvals which have been made throughout the year.</p>

## Going concern considerations

Question	Management response
3. Are the implications of statutory or policy changes appropriately reflected in the Business Plan, financial forecasts and report on going concern?	Yes, appropriate statutory and policy changes are referenced where appropriate and the implications factored in.
4. Have there been any significant issues raised with the Audit, Governance and Standards Committee during the year which could cast doubts on the assumptions made? (Examples include adverse comments raised by internal and external audit regarding financial performance or significant weaknesses in systems of financial control).	External audit have highlighted that some of the savings have not been identified in a high level of detail as yet, however they are being developed at present.
5. Does a review of available financial information identify any adverse financial indicators including negative cash flow or poor or deteriorating performance against the better payment practice code? If so, what action is being taken to improve financial performance?	No, robust processes are in place and are reviewed regularly to ensure that this is not the case.

## Going concern considerations

Question	Management response
6. Does Redditch Borough Council have sufficient staff in post, with the appropriate skills and experience, particularly at senior manager level, to ensure the delivery of the Redditch Borough Council's objectives? If not, what action is being taken to obtain those skills?	Yes.
7. Does Redditch Borough Council have procedures in place to assess its ability to continue as a going concern?	Yes – the Council conducts quarterly monitoring and quarterly updates of the savings programme, which at present is delivering greater savings than were initially planned.
8. Is management aware of the existence of events or conditions that may cast doubt on Redditch Borough Council's ability to continue as a going concern?	No.



## Going concern considerations

Question	Management response
<p>9. Are arrangements in place to report the going concern assessment to the Audit, Governance and Standards Committee? How has the Audit, Governance and Standards Committee satisfied itself that it is appropriate to adopt the going concern basis in preparing financial statements?</p>	<p>Yes - as part of the year end accounts presentation.</p> <p>Audit, Governance &amp; Standards has reviewed the work conducted by external audit on the year end accounts and savings programme as well as the professional opinion of the S151 Officer, and as such is satisfied that it is appropriate to adopt the going concern basis.</p>

# Related Parties

## Issue

### Matters in relation to Related Parties

Local Authorities are required to comply with IAS 24 and disclose transactions with entities/individuals that would be classed as related parties. These may include:

- entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council (i.e. subsidiaries);
- associates;
- joint ventures;
- an entity that has an interest in the Council that gives it significant influence over the Council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Council, or of any entity that is a related party of the Council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Redditch Borough Council perspective but material from a related party viewpoint then the Redditch Borough Council must disclose it.

ISA (UK&I) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.



# Relating Parties

Question	Management response
<p>1. What controls does Redditch Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>A number of arrangements are in place for identifying the nature of a related party and reported value including:</p> <ul style="list-style-type: none"> <li>▪ Maintenance of a register of interests for Members, and a register for pecuniary interests in contracts for Officers and Senior Mangers requiring disclosure of related party transactions.</li> <li>▪ Annual return from senior managers/officers requiring confirmation that they have read and understood the declaration requirements and stating details of any known related party interests.</li> <li>▪ Review of in-year income and expenditure transactions with known identified related parties from prior year or known history.</li> <li>▪ Review of the accounts payable and receivable systems and identification of amounts paid to/from assisted or voluntary organisation.</li> <li>▪ Review of year end debtor and creditor positions in relation to the related parties identified.</li> <li>▪ Review of minutes of decision making meetings to identify any member declarations and therefore related parties.</li> </ul>



# Accounting estimates

## Issue

### Matters in relation to Related Accounting estimates

Local Authorities apply appropriate estimates in the preparation of their financial statements. ISA (UK&I) 540 sets out requirements for auditing accounting estimates. The objective is to gain evidence that the accounting estimates are reasonable and the related disclosures are adequate.

Under this standard we have to identify and assess the risks of material misstatement for accounting estimates by understanding how Redditch Borough Council identifies the transactions, events and conditions that may give rise to the need for an accounting estimate.

Accounting estimates are used when it is not possible to measure precisely a figure in the accounts. We need to be aware of all estimates that Redditch Borough Council is using as part of its accounts preparation; these are detailed in appendix 1 to this report. The audit procedures we conduct on the accounting estimate will demonstrate that:

- the estimate is reasonable; and
- estimates have been calculated consistently with other accounting estimates within the financial statements.

We would ask the Audit, Governance and Standards Committee to satisfy itself that the arrangements for accounting estimates are adequate.



# Accounting Estimates

Question	Management response
1. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)?	No.
2. Are the management arrangements for the accounting estimates, as detailed in Appendix A reasonable?	Yes, Officers have reviewed the estimates and believe they are reasonable.
3. How is the Audit, Governance and Standards Committee provided with assurance that the arrangements for accounting estimates are adequate ?	The professional judgement of the s151 Officer is accepted by the Committee.



## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Property plant & equipment valuations	The Council has a contract with Bruton Knowles to manage its asset base, including undertaking annual valuations. The Valuer is a RICS/CIB Member) and reviews are made inline with RICS guidance on the basis of 5 year valuations with interim reviews.	Technical Accountant notifies the valuer of the program of rolling valuations or of any conditions that warrant an interim re-valuation	Yes, Bruton Knowles	Valuations are made in line with RICS guidance –reliance on expert.	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Estimated remaining useful lives of PPE	The following asset categories have general asset lives: <ul style="list-style-type: none"> <li>• Buildings 50 years</li> <li>• Equipment/vehicles 5 years</li> <li>• Plant 12 years</li> <li>• Infrastructure 40 years</li> </ul>	Consistent asset lives applied to each asset category.	Yes, Bruton Knowles	The method makes some generalisations. For example, buildings tend to have a useful life of 50 years. Although in specific examples based upon a valuation review, a new building can have a life as short as 25 years or as long as 70 years depending on the construction material used. This life would be recorded in accordance with the local qualified RICS or CIB Member.	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Depreciation and Amortisation	Depreciation is provided for on all fixed assets with a finite useful life on a straight-line basis.	Consistent application of depreciation method across all assets.	No	<p>The length of the life is determined at the point of acquisition or revaluation according to:</p> <ul style="list-style-type: none"> <li>• Assets acquired in the first half of a financial year and depreciated on the basis of a full year's charge; assets acquired in the second half are not depreciated until the following financial year.</li> <li>• Assets that are not fully constructed are not depreciated until they are brought into use.</li> </ul>	No

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Impairments	Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.	Assets are assessed at each yearend as to whether there is any indication that an asset may be impaired.	Bruton Knowles	Valuations are made in line with RICS guidance –reliance on expert.	No



## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Measurement of Financial Instruments	Council values financial instruments at fair value based on the advice of their internal treasury consultants and other finance professions.	Take advice from finance professionals.	Yes	Take advice from finance professionals.	No



## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions for liabilities	Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.	Charged in the year that the Council becomes aware of the obligation.	No	Estimated settlements are reviewed at the end of each financial year –where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received by the Council.	No.

## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Accruals	We use standard accruals accounting –accruals are based on expenses incurred that have not yet been paid.	Monthly management accounts provides rigorous analysis so that any accruals are highlighted and actioned throughout the year	N/A.	N/A.	No.
Non Adjusting events – events after the balance sheet date	S151 Officer makes the assessment. If the event is indicative of conditions that arose after the balance sheet date then this is an unadjusting event. For these events only a note to the accounts is included, identifying the nature of the event and where possible estimates of the financial effect.	Heads of Services notify the s151 Officer.	This would be considered on individual circumstances.	This would be considered on individual circumstances.	N/A



## Appendix A Accounting Estimates (Continued)

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether Management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Bad Debt Provision	A provision is estimated using a proportion basis of an aged debt listing.	An aged debt listing is provided routinely and finance calculate the provision.	No	Consistent proportion used across aged debt as per the Code.	No.
Overhead Allocation	The Finance Team apportion central support costs to services based on fixed bases as detailed in the 'Allocation Summary' spread sheet.	All support service cost centres are allocated according to the agreed 'Allocation Summary' spread sheet.	No	Apportionment bases are reviewed each year to ensure equitable.	No



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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 27<sup>th</sup> July 2020**THE 2020/21 INTERNAL AUDIT PLAN REPORT OF THE HEAD OF INTERNAL AUDIT SHARED SERVICE, WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester – Financial and Customer Services
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 Redditch Borough Council Draft Internal Audit Operational Plan for 2020/21;
- the key performance indicators for the Worcestershire Internal Audit Shared Service for 2020/21.

**2. RECOMMENDATIONS**2.1 **The Committee is asked to approve the Audit Plan.**2.2 **The Committee is asked to approve the Key Performance Indicators.****3. KEY ISSUES****Financial Implications**

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

**Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

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To aid compliance with the regulation, the Institute of Internal Auditors Public Sector Internal Audit Standards (as amended) details that “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 bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes”.

**Service / Operational Implications**3.3 Internal Audit Aims and Objectives

The aims and objectives of the Worcestershire Internal Audit Shared Service are to:

- examine, evaluate and report on the adequacy and effectiveness of internal control and risk management across the council and recommend arrangements to address weaknesses as appropriate;
- examine, evaluate and report on arrangements to ensure compliance with legislation and the council's objectives, policies and procedures;
- examine, evaluate and report on procedures to check that the council's assets and interests are adequately protected and effectively managed;
- undertake independent investigations into allegations of fraud and irregularity in accordance with council policies and procedures and relevant legislation; and
- advise upon the control and risk implications of new systems or other organisational changes e.g. transformation.

3.4 Formulation of Annual Plan

WIASS operates an Internal Audit Charter which sets out the standards to which it operates for this Council. The Internal Audit Plan for 2020/21, which is included at **Appendix 1**, is a risk based plan which takes into account the adequacy of the council's risk management, performance management, other assurance processes as well as organisational objectives and priorities. It has been based upon the risk priorities per the corporate and service risk registers. Large spend budget areas have also been considered, and, direct association has been made to the organisational objectives and priorities. The Internal Audit Plan for 2020/21 has been agreed with the s151 Officer and has been considered by Senior Management Team and was brought before Committee in draft form on the 30<sup>th</sup> January 2020. It has been formulated with the aim to ensure Redditch Borough Council meets its strategic purposes, delivers its promises and has been directly linked the various aspects to identify the 'golden thread' in regards to the objectives and risk identification to Service delivery. It was brought before the Audit and Governance Committee in draft format as the involvement of the Committee is considered to be an important facet of good corporate governance, contributing to the

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internal control assurance given in the Council's Annual Governance Statement. Worcestershire Internal Audit Shared Service will also provide limited audit coverage for Rubicon Leisure.

COVID-19 Pandemic Implications

Due to the huge impact that the pandemic has had and the continuing changing environment that exists in Local Government the plan must be seen as a benchmark for Internal Audit work during the forthcoming year. There is a need for flexibility in the plan due to a changing risk profile including any emerging risks as a consequence of COVID-19 and the 'new normal'. To ensure flexibility the plan will be updated during the year in order to address such challenges. Changes will be agreed by the s151 Officer and the Head of Worcestershire Internal Audit Shared Service and Committee will be regularly informed of developments throughout the year.

The 2020/21 plan has been slow to start due to the focus on providing critical service provision throughout the organisation since the emergency lockdown commenced and as a result certain lower risk reviews will be rolled to next years audit plan. It is currently very difficult to accurately assess the ongoing impact of restrictions and what the 'new normal' will be. As a result the 2020/21 plan will need to be closely managed and remain flexible but with an underlying agreement that the core financial areas of the Authority will be considered and reported on. There have been changes to the delivery quarters identified for various reviews to those reported in January, and, there is now a very heavy bias of reviews in quarter 4 some of which will roll into 2021/22. The overall audit coverage from which the Head of Worcestershire Internal Audit Shared Service provides an overall opinion for the year will include the impact COVID-19 had on the plan and coverage overall. The 2020/21 plan should be considered as a benchmark plan only.

There is also an expectation there will be new processes emerging from the extraordinary working arrangements that have been necessary and the return to the 'new normal' to continue to provide the Redditch residents with services. The Plan will be flexed to reflect and include these requirements.

We recognise there are other review functions providing other sources of assurance, both internally and externally, (e.g. ICT Public Service Network assurance testing) 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.

To try to reduce duplication of effort we understand the importance of working with the External Auditors. The audit plan is available to the external auditors for information.

By bringing a draft plan of work before the Audit, Governance and Standards Committee which was been formulated with the aim to ensure Redditch Borough Council meets it's strategic purposes it allowed Members to have a positive input into the audit work

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 27<sup>th</sup> July 2020

programme for 2020/21 and make suggestions as to where they feel audit resources may be required under direction of the s151 Officer. It is planned that a regular review before Senior Management Team will take place to ensure the audit plan remains risk focussed and any required changes can be considered.

**3.5 Resource Allocation**

The Internal Audit Plan for 2020/21 has been based upon a resource allocation of 400 chargeable days, a resource allocation which has been agreed with the council's s151 officer. A summary of the days as well as the detailed plan provision has been included at **Appendix 1**. Although all areas have been considered an assessment has been made whether to include in the plan based on the overall risk and governance profile. Areas that are considered to have a 'high' priority will be targeted first in regard to the plan delivery. The Head of Internal Audit Shared Service is confident that, with this resource allocation, he can provide management, external audit and those charged with governance with the assurances and coverage that they require over the system of internal control, annual governance statement and statement of accounts. The 400 day allocation is based on transactional type system audits and remains the same number of days as 2019/20.

Due to the changing internal environment, ongoing transformation and more linked up and shared service working between Redditch Borough Council and Bromsgrove District Council the plan has been organised in a smarter way in order to exploit the efficiencies that this type of working provides. Although the audit areas will have an allocation of audit days the reviews will continue to be more cross cutting than before and will encompass the different service perspectives that the Services need to deliver (e.g. the customer journey impacts on the majority of service areas so the audit review will consider this). All or part of the budgeted days will be used on a flexible basis but be reflective of the risk exposure the end result being better corporate coverage and ownership of the audit outcomes.

Due to both external and internal audit findings the financial systems have been included as audit areas as it is considered certain risks remain in these areas. It is hoped that in time a 'watching brief' approach can be adopted when there is a confidence in embedded process, control and anti fraud measures thus leading to a reduction in the allocated days. However, during 2020/21 this will not be the case due to a planned change in system. Operational support days are included to give a little flexibility and contingency in the plan e.g. consultancy but are necessary to support the delivery of the plan as a whole.

The Internal Audit Plan for 2020/21 is set out at **Appendix 1**.

**3.6 Monitoring and reporting of performance against the Plan**

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Operational progress against the Internal Audit Plan for 2020/21 will be closely monitored by the Head of the Internal Shared Service and will be reported to the Shared Service's Client Officer Group, (which comprises the s151 officers from client organisations), and, to the Audit, Governance and Standards Committee on a quarterly basis.

The success or otherwise of the Internal Audit Shared Service will be determined by the outturn against performance indicators which have been developed for the service and management. These have been agreed with the council's s151 officer and are included at **Appendix 2**.

**Customer / Equalities and Diversity Implications**

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.

**5. APPENDICES**

Appendix 1 ~ Internal Audit Plan 2020/21  
Appendix 2 ~ Performance indicators 2020/21

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/a

**AUTHOR OF REPORT**

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**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

Date: 27<sup>th</sup> July 2020

Tel: 01905 722051



REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 27<sup>th</sup> July 2020APPENDIX 1SUMMARY OF DETAILED PLAN

<b>Planned Days</b>	<b>2020/21</b>
Core Financial Systems	90
Corporate Work	78
Service Delivery	89
Other Operational Work	89
<b>Sub Total</b>	<b>346</b>
Audit management meetings	20
Corporate meetings / reading	9
Annual plans, reports & Committee support	25
<b>Sub Total</b>	<b>54</b>
<b>Total Audit Days</b>	<b>400</b>

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Audit Area	Corporate Link	Risk Register Reference	Plan Priority & Quarter	Include in 2020/21 Plan	Proposed Resource 2020/21
<b>FINANCIAL</b>					
Debtors	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q3	<input checked="" type="checkbox"/> *	12
Main Ledger/Budget Monitor/Bank Rec	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q3	<input checked="" type="checkbox"/> *	16
Creditors	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q1-Q3	<input checked="" type="checkbox"/> *	12
Treasury Management (incl. assets & acquisitions)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q3	<input checked="" type="checkbox"/> *	8
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q1-Q3	<input checked="" type="checkbox"/> *	8
Benefits (Transformation)	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q1-Q3	<input checked="" type="checkbox"/> *	10
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q1-Q3	<input checked="" type="checkbox"/> *	8
Payroll	Enabling & Contractual Obligation	Lack of robust financial accounting and monitoring arrangement	Medium/ High Q4	<input checked="" type="checkbox"/>	16
<b>Sub TOTAL</b>					<b>90</b>
<b>CORPORATE</b>					
IT Audit (Server patching and disaster recovery)	Fundamental to strategic purpose delivery	ICT 7 & ICT 8	Medium Q4	<input checked="" type="checkbox"/> *	8
Risk Management (Critical Friend Support)	Fundamental to strategic purpose delivery	S151 request	Medium Q4	<input checked="" type="checkbox"/> *	6
Health and Safety (Training Documentation including Operations & action plan monitoring)	Fundamental to strategic purpose delivery	Non compliance with Health and Safety	Medium/ High Q1 & 2	<input checked="" type="checkbox"/> *	9
Procurement (Consultants action plan implementation)	Fundamental to strategic purpose delivery	S151 request	Medium Q4	<input checked="" type="checkbox"/> *	10
GDPR – (Limited Assurance follow up)	Fundamental to strategic purpose delivery	N/a	Medium Q4	<input checked="" type="checkbox"/> *	10
Orb (Business Critical reliance)	Fundamental to strategic purpose delivery	N/a	High Q1	<input checked="" type="checkbox"/> *	10

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Audit Area	Corporate Link	Risk Register Reference	Plan Priority	Include in 2020/21 Plan	Proposed Resource 2020/21
Use of Agency & Consultants (Cost and specification)	Fundamental to strategic purpose delivery	N/a	Medium Q2	<input checked="" type="checkbox"/> *	10
Projects (Critical Friend)	Fundamental to strategic purpose delivery	N/a	Medium Q4	<input checked="" type="checkbox"/> *	15
<b>Sub TOTAL</b>					<b>78</b>
<b>SERVICE DELIVERY</b>					
<b>Community Service</b>					
St David's House (No assurance follow up)	Help me to live my life independently	Hos request	Low/ Medium Q2	<input checked="" type="checkbox"/>	15
<b>Environmental</b>					
Refuse Service scalability (new builds) (Critical Friend)	Keep my place safe and looking good	Env 24	Low/ Medium Q4	<input checked="" type="checkbox"/> *	9
<b>Leisure and Culture - Rubicon</b>					
Contract Management Arrangements	Provide good things for me to see, do and visit	Contractual requirement -SLA	High Q2	<input checked="" type="checkbox"/>	15
<b>Housing</b>					
Housing repair and maintenance	Ensuring a sustainable council	Deputy Chief Executive request	High Q4	<input checked="" type="checkbox"/>	20
Asbestos Regulation Compliance	Keep my place safe and looking good	Hou21	High Q4	<input checked="" type="checkbox"/>	15
Annual Gas Inspection	Keep my place safe and looking good	Hou14	High Q4	<input checked="" type="checkbox"/>	15
<b>Sub TOTAL</b>					<b>89</b>
<b>Other Operational Work</b>					
Advisory, Consultancy & Contingency	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	35
Fraud & Investigations incl. NFI	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	15
Completion of prior year's audits	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	12
Report Follow Up (all areas)	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	15
Statement of Internal Control	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	6
Bus Operators Grant	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	6
<b>Sub TOTAL</b>					<b>89</b>

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Audit Area	Corporate Link	Risk Register Reference	Plan Priority	Include in 2020/21 Plan	Proposed Resource 2020/21
Audit Management Meetings	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	20
Corporate Meetings / Reading	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	9
Annual Plans, Reports & Committee Support	Operational support	N/a	N/a	<input checked="" type="checkbox"/>	25
<b>Sub TOTAL</b>					<b>54</b>
<b>TOTAL CHARGEABLE</b>					<b>400</b>

Rubicon Leisure	Arms Length LA Company	N/a	N/a	<input checked="" type="checkbox"/>	<b>10</b>
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Explanatory Notes:

\*As part of the increasing joint and shared service working between Redditch Borough Council and Bromsgrove District Council the audit budgets and areas will feature in both internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council due to the risk profiling.

The customer journey will be considered overall as part of the service audits.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**Date: 27<sup>th</sup> July 2020**Appendix 2****PERFORMANCE INDICATORS 2020/21**

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	<b>KPI</b>	<b>Trend/Target requirement/Direction of Travel</b>	<b>2020/21 Position (as at XXXXXXXX)</b>	<b>Frequency of Reporting</b>
Operational				
1	No. of audits achieved during the year	Per target	Target = 16 (Minimum) Delivered = XX	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	XX	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	XX	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	XX (previous year total)	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	XX (previous year total)	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded  (Nil)	XX	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	XX (previous year total)	When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards (as amended).

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**AUDIT, GOVERNANCE & STANDARDS  
COMMITTEE**27<sup>th</sup> July 2019**2019/20 INTERNAL AUDIT ANNUAL REPORT AND AUDIT OPINION**

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	No
Relevant Head of Service	Chris Forrester ~ Financial and Customer Services
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 2019/20 Internal Audit Annual Report for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 along with the Audit Opinion and Commentary.

**2. RECOMMENDATIONS**2.1 **The Committee is asked to RESOLVE that the report be noted.****3. KEY ISSUES****Financial Implications**

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

**Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 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 Appendix 1 shows during 2019/2020 there were 364 productive audit days used against a budget of 400.

3.4 Appendix 2 provides a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year.

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- 3.5 Appendix 3 provides the 2019-20 audit opinion and commentary.
- 3.6 Appendix 4 provides a copy of the Internal Audit Charter for WIASS.
- 3.7 Appendix 5 provides a copy of the quality assurance improvement programme (QAIP).
- 3.8 **Dashboard:**
- |  |                            |
|--|----------------------------|
| Target total of reviews for delivery 2019/20:                | 20 (minimum)               |
| Actual reviews delivered:                                    | 23                         |
| Reviews finalised to date for 2019/20:                       | 18                         |
| Reviews currently awaiting final sign off:                   | 5                          |
| Assurance of 'moderate' or above:                            | 14                         |
| Assurance of 'limited' or below:                             | 4                          |
| Reviews requiring audit work completion:                     | 0                          |
| Number of 'High' Priority recommendations reported for year: | 13                         |
| Productivity:  | 81% (against targeted 74%) |
| Overall plan delivery:                                       | 91% (against target >90%)  |
| Feedback for Service   | Good                       |
- 3.9 The Worcestershire Internal Audit Shared Service (WIASS) has achieved and delivered the 2019/2020 audit plan with some minor revisions.
- 3.10 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) and reported to the Audit, Governance and Standards Committee for approval on 29<sup>th</sup> July 2019. 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, planning, safeguarding, St David's House, Housing, Repairs and Maintenance - Stocks and Stores and Contract management Client Side - Rubicon were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.11 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.
- 3.12 The purpose of the 2019/20 Annual Plan was to aid the effectiveness of the Internal Audit function and ensure that:



## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

27<sup>th</sup> July 2019

- 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.
- 3.13 The Service carefully managed its resource and worked with partners to deliver the revised audit programme for Redditch Borough Council for 2019/20 with regular updates of progress reported before Committee. The s151 Officer was kept briefed during the year in regard to overall progress and was instrumental in the plan variance along with enhancing the process to achieve quicker management sign off. There was also regular reporting to both SMT and CMT.
- 3.14 During 2019/20, audit reviews totalled 23. Summaries of the audit reports, 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 before the Audit, Governance and Standards Committee on an on-going basis throughout the year or will be reported on finalisation.
- 3.16 Based on the audits performed in accordance with the audit plan the Worcestershire Internal Audit Shared Services Manager has concluded that, on the whole, the internal control arrangements during 2019/20 effectively managed the principal risks identified in the revised audit plan but there continue to be pockets of risk within the organisation where mitigation work is continuing.

### **Annual Governance Statement ~ Assurance Checklist Statements 2019/20**

- 3.16 It is the responsibility of management to maintain the Authority's internal control framework and ensure that controls are being complied with.
- 3.17 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

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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.

- 3.18 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 confirmed that those controls were operating effectively except where reported otherwise.
- 3.19 A review of the returned statements indicates that although work continues there are several areas where work is required to strengthen some control requirements. It is considered that those areas identified do not present a significant and material risk at this time. The areas identified in the statements will be considered as part of the audit programme. A reoccurring theme identified a lack of resources as a current or emerging area of risk.

**Work of interest to the External Auditor**

- 3.20 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 seven 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**

- 3.21 The work to deliver the ICT work for Worcestershire County Council audit contract was completed during 2019/20. This contract has been extended for a further three years.

**Follow Up Audits**

- 3.22 A summary of audit follow ups for the year is provided as part of Appendix 2. This area of work is undertaken to ensure that potential risks to the authority are mitigated. The outcome of this work is reported on an exceptions basis. There have been no exceptions reported to the Committee during 2019/20. Follow ups, and any exceptions, will continue to be reported but the number of additional visits to ensure points are satisfied is continuing to decrease compared with the previous years. From April 2020 onwards the full report is

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planned to be presented before Committee rather than a summary position.

### **Quality Measures**

- 3.23 Managers are asked to provide feedback in regards to systems audits that have taken place 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.
- 3.24 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 as amended. All staff work to a given methodology and have access to the internal audit reference material and charter which are updated regularly to reflect the requirements of the standards and the changing environment that WIASS is auditing in. A copy of the Audit Charter is included at Appendix 4 for information.

### **Independence and Safeguards**

- 3.25 Worcestershire Internal Audit Shared Service activity is organisationally independent. Internal Audit reports to the s151 Officer but has a direct and unrestricted access to senior management and the Chair of the Audit, Governance and Standards Committee.
- 3.26 Further quality control measures embedded in the service include individual audit reviews and regular Client Officer feedback. Staff work to a given methodology and have access to the internal audit reference material and Charter which have been updated to reflect the requirements of the standards. The Charter is included as part of this report at Appendix 4. Where WIASS provide assistance with the preparation of areas of work such as risk management there are clear safeguards in place to ensure independence is not compromised. Safeguards include review within the audit service by an independent person to those who have completed the work as well as independent scrutiny by the Executive Director – Finance and Resources of the authority. Audit Committee can also challenge the reported findings and the minutes would record this.
- 3.27 The Client Officer Group which is the management board for the Service and is made up of partner s151 Officers meet on a regular basis and consider the performance of the Shared Service including progress against the Service Plan as well as actively promoting the continuous improvement of the Service. Further improvement was

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identified through the self assessment process which was carried out in April 2019 and a quality assurance improvement plan (QAIP) was formulated and is reported for information at Appendix 5.

### **Risk Management**

- 3.28 Heads of Service periodically provide Risk Management updates before the Audit Committee for consideration along with verbal updates from the Financial Services Manager to provide assurance. Development of the risk management system continues under the Directorship of the Executive Director – Finance and Resources.

### **Assurance Sources**

- 3.29 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.

### **Other Operational Work**

- 3.30 Work is continuing in respect of the National Fraud Initiative (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. A further data upload took place in January 2020 for single person discount and Election data. A further significant upload of data is scheduled for December 2020.

### **COVID-19 Pandemic Impact 2019/20**

- 3.31 The majority of the revised 2019/20 plan was completed prior to the COVID-19 pandemic lockdown in March 2020. Loose ends were completed and some draft and final reports were issued during the lockdown period. Six 2019/20 reviews that did not take place were Risk Management, Asset Management Services, Procurement, Business Centres, Waste – scalability of service and Annual Gas Inspections. All feature in the 2020/21 plan except Asset Management Services and Business Centres.

### **Customer / Equalities and Diversity Implications**

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

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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 2019/20
Appendix 2	Audits completed with Assurance 2019/20 and audit follow up work
Appendix 3	Audit Opinion and Commentary
Appendix 4	Internal Audit Charter
Appendix 5	Quality Assurance Improvement Plan (QAIP)

**6. BACKGROUND PAPERS**

None

**7. KEY**

N/a

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REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS  
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<b>Audit Area</b>	<b>2019/20 PLAN DAYS</b>	<b>2019/20 Days used</b>
Core Financial Systems (see note 1)	62	69
Corporate Audits(see note 2)	74	49
Other Systems Audits(see note 3)	210	207
<b>SUB TOTAL</b>	<b>346</b>	<b>325</b>
Audit Management Meetings	20	19
Corporate Meetings / Reading	9	7
Annual Plans, Reports and Audit Committee Support	25	13
Other chargeable	0	0
<b>SUB TOTAL</b>	<b>54</b>	<b>39</b>
<b>TOTAL (See note 2)</b>	<b>400</b>	<b>364</b>

Note 1

Core Financial Systems were audited as a rolling programme through quarters 1 to 3 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts.

Note 2







Due to the plan revision and the COVID-19 pandemic impact not all the days were required.

Note 3

A number of the budgets in this section were 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters. If there is little demand for certain budgets this is reflected in the overall usage, however, it does not necessarily reduce the coverage of the overall plan.

REDDITCH BOROUGH COUNCIL**AUDIT, GOVERNANCE & STANDARDS  
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The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2019/20. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4 to KPI 6.

KPI	Trend/Target requirement	2018/19 End of Year Position	2019/20 End of Year Position		Frequency of Reporting	
<b>Operational</b>						
1	No. of audits achieved during the year	Per target	Target = 16 (minimum) Delivered = 19	Target = 20 (minimum) Delivered = 23 (including 5 awaiting sign off)		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	88%	91%		When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	67%	81%		When Audit Committee convene
<b>Monitoring &amp; Governance</b>						
4	No. of 'high' priority recommendations	Downward (minimal)	20	12		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	10	11		When Audit Committee convene
6	'Follow Up' results (2017/18 onwards)	Management action plan implementation date exceeded (<5%)	1	0		When Audit Committee convene
<b>Customer Satisfaction</b>						
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	4x issued 3x returned 'excellent'	6x issued 3x returned 'excellent' 3 awaited		When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards as amended.

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Audits completed during financial year 2019/2020:**

<b>Audit Report / Title</b>	<b>Final Report issued</b>	<b>Assurance</b>
Worcestershire Regulatory Services	14 <sup>th</sup> April 2020	Significant
National Non Domestic Rates	11 <sup>th</sup> March 2020	Significant
Debtors	10 <sup>th</sup> March 2020	Significant
Creditors	26 <sup>th</sup> February 2020	Significant
Council Tax	6 <sup>th</sup> February 2020	Significant
Bereavement Services	24 <sup>th</sup> September 2019	Significant
Planning Application Process: Planning Applications S106 Contributions	4 <sup>th</sup> February 2020	Significant / Moderate
Payroll	15 <sup>th</sup> June 2020	Moderate
Main Ledger	11 <sup>th</sup> March 2020	Moderate
Safeguarding	5 <sup>th</sup> March 2020	Moderate
Contract Management Client Side - Rubicon	25 <sup>th</sup> February 2020	Moderate
Compliments and Complaints	6 <sup>th</sup> December 2019	Moderate
Treasury Management	18 <sup>th</sup> October 2020	Moderate
Document Retention Policies	5 <sup>th</sup> November 2019	Limited
St David's House	4 <sup>th</sup> July 2020 (CMT)	No (CMT)
Bulky Waste	1 <sup>st</sup> July 2020	Critical Review
Housing Computer System Implementation	10 <sup>th</sup> December 2019	Critical Review
Housing, Repairs and Maintenance- Stocks and Stores	27 <sup>th</sup> November 2019	Limited
Health and Safety (Hybrid)	17 <sup>th</sup> February 2020	Follow Up Hybrid
Business Continuity	20 <sup>th</sup> April 2020(D)	Moderate (D)
Benefits (Hybrid)	25 <sup>th</sup> March 2020(D)	Follow Up Hybrid (D)
ICT	4 <sup>th</sup> March 2020(D)	Critical Review (D)
Asbestos Regulation Compliance	10 <sup>th</sup> January 2020 (D)	Limited (D)
Note: Reports requiring final sign off: (CMT) = report to be signed off. (D) = draft report but no variance expected.		
<b>Follow Up Audits:</b>		
<b>Audit Area</b>	<b>Latest Date for Follow Up</b>	<b>Position</b>
Disabled Facilities Grants	October 2019	Ongoing
Shopmobility	September 2019	Ongoing
On Street Off Street Parking	September 2019	Satisfied
All core financial audits		



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### Summary of 2019/20 Audit Assurance Levels.

2019/20	Number of Audits	Assurance	Overall % (Rounded)
From 23 audits (including those at draft stage)	0	Full	0%
	7	Significant	30%
	7	Moderate	30%
	3	Limited	13%
	1	No	4%
	0	To be confirmed	0%
	5	Critical Review / hybrid	23%

### Client Feedback Analysis ~ IA Reporting

Feedback is sought after the issue of the final audit report either verbally or via a feedback questionnaire. Sometimes this is reported back verbally rather than in the written form. The feedback is used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function. Feedback during the 2019/20 financial year has been received indicating that:

- the auditee was happy with the process and format of the audits. This continues to be further developed.
- anecdotal evidence indicates a high satisfaction rate with the audit product from the data received.

Comments received included:

- [The Auditor] was able to grasp the processes and complexities very quickly.
- [The Auditor] was able to carry on with little assistance from me in accessing things.
- Common sense was used and practicality considered.

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### **Overall Conclusions:**

- The 2019/20 Internal Audit Plan as agreed by the Audit Committee on the 29<sup>th</sup> July 2019 along with any subsequent revisions has been delivered.
- 60% of the audits undertaken for 2019/20 which have received an assurance allocated returned an assurance of 'moderate' or above.
- Clients are satisfied with the audit process and service from the data received.

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- Independent assurance has been brought before the Committee for consideration in respect of the finalised audits throughout 2019/20.
- To assist the Committee to draw further assurance from the work that Internal Audit undertakes clear reference is contained in the final audit report to identify whether a direct link exists to corporate priorities and the risk register entry in connection with the audited service provision. This information has been, and will continue to be, reported to the Committee as part of the reporting in 2020/21.
- On-going dialogue will be maintained with the s151 Officer and the Client Officer Group. The Client Officer Group for the Internal Audit Shared Service comprises all the partners' s151 Officers whom actively encourage the on-going development of the service.

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- 1.1 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 2019/20 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, risk remains present which could jeopardise this in the future in regard to certain areas and emerging risks will need to be identified and managed. Close monitoring of deployed measures are set to continue but the need to reduce the overall risk and work towards a better and sustainable approach beyond 2019/20 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 service, manage risk effectively, and, ensures other areas which attracted a 'limited' or 'no' assurance develop and deploy a sound control environment where there is the potential for emerging risk.

**2. Risk Management Conclusion**

- 2.1 The Head of Internal Audit can confirm the development of the formal risk management system is set to continue in the organisation under the Direction of the Executive Director - Finance and Resources with a view to achieving a better embedded approach in the future.

**3. Audit Opinion**

- 3.1 The internal audit of Redditch Borough Council's systems and operations during 2019/20 was conducted in accordance with the Internal Audit Annual plan which was approved by the Audit, Governance and Standards Committee on 29<sup>th</sup> July 2019 and any subsequent revision.
- 3.2 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 to CIPFA guidance and the Institute of Internal Auditors Public Sector Internal Audit Standards 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.

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- 3.3 The Internal Audit Plan for 2019/2020 was risk based (assessing audit and assurance factors, materiality risk, impact of failure, system risk, resource risk fraud risk, and external risk). 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, compliments and complaints, safeguarding, planning applications, bereavement services were looked at to maintain and improve control systems and risk management processes or reinforce oversight of such systems.
- 3.4 The 2019/20 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.
- 3.5 At the time of writing this opinion in relation to the 23 reviews that have been undertaken, 18 have been finalised and 5 are awaiting management sign off. Areas which returned an assurance level of 'limited' included Housing – Repairs and Maintenance Stocks and Stores, Document Retention Policies and Asbestos Regulation Compliance. St David's House returned an assurance level of 'no' assurance. A piece of work that was commenced in 2018/19 in regard to Housing – Repairs and Maintenance Stocks and Stores was rolled into 2019/20 due to initial enquiries, the nature and coverage.
- 3.6 A clear management action plan has been formulated to address the issues identified in all the other audit areas where 'limited' or 'no' 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. There is a clear understanding that further work is required to embed risk management throughout the organisation with the outcomes now being monitored by the Executive Director - Finance and Resource.
- 3.7 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. There were some key themes identified specifically in some of the returns which will be picked up directly with

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management including an outstanding Community Inventory, a lack of awareness in regards to a handbook, a requirement to look at contract procedures, and postponed external reviews. A reoccurring theme reported across several Services was the impact of staff shortages. No areas of significant risk have been identified in addition to those already identified in the audit work completed.

- 3.8 Any concerns raised by managers will be assessed and addressed by the Corporate Management Team. It is acknowledged there remain and continue to be some significant challenges and potential risks in the Housing Service.
- 3.9 14 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. There were 4 audits allocated a 'limited' or 'no' 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. The three critical friend reviews that were undertaken did not provide an overall assurance but did report on potential lessons learnt. Although there remained some areas where the overall assurance fell short of 'moderate' assurance or above 2019/20 saw a slightly improved corporate picture based on the previous year results where 11 audits were 'moderate' or above and there were 6 'limited' assurance audits reported.
- 3.10 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.

**Andy Bromage**  
**Head of Internal Audit Shared Service**  
**Worcestershire Internal Audit Shared Service**  
July 2020

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# **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 during July 2018 and was approved by the Audit Governance and Standards Committee on the 25<sup>th</sup> October 2018.

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## 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 will provide internal audit services to third parties under contractual arrangements.

Worcester City Council hosts the Shared Service provision under an on-going Administrative Collaborative Agreement. It is governed by a Client Officer Group (COG) 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. Mission and Definition

- 2.1 Mission:

"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight".

Additional information can be found on the local intranet site:

<https://staffroom.worcester.gov.uk/internal-audit>

- 2.2 Definition:

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.*

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*(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 the Partner in 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



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- 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<sup>1</sup>, 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<sup>1</sup> have made proper provision for resources within the annual plan
  - management understands that the work being undertaken is not internal audit work.

3.4 IA's remit extends across the entire control environment of the organisation and is not limited to certain aspects or elements.

#### **4. Responsibility of Management<sup>1</sup> 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

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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 relevant Head of Service and/or Section 151 Officer is briefed on any matter coming to the attention of internal audit, either through a review or otherwise, that could have a material impact on the finances, create an unacceptable risk or be fraudulent for 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 are to be reported in line with the anti-fraud and corruption policy. The most appropriate action/engagement of the relevant Head of Service will be determined by the HoWIASS depending on the circumstances.
- 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:-

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- a) prior to the beginning of each financial year, following consultation with Management<sup>1</sup> 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 including corporate risk register, service risk register, local knowledge, corporate promises or objectives, key strategic documents e.g. five year plan and any external audit guidance. Where there is a potential difference between strategy/plan and resource this is reported to the Board<sup>2</sup>;
  - 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<sup>1</sup> with challenges to consider depending on its 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<sup>2</sup> 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<sup>1</sup> with:

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- 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<sup>1</sup> prior to sending the draft audit report. The manager<sup>1</sup> 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<sup>2</sup>.

### 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<sup>1</sup>. 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 organisation, circulation, audit scope and objectives, an audit opinion, an executive summary and an audit assurance rating as well as a clear indication of what action is required by management.

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- 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<sup>1</sup> 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 and reported on an exceptions basis.
- 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.
- 5.7 Escalation for late or non return of audit reports will be instigated when after two requests the reports have not been provided by management. The escalation will commence with the s151 Officer being informed of the late return. If the report remains outstanding then the Board<sup>2</sup> will be informed of the inaction with a view to them calling in the Officer to justify the late return.

### **6. 7 Principles of Public Life and how WIASS interprets and applies them.**

1. Selflessness - protecting the public purse and ensuring all actions taken are solely in the public interest.

2. Integrity - completely independent and above undue bias or influence in the work that we do.

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3. Objectivity – demonstrate impartiality and fairness in all aspects of our work and when reporting uses only the best evidence without discrimination or bias.

4. Accountability – provide transparency and assurance holding people to account in regard to decisions and actions and provide assurance to those in governance roles.

5. Openness – to promote and ensure through good governance that decisions are taken in an open and transparent manner and no information is withheld from the public unless there are clear and lawful reasons for so doing

6. Honesty – to provide independent assurance to those in governance of confirmation of truthfulness

7. Leadership – through the audit work actively promotes and robustly supports the principles and shows a willingness to challenge poor behaviour wherever it occurs.

For further information on the principles of public life:

<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

### **7. Core Principles for Professional Practice and how WIASS interprets and applies them.**

1. Demonstrates integrity:  
WIASS works independently, without influence or undue bias. The audit plan is created so that there are no conflicts of interest between the officer and the audit. Potential conflicts of interest are formally checked annually with all members of the WIASS team. Areas of risk for WIASS are identified and mitigated. Potential areas of risk include, but are not limited to, auditors re-auditing Risk Management, NFI, and Regulatory Services in consecutive years and Services that they have transferred from. Officers that have conflicts of interest, or if they are / have been working in the area of audit, will not undertake any audits in the conflicting area for a minimum of three years, safeguarding the officers and WIASS' integrity. Further protection is in place by using randomly selected testing samples and a series of independent review stages. All audit working papers, reports and findings are reviewed and if necessary challenged before being issued to the client by either the Head of Service or Team Leader.
2. Demonstrates competence and due professional care:

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All reports are reviewed and signed off by either the WIASS Head of Service or Team Leader both of which are highly qualified and governed by professional institution standards. Regular 1-2-1 meetings are held with each officer to ensure progress and personal development. An "open door" culture is adopted throughout WIASS allowing all team members to ask for assistance advice and support at any time. Training (both in-house and external) is available and is provided should it be deemed relevant and appropriate by Head of Worcestershire Internal Audit Shared Service (HoWIASS) / Team Leader.

3. Is objective and free from undue influence:  
Independence and safeguarding is a key element of internal audit provision. All WIASS staff are vetted via the Basic Disclosure Check, as well as making a Declaration of Interest on an annual basis declaring any potential conflicts of interest with upcoming audit programme and the partners that WIASS work with. No auditor, who has transferred from a Service, will audit that Service for a minimum of three years. The Service is organisationally independent for all Partners. Although the HoWIASS reports directly to the s151 Officers of the Partner organisations the role has direct and unrestricted access to the senior management team and Committee Chair. The Client Officer Group, who governs the Service, meets on a quarterly basis and is made up of the Partner s151 Officers. They each have an equal vote and consider the strategic direction of the Service as well as progress and performance. Further independence and safeguard checks are reported throughout this Charter in the form of checks, actions and process.
4. Aligns with the strategies, objectives, and risks of the organisation:  
The audit plan and it's content is discussed with Management<sup>1</sup>and s151 Officers to ensure that risks are identified; appropriate processes, systems and strategies are tested and that areas of risk are monitored and mitigated. Corporate and service risk registers are used along with corporate knowledge and the promises and objectives. Five year plans are also considered as part of the risk profiling and plan definition.
5. Is appropriately positioned and adequately resourced:  
As a shared service, WIASS is hosted by Worcester City Council, but audit allocations ensure a presence in all authorities that it serves across the year. Resources are monitored and tracked throughout the annual audit plan, with forecasting used as often as possible to prevent resources becoming too stretched resulting in reduced coverage. WIASS is governed by a Client Officer Group made up from the Partner s151 Officers but also has direct access to Management<sup>1</sup> and the Board<sup>2</sup> Chairs. Delegated powers are used should there be any resourcing issues.
6. Demonstrates quality and continuous improvement:

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Continuous monitoring of the teams performance via trackers is conducted. Quarterly and annual reports are issued to committee and board members demonstrating trends in productivity and value. Individual reviews via 1-2-1 meetings are held monthly with the Team Leader, and include personal development plans for all team members. Improvements and changes will also be made using external assessment as well as internally generated client feedback forms. A self assessment will be completed each municipal year to further provide assurance of quality and improvement. The Service is working with partners to ensure that it continues to provide a 'fit for purpose' Service by developing techniques that will complement requirements, continue to add value and work in a changing environment e.g. critical friend reviews. There is a continuous desire to ensure that the Service changes and adopts best practice methods as identified by the professional institutions e.g. IIA, CIPFA.

7. Communicates effectively

Various forms of communication are adopted (verbal, written, diagram / graph) throughout the review process by all members of the WIASS team. Continued monitoring and improvements to the methodology are conducted, making the report and testing documents clearer for all users. Findings are discussed verbally with management<sup>1</sup> prior to the issue of a formal report. Reports are issued to Officers and Committee<sup>1</sup> on a regular basis.

8. Provides risk-based assurance

The audit plans are risk based with reviews being classified from high to low risk. The review scope is risk based which drives the review without creating restrictions on the areas covered. All findings are rated high, medium or low risk. Risks associated with the findings are linked directly to the recommendation and the management action to mitigate it. The review risk is combined to create the overall assurance level of the audit, which will be presented to the client with explanation and reasoning in the form of a report.

9. Is insightful, proactive and future-focused

Insightful – where possible WIASS officers with relevant background experience will be assigned to conduct audits in similar fields. Continued monitoring of current "audit and fraud affairs" is distributed to all WIASS team members. A sharing of knowledge is encouraged in the Service and pre engagement research. Identification of best practice is shared amongst the authorities. Reports identify areas that are working well as well as those that require improvement. Reviews look for efficiencies and better ways of working.

Proactive – scoping meetings are held for all audits allowing for changes to the audit scope in line with changes in service delivery and legislation between annual planning and audits starting. There is also an ability to



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vary the plan should an emerging risk present itself using delegated powers so the audit service can be proactive in providing assurance to those in governance. Consultancy days are built into the plans to allow for pre implementation of new system/process advice.

Future-focused – The Service will scan the horizon for risks and issues that are emerging. Networking using, for example, the Midlands Audit Group is used to help inform the audit plans and consultancy assignments to provide information to the partners before it becomes a potential issue for them. Monitoring of the next generation initiatives from Central Government and having a team of auditors aware of the potential risks and impact along with environmental control issues will assist in adding value for our partners.

### 10. Promotes organisational improvement

Ethics and culture are key aspects to organisation improvement. WIASS reviews consider ethical and cultural aspects and the potential impact and associated risk. Liaison with s151 Officers, Senior Management Teams and governance boards where applicable to promote continuous organisational development. Audit Reports are issued to management<sup>1</sup> to ensure oversight of the organisation and areas of concern including common themes are looked at and improved on. High and Medium priority findings are followed up after a 3 or 6 month period respectively using an established methodology to ensure that potential risks are being mitigated and there is continuous improvement. Findings will be followed up until such time that they are satisfied. Follow up on findings will be documented and reported to Management, Heads of Service and or the appropriate s151 to give assurance of action and risk mitigation.

For further information please reference:

<https://na.theiia.org/standards-guidance/mandatory-guidance/Pages/Core-Principles-for-the-Professional-Practice-of-Internal-Auditing.aspx>

## 8. External Relationships

### 8.1 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)

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- National Fraud Initiative via DCLG and Cabinet Office

But may include other external parties as necessary.

- 8.2 Assurance will be accepted and reported from 3<sup>rd</sup> parties as long as WIASS can rely on their work and they are suitably qualified to carry out the assessment. The relevance of the work will also be a consideration in using a 3<sup>rd</sup> party certification e.g. IT integrity testing.
- 8.3 Where work is undertaken on a contractual basis assurance will be provided to 3<sup>rd</sup> parties outside of the partnership as appropriately agreed. The methodology applied to audit 3<sup>rd</sup> party organisations will be the same as the methodology used for the members of the partnership. All of the safeguards used to protect the integrity of the audits carried out for the partnership will be extended to 3<sup>rd</sup> parties as well and appropriate reporting protocols established as part of any contractual agreement. These will be established as part of the engagement with a clearly identified engagement officer and requirements. No contract will be entered into if it is considered that the independence or integrity of the Service will be compromised. If, during the delivery of a contract, it becomes apparent that there is undue influence being brought to bare and/or that the actions of the client is undermining the ethos of internal audit the HoWIASS will inform the Client Officer Group without delay so a strategic decision can be made to avoid any potential reputational damage or compromised independence. Any assurances provided to 3<sup>rd</sup> Parties will be based on the established internal methodology and the defined definitions of the different levels and priorities.
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**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.

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Version Control:	Date of Change	Action	Updated by
1.0	2 <sup>nd</sup> March 2012	Charter for WIASS	AB
2.0	9 <sup>th</sup> August 2012	Update to Charter	AB
3.0	23 <sup>rd</sup> April 2013	Update to Charter re. International Standards	AB
4.0	21 <sup>st</sup> Janaury2016	Update to Charter re. legislative requirements & title changes	AB
5.0	1 <sup>st</sup> 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
8.0	June/July 2018	External Assessment recommendations: Update to Mission & Definition Inclusion of 3.4, IA remit Update to 4.6 regarding HIASS responsibility on briefing Inclusion of 5.7, escalation for late and non return audit reports Inclusion of 6 – Principle of Public Life Inclusion of 7 – Core Principles of Public Practice Inclusion of 8.2, assurance from 3 <sup>rd</sup> Parties Inclusion of 8.3, assurance to 3 <sup>rd</sup> Parties	HG, AB, HT

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Appendix 5

**Quality Assurance Improvement Plan for 2019/20.**

Action No.	Area to be actioned	Outcome required	Action	To be undertaken by:	Targeted date to be completed	Position as at 31 <sup>st</sup> March 2020
1	1112 - Safeguarding Independence	Formal reporting to Client Officer Group (COG) confirming if there are, or are not, any conflicts of interest with the plan. This is to be done on an annual basis following the annual 'Declaration of Interest' (DOI) from WIASS Staff	Inform COG of DOI on the 2019/20 Plan	Head of Internal Audit	4 <sup>th</sup> July 2019 due to postponed COG meeting in June 2019.	Completed September 2019
2	1320 - Inclusion of QAIP in Annual Reports	Following the development of the QAIP, this needs to be added to the annual reports for all partners	Update annual reports to include QAIP	Head of Internal Audit	Approx. August 2019 (dependent on Partner Committee date)	Completed September 2019
3	2240 - Approving Work prior to starting	Develop a process where by we can QA the testing programme prior to testing being undertaken, and to ensure that a formal sign off has taken place by either Head of Internal Audit or Team Leader	Engage with staff via Team Meetings to agree a process and to adjust the methodology to reflect the initial sign off prior to the testing commencing.	Audit Team Leader	Dec-19	Completed March 2020
4	2420 - Timely Completion of Stages	To make improvements in line with completing all stages of audits in a timely manner.	Stage monitoring will be picked up via 1-2-1's and the report monitoring will be picked up with the Audit Tracker "Response" tab (and discussed in 1-2-1's).	Audit Team Leader	Immediate implementation with ongoing monitoring throughout the year	Completed March 2020
5	2430 / 2450 – Use of 'Conducted in Conformance with International Standards for the Professional Practice of Internal Auditing (ISPPIA).	Include the QAIP in the annual report for all patterns, which will then allow us to quote the conformance to ISPPIA.	Include the QAIP in the partner annual reports.	Head of Internal Audit	Approx. August 2019 (dependent on Partner committee dates)	Completed September 2019

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Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Financial and Customer Services
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 monitoring report of internal audit work for 2020/21 and residual 2019/20.

**2. RECOMMENDATIONS**2.1 **The Committee is asked to RESOLVE that the report be noted.****3. KEY ISSUES****Financial Implications**

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

**Legal Implications**

## 3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

**Service / Operational Implications**

## 3.3 The involvement of Member’s 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 01<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020 against the performance indicators

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agreed for the service and further information on other aspects of the service delivery.

Summary Dashboard 2020/21:

Total reviews planned for 2020/21:	16 (minimum)
Reviews finalised to date for 2020/21:	0
Assurance of 'moderate' or below:	0
Reviews awaiting final sign off:	1
Reviews ongoing:	5
Reviews to be completed:	19
Number of 'High' Priority recommendations reported:	0
Satisfied 'High' priority recommendations to date:	0
Productivity:	50% (against targeted 74%)
Overall plan delivery to date:	9% (against target >90%)

2019/20 AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (30<sup>th</sup> January 2020):

In summary they are:

- Planning Process Incl. s106 and Planning Application Process
- Debtors
- Safeguarding
- Creditors
- Payroll
- Contract Management Client Side – Rubicon
- Main Ledger
- NNDR
- Council Tax
- Worcestershire Regulatory Services

Reports awaiting management sign off:

- St David's House (Finalised but requires CMT sign off)
- Asbestos Regulation Compliance
- Benefits
- Business Continuity
- ICT

Summary Dashboard 2019/20:

Reports finalised	11 (incl. St David's House)
'High' priority recommendations reported	3
'Medium' priority recommendations reported	15
'Low' priority recommendation reported	5
'Moderate' or above assurances	10
'Limited' or below assurances	0
'Critical Friend'	1

Full reports for finalised audits are contained at Appendix 3.

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Health and Safety and Housing, Repairs and Maintenance- Stocks and Stores findings have been previously reported to Committee. The 'follow up' position reported at Appendix 4 is not included in the above figures.

All 'limited' assurance reviews go before CMT for full consideration.

2020/21 AUDITS ONGOING AS AT 30<sup>th</sup> JUNE 2020

Reviews progressing through clearance or draft report awaiting management sign off stage include:

- Orb

Reviews progressing through testing stage included:

- Health and safety
- Use of Agency and Consultants
- Leisure Contract Management

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

A rolling testing programme on key core financial areas will take place during quarters 1 to 3 inclusive. The rolling testing programme results are being amalgamated at the end of quarter 3 and formal audit reports will be issued with any findings during quarter 4.

The 2020/21 plan will reflect the delayed start and certain lesser risk reviews will need to be rolled to next years plan. Priority will be given to potentially higher risk areas e.g. limited assurance audits. As we return to the new normal the impact of restrictions of the COVID-19 lockdown on the plan will be closely managed as the year progresses. The plan for 2020/21 will therefore remain very flexible but the core financial areas of the business will be considered and reported on and there is sufficient coverage for the Head of Internal Audit to provide an overall opinion. Committee will be regularly informed of developments throughout the year and any variations to the plan will be overseen by the Executive Director and s151 Officer.

Critical review audits 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. 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

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implementation of the agreed action plans. The outcome of the follow up reviews will be reported in full from July 2020 onwards so the general direction of travel and the risk exposure can be considered by Committee. An escalation process continues to be developed involving CMT and SMT to ensure more effective use of resource in regard to follow up and reduce the number of revisits necessary to confirm the recommendations have been satisfied.

**3.4 AUDIT DAYS**

Appendix 1 shows the progress made towards delivering the 2020/21 Internal Audit Plan and achieving the targets set for the year. As at 30<sup>th</sup> June 2020 a total of 38 days had been delivered against an overall target of 400 days for 2020/21.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were first considered by the Committee on the 30<sup>th</sup> January 2020 for 2020/21.

Appendix 3 provides copies of the reports that have been completed and final reports issued.

Appendix 4 provides the Committee with 'Follow Up' reports that have been undertaken to monitor audit recommendation implementation progress by management.

**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

**National Fraud Initiative**

- 3.6 There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise for Redditch Borough Council. An upload of Council Tax single person discount and Election data took



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place in January 2020 and was overseen by WIASS. A further substantial upload of data is due to take place in December 2020.

**Monitoring**

- 3.7 To ensure the delivery of the 2020/21 plan and any revision required there will be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk. Due to changing circumstances and the impact of the COVID-19 pandemic a variation in the plan will be required. This will be agreed on a risk priority basis with the s151 Officer as the year progresses. With any adjustment to the plan there will remain comprehensive audit coverage for 2020/21.

**3.8 Quality Assurance Improvement Plan**

- 3.9 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. Further improvement will be identified through the self assessment process which will be carried out by the end of August 2020 and will be reported to Committee.

**Customer / Equalities and Diversity Implications**

- 3.10 There are no implications arising out of this report.
- 3.11 The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.
- 3.12 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.
- 3.13 WIASS confirms it acts independently in its role and provision of internal audit.

**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.

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**5. APPENDICES**

Appendix 1 ~ Internal Audit Plan delivery 2020/21  
Appendix 2 ~ Performance indicators 2020/21  
Appendix 3 ~ Finalised audit reports including definitions.  
Appendix 4 ~ 'Follow-up' reports

**6. BACKGROUND PAPERS**

Individual internal audit reports are held by Internal Audit.

**7. KEY**

N/a

**AUTHOR OF REPORT**

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REDDITCH BOROUGH COUNCILDate: 27<sup>th</sup> July 2020**AUDIT, GOVERNANCE & STANDARDS COMMITTEE****APPENDIX 1****Delivery against Internal Audit Plan for 2020/21**  
**1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020**

<b>Audit Area</b>	<b>2020/21 PLAN DAYS</b>	<b>Forecasted days to the 30<sup>th</sup> September 2020</b>	<b>Actual Days used to 30<sup>th</sup> June 2020</b>
Core Financial Systems (see note 1)	90	7	4
Corporate Audits	78	27	14
Other Systems Audits(see note 2)	178	67	15
<b>SUB TOTAL</b>	<b>346</b>	<b>101</b>	<b>33</b>
Audit Management Meetings	20	10	3
Corporate Meetings / Reading	9	5	2
Annual Plans, Reports and Audit Committee Support	25	12	0
Other chargeable			
<b>SUB TOTAL</b>	<b>54</b>	<b>27</b>	<b>5</b>
<b>TOTAL (see note 4)</b>	<b>400</b>	<b>128</b>	<b>38</b>

**Note 1**








Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme continues for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

**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. If there is little demand for certain budgets this is reflected in the overall usage, however, it does not necessarily reduce the coverage of the overall plan.

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The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2020/21 Position (as at 30 <sup>th</sup> June 2020)		Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = 16 (Minimum) Delivered = Nil to date		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	9%		When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	50%		When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to date (2019/20 = 12)		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to date (2019/20 = 11)		When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (Nil)	Nil to date		When Audit Committee convene
Customer Satisfaction					
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to date (previous year total)		When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards (as amended).

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**APPENDIX 3**

**2019/20 Residual Audit Reports.**

**Appendices A & B** are indicated below and are applied to all reports. To save duplication these have been produced once, listed below and removed from the reports.

**Definition of Audit Opinion Levels of Assurance**

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

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Planning Applications Including Sec 106 agreements 2019/20**

**4<sup>th</sup> February 2020**

**Distribution:**

- To: Head of Planning and Regeneration  
Senior Accounting Technician  
Area Planning Manager  
Legal Services Team Leader - Property & Planning  
Business Support Technician
- CC: Executive Director & Deputy Chief Executive  
Chief Executive

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1. The audit of the Planning Application Including Section 106 agreements was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2019/20 as approved at the Audit, Governance and Standards Committee on 29th July 2019. The audit was a risk based systems audit of the Planning Application Including Section 106 agreements as operated by Redditch Borough Council.
- 1.2. This area of the review incorporates all of the strategic purposes of for Redditch Borough Council.
- 1.3. There are no corporate or service risk entries relevant to this review.
- 1.4. This review was undertaken during the months of September, October and November 2019.

### **2. Audit Scope and objective**

- 2.1. This review has been undertaken to provide assurance that: -



## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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- Planning applications are processed in line with the planning policy and in a timely manner.
- Monies in relation to S106 Planning Obligations are collected by the Council and used in line with the agreement within the specified timelines.
- There is a clear customer journey on the process of a planning applications being put through the system. (Appendix C)

2.2. The scope covered:

- Planning Application processes
- Section 106 – (Collection of monies, compliance)
- Uniform System – (Monitoring of applications, reporting)

2.3. This reviewed covered the period from 1st April 2019 to the 24<sup>th</sup> September 2019.

2.4. This review did not cover: -

- Decision made on Planning Applications
- The details of the S106 Agreement

### 3. Audit Opinion and Executive Summary

3.1. From the audit work carried out we have given an opinion of:

**Significant Assurance** over the control environment in relation to Planning Applications: and  
**Moderate Assurance** over the control environment in relation to S106 Planning Agreements.

The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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3.2. We have given an opinion of **Significant Assurance** for Planning Applications and **Moderate Assurance** for Section 106 agreements because there is a sound system of control in place, but some of the expected controls are not in place and are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

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

- Planning Application Processes.
- That the national planning policy framework is being adhered to correctly.
- Monitoring of planning applications  
The Uniform system has a sound control for monitoring applications.

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

	<b>Priority (see Appendix B)</b>	<b>Section Recommendation number</b>	<b>4</b>
Section 106 agreements monitoring	<b>Medium</b>	<b>1</b>	
Decision Notices for Planning Applications	<b>Low</b>	<b>2</b>	

### **4. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>New matters arising</b>					
1	M	<p><b>Section 106 agreements Monitoring</b></p> <p>A review of section 106 monitoring arrangements found that:</p> <p>1.) Monitoring is reliant on different officers in separate service areas maintaining the current monitoring spreadsheet.</p> <p>2.) Expenditure is not easily identified against an individual Section 106 agreement and therefore not able to be fully reconciled with the current financial system. Although a yearly overall reconciliation is undertaken between the S106 monitoring spreadsheet and the Finance System.</p> <p><b>Compliance</b></p> <p>Testing of a random sample of 10 Section 106 agreements found: -</p> <p>1.) Five agreements where non-monetary Section 106 agreements were not incorporated into the monitoring spreadsheet and monitoring controls could not be identified elsewhere.</p>	<p>There is a risk that there is no controls in place over the monitoring of the spreadsheet meaning that money that is owed to the council may not be getting collected or paid out on time.</p> <p>There is also a risk that there are non-monetary agreements in place but no controls over the monitoring of obligations required by the council which may affect the council's reputation.</p>	<p>To conduct a full review of the monitoring that takes place currently in relation to Section 106 agreements monetary and non-monetary and determine if the current monitoring process used is fit for purpose and fits the needs of the council. This review needs to consider if additional monitoring is required in relation to the capture of expenditure against each individual S106 agreement. . Especially as this is the ideal opportunity with the implementation of a new finance system.</p> <p>To review who has the overall responsibility of the Section 106 agreements in the authority and is responsible for actively monitoring the S106 agreements or if this is a requirement where current resources need to be reviewed with the potential of using some S106 monies for</p>	<p><b>Responsible Manager:</b> Strategic Planning And Conservation Manager</p> <p><b>Implementation date:</b> June 2020</p> <p>Agreed Strategic Planning And Conservation Manager will lead on this</p> <p>Agreed. Strategic Planning And Conservation Manager will lead on this</p>

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		2.) Three agreements where monetary Section 106 agreements had no monitoring in place over the individual spend on the cost codes through E-Fin.		the administration of S106 agreements  A full reconciliation between the S106 monitoring database and the financial system should be undertaken on at least a quarterly basis.	Agreed. Finance - Business Support Technician will lead on this
2	L	<b>Decision Notices for Planning Applications</b>  Testing of 26 planning applications found that:-  1.) Two applications where the decision could not be located on the public access, even though the decision was found on the uniform system.	If the authority does not put the decision notice on the public access then there is risk of the planning application not being transparent in accordance to the planning framework.	Review procedures to ensure that all decision notices are included on the public planning portal.	<b>Responsible Manager:</b> Area Planning Manager  <b>Implementation date:</b> Already implemented

**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards 2013 as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
Head of Internal Audit Shared Services

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Sundry Debtors 2019/20**

**10<sup>th</sup> March 2020**

**Distribution:**

To: Financial Support Manager

CC: Executive Director Finance and Resources (S151 officer)

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1. A light touch review of Sundry Debtors was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council, as approved at the Audit, Governance and Standards Committee on 29th July 2019.
- 1.2. This review does not relate directly to the Councils Strategic Purposes but does underpin them as the system is used for the raising of invoices for the collection of Sundry Income.
- 1.3. There were no risks on the corporate or Service risk register relevant to this review.
- 1.4. The testing in relation to this review was undertaken during the months of April 2019 to December 2019. It was reviewed during January 2020.

### **2. Reasoning for Light Touch Review**

- 2.1. There has been no recent or planned change in the system used or the key responsible officer for this area.
- 2.2. The last three years audits have been given the following assurance:

<b>Year</b>	<b>Assurance (Please see Appendix A)</b>
2018/19	Full
2017/18	Significant
2016/17	Significant

### **3. Audit Scope**

- 3.1. Testing of 90 Debtors invoices randomly selected across the period was undertaken to ensure that:
  - Invoices were raised for items that are reasonable for the council to charge for

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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- Invoice clearly states the name and contact details in case of query
  - Invoices clearly stated the Debtors name and reference, goods/services supplied, charge and VAT amounts
  - The charges applied are in accordance with the Council's scale of fees and charges
- 3.2. The five highest gross value aged debtors were selected in bias and tested to ensure that the debts had been chased in line with the Council's Debt Management Policy. It was found that debts were being chased where appropriate (a number of these debts are in line with Housing Benefits and as such can be sensitive) however the chasing was not always systematic.
- 3.3. Debtor Write Off was tested to ensure appropriate authorisation had been given. Papers for April, May and June were provided with authorisation. However, the authorised papers for July to December had been misplaced. A total of £34,259.80 debt has been written off in the period.

### **4. Audit Opinion and Executive Summary**

- 4.1. If any major control/risk issues had been highlighted during the testing this would have been reported at the time. The missing authorised papers for debtor write off were reported verbally to CMT on the 14<sup>th</sup> January 2020.
- 4.2. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 4.3. We have given an opinion of **significant assurance** in this area because there is a reasonably sound system of internal control in place but our testing in relation to the controls at 3.3 above found that records of authorisation of Debtor Write Offs have been misplaced.

### **5. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
1	M	<p><b>Debtor Write Off</b></p> <p>The electronic sheets of debts to be written off are printed and manually authorised. Manual authorisation sheets for July-Dec 2019 have been misplaced.</p>	Potential for financial loss.	<p>If the current process of debt write off is to continue then the manual authorisation sheets are to be scanned and held electronically.</p> <p>Going forward, any new system to consider system authorisation of write offs.</p>	<p><b>All records of write offs are now scanned and held electronically so evidence of write off authorisation will be fully available</b></p> <p><b>Responsible Manager:</b> David Riley</p> <p><b>Implementation date:</b> <b>Implemented</b></p>

**6. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**  
[andy.bromage@worcester.gov.uk](mailto:andy.bromage@worcester.gov.uk)



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Safeguarding - Children 2019/20  
(Evidence to Support the Section 11 Audit Return)**

**5<sup>th</sup> March 2020**

**Distribution:**

To: Head of Community and Housing Services  
Head of Transformation, Organisational Development and Digital Services  
Human Resources & Development Manager  
Cc: Chief Executive  
Executive Director and Deputy Chief Executive  
Executive Director and Section 151 Officer

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## **1. Introduction**

- 1.1. The audit of the safeguarding of children was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 as approved at the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee on 29th July 2019 and 18th July 2019 respectively. The audit was a risk based systems audit of the safeguarding of children as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. The strategic purpose that this Underpins is Keep my Place Safe and Looking Good
- 1.3 There are no risks recorded on the corporate register in relation to this review.

The following entries on the service risk register are relevant to this review:

- COM 3 – Safeguarding – Inadequate child and adult protection systems/process

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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- 1.4 Statutory guidance included within the Working Together to Safeguard Children (2013) document requires local Safeguarding Children's Boards to gather data to assess whether partners are fulfilling their statutory obligations under section 11 of the Children Act 2004. The Worcestershire Safeguarding Children's Board, (now known as the Worcestershire Safeguarding Children's Partnership), requires that such a self-assessment should be made every two years. The section 11 'audit' for Redditch Borough Council and Bromsgrove District Council was last completed and submitted to the Worcestershire Safeguarding Children Board by the Head of Community Services on behalf of both Councils in February 2018.
- 1.5 This review was undertaken during the months of September and October 2019.

## **2. Audit Scope and objective**

- 2.1. This review has been undertaken to provide assurance that;
- The evidence stated in support of the last Section 11 audit response return is relevant, reliable and up to date.
  - Critically review the procedures relating to the recruitment of staff and volunteers for those related to DBS (Disclosure and Barring Service) please place in full requirements including the renewal process and the decision making as to when DBS are appropriate and at what level. (**See Section 5 below**)
- 2.2. The scope covered:
- The most recent Section 11 assessment undertaken.
  - Policy and procedures for DBS checks and renewals in relation to safeguarding.
- 2.3. This reviewed covered the last completed Section 11 assessment and DBS check procedures in place at the time of the audit and incorporated a critical friend review of the procedures relating to the recruitment of staff and volunteers for those related to DBS requirements including the renewal process and the decision making as to when DBS are appropriate and at what level.
- 2.4 This review did not provide sufficient evidence to give absolute assurance that the Council is meeting its Legislative and Regulatory duties and responsibilities in relation to safeguarding.

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### 3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but that some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.
- 3.3. The review found the following areas of the system were working well:
- The Council has formally documented its Safeguarding Policy and procedures and these are made accessible to office based staff and Members via the Orb. The Safeguarding Policy includes named designated Safeguarding Advisers to act as safeguarding leads.
  - Experienced Safeguarding Leads.
  - Knowledge, pro-activeness and involvement of the Community Safety Team in educating children and advising where they can seek help in relation to maltreatment and abuse.
  - The safeguarding awareness, knowledge and procedures within the Family Support Service.
- 3.4 The audit has identified through the last Section 11 Return, areas for improvement which include the need to retain evidence which should be retained in an easy accessible file. This will assist with future completion of the Section 11 Audit Response and will allow it to be presented within a timely manner if requested by Worcestershire County Council or as part of a serious case review.

Due to the number of employees, members, volunteers and agency workers within Bromsgrove District Council and Redditch Borough Council, it would be advisable to review the number of safeguarding leads to ensure there is sufficient availability, knowledge and presence within both authorities. The Safeguard Lead has responded to this advising that it is felt that there are sufficient safeguarding leads for BDC and RBC. The primary role of the safeguard lead within RBC and BDC is to discuss, provide advice/guidance and support referrals as appropriate to children's services. All leads are shared managers so whilst their primary offices are in RBC they do work from Parkside and are accessible at all times by phone. The 3 Leads operate a rota for cover so one Lead is always on duty plus the Deputy Chief Executive is the strategic lead.

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Due to the consequences to a child of child neglect the authority must not become complacent and must ensure they have robust processes in place including training records to deliver, co-ordinate, monitor and record safeguarding training to staff. A good awareness of safeguarding concerns within all service areas of Bromsgrove and Redditch is important in order to identify trends and implement or change policy when required.

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

	<b>Priority (see Appendix B)</b>	<b>Section Recommendation number</b>	<b>4</b>
Safeguarding Training & Monitoring of the Training	<b>High</b>	<b>1</b>	
Commissioned Services	<b>Medium</b>	<b>2</b>	
Safeguarding Policy April 2019	<b>Medium</b>	<b>3</b>	
Whistleblowing	<b>Medium</b>	<b>4</b>	
Literature	<b>Low</b>	<b>5</b>	
Knowledge Sharing	<b>Low</b>	<b>6</b>	

3.6 There were some areas of the system that audit have challenged Management on:

<b>Challenge</b>	<b>Section 5 Challenge number</b>
DBS Checks	1

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

### 4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>New Matters Arising – From the review of the evidence supporting the Section 11 Audit - Return Completed February 2018</b>					
1	H	<p><b>Training and Monitoring</b></p> <p>The manual safeguarding training records held and referred to within the section 11 was incomplete. Therefore there was no up to date record that evidenced staff that do not receive the net consent training including operational staff, agency staff and volunteers, had been trained. The training record shows that staff have been reminded that their safeguarding training is outstanding. However there is no evidence that this has been addressed and no feedback from Managers are received.</p> <p>The results from the net consent training identified that 43% of staff incorrectly answered the question ‘Which one of the following is not one of our safeguard leads’. A further report showed that the read time for this training took 50.23% of staff less than 1 minute.</p>	<p>Lack of Co-ordination and recording of training could result in staff not completing training and lead to incorrect procedures being followed. Resulting in vulnerable children not been given the correct and necessary help, which has the potential to lead to reputational damage for the authorities.</p>	<p>To ensure there is a clear Corporate Safeguarding training plan in place for each year.</p> <p>A review of the safeguarding training record and establish a protocol to ensure that where mandatory training is required its completion is monitored and timely reminders are issued and followed up for non-completion. Procedures for the provision of regular fresher training should be established.</p> <p>Send out a communication to staff reminding them of who the safe guard leads within Redditch Borough Council.</p> <p>If feasible, request that the consent the staff agree to which confirms they have</p>	<p><b>Responsible Manager</b></p> <p>Head of Community and Housing Services</p> <p><b>Action</b></p> <p>To review and improve the training record to ensure it is up to date with the ability to set up reminders including escalation to Managers</p> <p><b>Implementation Date</b></p> <p>31<sup>st</sup> October 2020</p> <p><b>Action</b></p> <p>To identify replacement training resources for staff who are in regular contact with children.</p> <p><b>Implementation Date</b></p> <p>31<sup>st</sup> May 2020</p> <p><b>Action</b></p> <p>If possible to make changes to Net consent as recommended.</p>

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	<p>The training provided by Worcestershire Safeguarding Children's Board which provided more in depth training for those staff with more regular contact with children was withdrawn in March 2019 and no suitable alternative training has been identified.</p> <p>No evidence of specific training in relation to Safer Recruitment.</p> <p>There is no evidence of a corporate induction policy or Guidelines for Managers for Redditch on the Orb. However, a new Corporate Induction handbook is in the process of being developed for both authorities.</p>	<p>understood the safeguarding training is moved to the end of the training so that the presentation has to be read and test completed before they can agree their understanding.</p> <p>Source and implement suitable training for those staff dealing with vulnerable children on a regular basis.</p> <p>Review the purpose and process of the Safeguard log as it is not capturing referrals across all services including housing and no output is being recorded.</p> <p>Review what Safer Recruitment training is in place and if this training is being rolled out and effective.</p> <p>Liaise with Human Resources as to when the induction handbook is likely to be finalised and published.</p>	<p><b>Implementation Date</b></p> <p>31<sup>st</sup> May 2020</p> <p><b>Action</b></p> <p>Re-run the results of the net consent safeguarding testing to determine if staff are still getting the question relating to who the safeguarding leads are wrong and if so, appropriate action to be taken.</p> <p><b>Implementation Date</b></p> <p>30<sup>th</sup> September 2020</p> <p><b>Action</b></p> <p>To review the safeguarding log and determine an appropriate process for recording referrals from all services including the housing service.</p> <p><b>Implementation Date</b></p> <p>31<sup>st</sup> July 2020</p> <p><b>Management Response / Action</b></p> <p>New Induction booklet on track to be launched Spring 2020. New starters have access to the system currently and will continue to trigger the launch of the safeguarding awareness training via Netconsent.</p> <p><b>Responsible Manager</b></p> <p>Human Resources and Development Manager</p>
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**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

					<p><b>Implementation Date</b></p> <p>30<sup>th</sup> June 2020</p> <p><b>Action</b></p> <p>Explore options for safer recruitment training</p> <p><b>Responsible Manager</b></p> <p>Head of Community &amp; Housing Services / Human Resources and Development Manager</p> <p><b>Implementation Date</b></p> <p>30<sup>th</sup> June 2020</p>
2	M	<p><b>Commissioned Services</b></p> <p>The audit identified a lack of evidence to support the responses within the Section 11 Audit return with regards to commissioned services which states that safeguarding requirements built into commissioned services, tenders and specifications.</p> <p>(RBC) At the time of the audit the Rubicon Leisure safeguarding policy for safeguarding Children is still in draft stage and waiting approval. However, the Senior Safeguard Lead advised that as staff are RBC employees they were all following the RBC policy</p>	<p>Potential for reputational damage to Redditch Borough Council should Rubicon Leisure not have or carry out adequate safeguarding procedures.</p> <p>Where responses in the section 11 self-assessment documents cannot be adequately supported there is an increased risk that any assurance placed on such responses could be misplaced or not found if the senior safeguarding lead is not present.</p>	<p>Ensure that an agreed and approved safeguarding policy for Rubicon for safeguarding children is in place and that both leisure safeguarding contracts are being monitored on a regular basis.</p> <p>Review the procedure for new contracts in relation to safeguarding requirements.</p> <p>To retain evidence for the responses given in the Section 11 that can be accessed within an organised folder or</p>	<p><b>Responsible Manager</b></p> <p>Head of Community &amp; Housing Services / Business Development Manager</p> <p><b>Management Response</b></p> <p>Rubicon Safeguarding Policy in place and safeguarding included on contract monitoring agendas</p> <p><b>Implementation Date</b></p> <p>Action completed 30<sup>th</sup> November 2019</p> <p><b>Action</b></p> <p>Agree a process with the procurement team to</p>



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		whilst their own policy was being developed as part of the mobilisation plan.		hyperlinked to the documents and produced within a timely manner if requested.	ensure that safeguarding requirements are included within relevant contracts. <b>Implementation Date</b> 30 <sup>th</sup> April 2020 <b>Action</b> Evidence for future Section 11 audits to recorded electronically <b>Implementation date</b> to be determined by date of next S11 audit
3	M	<p><b>Safeguarding Policy April 2019</b></p> <p>The response within the last Section 11 return suggests that the policy is promoted to all staff via the in house safeguarding group. The Orb and team brief. From the evidence received. It appears that the last in house safeguarding meeting was held in September 2018.</p> <p>There is still an old version of the safeguarding policy displayed on the Orb under the Corporate Policy Section.</p> <p>The Section 11 completed Feb 18 states the policy as evidence that there is a named senior board member. However there is no mention to the board member</p>	<p>Due to 2 policies showing on the Orb. Staff could refer to the out of date policy which has the potential to follow an incorrect procedure.</p> <p>Where responses in the section 11 self-assessment documents cannot be adequately supported there is an increased risk that any assurance placed on such responses could be misplaced or not found especially if the senior safeguarding lead is not present.</p>	<p>Update the old version on the Orb or remove.</p> <p>Ensure that any changes to the Safeguard Policy are communicated within a timely manner to staff and evidenced.</p> <p>To retain evidence for the responses given in the Section 11 that can be accessed within an organised folder or hyperlinked to the documents and produced within a timely manner if requested.</p>	<p><b>Responsible Manager</b></p> <p>Head of Community &amp; Housing Services</p> <p><b>Action</b></p> <ol style="list-style-type: none"> <li>1. Policy listed under the Corporate section of the Orb removed</li> <li>2. Annual update to the Safeguarding Policy promoted on Team Brief</li> <li>3. Evidence quoted for future Section 11 audits to be cross referenced for accuracy and recorded electronically.</li> </ol> <p><b>Implementation Date</b></p> <p>Action point 1 completed November 2019</p>

**REDDITCH BOROUGH COUNCIL**

Date: 27<sup>th</sup> July 2020

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		within the policy. Other documentation could have been referred to in order to evidence this standard.			Action point 2 – 31 <sup>st</sup> May 2020  Action Point 3 – to be determined by date of next S11 audit
4	M	<p><b>Whistleblowing</b></p> <p>There is no mention of whistle blowing within the training on Net Consent.</p> <p>The Joint Whistleblowing policy dated June 2017 for Bromsgrove District Council and Redditch Borough Council is not on the Orb for staff to refer to.</p>	Risk of potential reputational risk if the authority is unable to evidence the response within the Section 11 Self-Assessment.	<p>Review the content of the basic safeguarding awareness training on net consent and include a reference to the Whistleblowing Policy.</p> <p>Make available on the Orb the June 2017 Whistleblowing Policy for both Bromsgrove &amp; Redditch staff to refer to.</p>	<p><b>Responsible Manager</b> Head of Community &amp; Housing Services</p> <p><b>Management Response / Action</b></p> <p>The training on whistleblowing in the S11 audit refers to corporate training rather than it being included within the safeguarding training. A copy of the Joint Whistleblowing Policy 2017 to put on the Orb for staff to refer to</p> <p><b>Implementation Date</b></p> <p>31<sup>st</sup> March 2020</p>
5	L	<p><b>Literature</b></p> <p>Safeguarding literature found on notice boards at both Redditch and Bromsgrove displayed out of date information. The up to date literature was available on the Orb.</p>	By displaying out of date literature. There is a potential risk that staff may not follow the correct procedure which could delay vulnerable children not been given the correct and necessary help, which has the potential to lead to reputational damage for the authorities.	Remove all out of date posters, leaflets on notice boards within the Town Hall and Parkside (and anywhere else they may be used such as the depots, children centres, locality offices). Replace with up to date literature.	<p><b>Responsible Manager</b> Head of Community &amp; Housing Services</p> <p><b>Management Response / Action Plan</b></p> <p>Literature updated at all sites</p> <p><b>Implementation Date</b></p> <p>Completed end of January 2020</p>

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6	L	<p><b>Knowledge sharing</b></p> <p>The safeguard log held and assessed by the safeguarding leads shows 2 safeguarding issues were raised in 2018 and 6 have been recorded in 2019. No output has been recorded against these.</p> <p>Lack of evidence as to what safeguarding communication has been sent to staff.</p>	<p>That knowledge sharing and lessons learnt are not formally shared across the organisation potentially leading to missed opportunities of better staff awareness and action.</p> <p>Where responses in the section 11 self-assessment documents cannot be adequately supported there is an increased risk that any assurance placed on such responses could be misplaced or not found especially if the senior safeguarding lead is not present.</p>	<p>The discussion of the Internal Safeguarding Group should be formally documented and include reference to reporting lines.</p> <p>Consider if there is sufficient safeguard leads within both authorities.</p>	<p><b>Responsible Manager</b> Head of Community &amp; Housing Service</p> <p><b>Action Plan</b> Safeguarding Log themes and lessons learnt to be discussed at Safeguarding Group. Key representatives from the Internal Safeguarding Group to act as additional communication links between the staff and Safeguarding Leads.</p> <p><b>Implementation Date</b> 31<sup>st</sup> March 2020</p>

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The challenges identified during the review have been set out in the table below along with the related risks and management action plan.

Ref.	Current Position	Challenge	Risk	Management Response and Action Plan
1	<p><b>DBS Checks</b></p> <p>There is awareness by management within Bromsgrove District Council and Redditch Borough Council that DBS checks are required for staff that regularly come into contact with vulnerable families and children and the DBS check is carried out during the recruitment process.</p> <p>The application form also asks if the candidate has any unspent convictions.</p> <p>No records have been provided which detail which posts require DBS checks and records with volunteer's certificates and information.</p> <p>Each post will have documentation to support the job vacancy and any additional requirements such as DBS checks.</p> <p>There is no process in place for renewing DBS checks. However, managers will ask staff in periodic meetings if there have been any changes in their DBS Status.</p> <p>Managers can refer to HR for any guidance and support if a potential safeguarding issue arises and it is likely that an action plan will be put in place for the employee if there is cause for concern.</p>	<p><b>Renewal of DBS Checks</b></p> <p>It is the responsibility of the employer/volunteering organisation (bearing in mind their legal and other regulatory obligations) to determine if a DBS check is needed, what level of check and workforce(s) may be applicable, and how frequently checks are updated on their staff and volunteers.</p> <p>If an employer / organisation require their employees to have their Disclosure Certificates renewed after a set number of years that is their decision.</p> <p>The authorities need to consider the risk for not carrying out DBC checks during the recruitment process for roles that have contact with Vulnerable Adults, Families and children and ensure any reasons clearly documented for any decisions to not carry out the DBS check.</p> <p>The risk should also be considered whether a further check after a set number of years is required bearing in mind that DBS Disclosure Certificate carries no fixed period of validity and is only valid on the date of issue.</p> <p>The authority should ensure that there are robust procedures in place to mitigate any</p>	<p>Current Staff may have undisclosed convictions which may put vulnerable people at risk of harm, leading to reputational damage.</p> <p>Potential for reputational damage if the authority cannot evidence the justification to what is stated on the Section 11</p>	<p><b>Responsible Manager</b></p> <p>Human Resources and Development Manager</p> <p><b>Management Response / Action</b></p> <p>Service Managers to work with HR to determine level of risk relating to post requiring DBS check and appropriateness of renewal</p> <p>HR Adviser to work with service areas to support</p> <p><b>30<sup>th</sup> September 2020</b></p>



## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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There is still a potential risk for the authorities even if a DBS is carried out. Therefore there needs to be robust procedures in place to manage any change in employee circumstance that could impact on their job role or that could be a risk to others or themselves.

### **6. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

[andy.bromage@worcester.gov.uk](mailto:andy.bromage@worcester.gov.uk)

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**Final Internal Audit Report**

**Creditors 2019/20**

**26<sup>th</sup> February 2020**

**Distribution:**

To: Financial Services Manager  
Senior Payments Officer

CC: Executive Director Finance and Resources (S151 officer)  
Senior Accounting Technician

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1 The audit of the Creditors system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 as approved by the Audit and Governance Committee on 29<sup>th</sup> July 2019 and the Audit, Standards and Governance Committee on 30<sup>th</sup> July 2019.
- 1.2 This review does not relate directly to the Councils Strategic Purposes but does underpin them as the system is used for the purchasing of goods/services.
- 1.3 There were no risks on the corporate or service risk registers relevant to this review.
- 1.4 Performance Indicators for this area are:
- The average percentage of Standard suppliers' payments (30 days).
    - As at November 2019 Redditch Borough Council was 83.5%
- 1.5 The testing in relation to this review was undertaken during the months of April 2019 to December 2019 and was reviewed in January 2020.

### **2. Reasoning for the Light Touch Review**

- 2.1 There has been no recent or planned change in the system used or the key responsible officer for this area.
- 2.2 The last three years audits have given the following assurance:  
Redditch Borough Council;

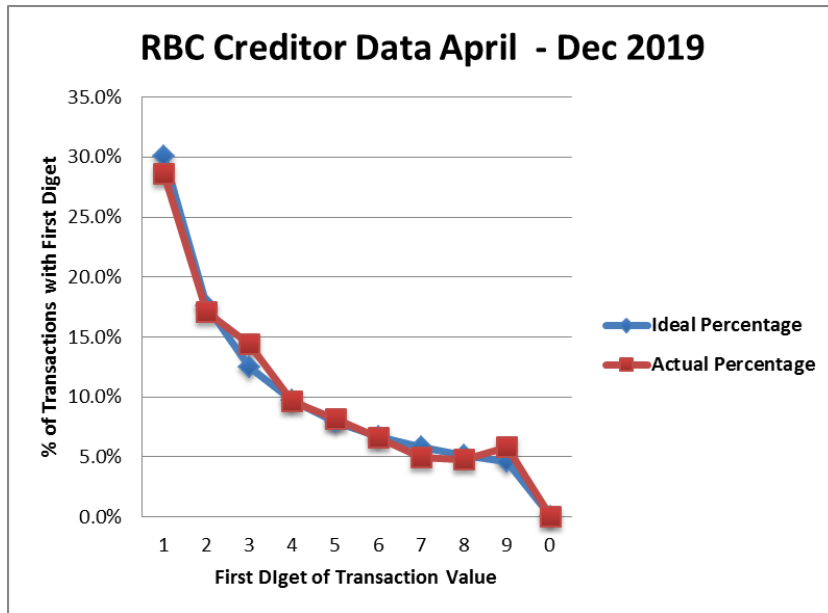
<b>Year</b>	<b>Assurance (Please see Appendix A)</b>
2018/19	Full
2017/18	Significant
2016/17	Moderate This was due to a specific control of orders not being raised prior to the goods being ordered and therefore this control was included in this review.



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2.3 There were no significant issues highlighted by using Benford's Law to analyse the Creditors data. **(Appendix B)**



NB: Within this data 70 transactions were for £100,000 or more, which represented 53% of the total value.

### 3. Audit Scope

3.1 Testing was undertaken to ensure that:

- Invoices were addressed to the Council
- The goods/services were in line with that expected for use by the Council

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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- The Purchase Order has been raised prior to the supply of the goods/services
- The payment has been made within 30 days of the Tax Point
- There was segregation of duties between the officer raising and authorising the order
- Authorisation levels had been adhered to
- Where applicable the VAT number is valid

3.2 The review covered the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> December 2019.

3.3 90 creditors' transactions for Redditch Borough Council were selected across this period. The sample was biased to ensure that items over £100,000 were included and then the remainder were randomly selected using a random number generator.

### 4. Audit Opinion and Executive Summary

4.1 If any major control/risk issues had been highlighted during the testing this would have been reported at the time.

4.2 From the audit work carried out we have given an opinion of **significant assurance for both Councils** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit in respect of the specific audit scope as stated in 3.1 above.

4.3 We have given an opinion of **significant assurance** in this area because there is a reasonably sound system of internal control in place and our testing in relation to the controls at 3.1 above found that in one of the transactions tested it was authorised by a person without the necessary authorisation level. Please see 5 below for recommendation.

### 5. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix C.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>New matters arising</b>					
1	M	<b>Authorisation of transaction</b>  One transaction for Redditch Borough Council was not authorised by a person of appropriate level.	Potential for financial loss.	With the current system, to implement procedures that ensure that incorrect authorisation of invoices cannot occur. Within the new system, to ensure that system parameters will not allow the incorrect authorisation of invoices	<b>Responsible Manager:</b> Senior Payments Officer  <b>Management action:</b> Efin has now been updated to prevent this occurring in the future  <b>Implementation date:</b> 26/02/2020

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **6. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Payroll - 2019/20**

**15<sup>th</sup> June 2020**

**Distribution:**

To: Financial Service Manager  
Payroll & Project Team Leader

Cc: Executive Director Finance and Resources (S151 Officer)  
Chief Executive

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4. Detailed Findings and Recommendations .....	65
Independence and Ethics:.....	66
APPENDIX A .....	<b>Error! Bookmark not defined.</b>
APPENDIX B .....	<b>Error! Bookmark not defined.</b>

### 1. Introduction

- 1.1. The audit of the Payroll system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council awaiting final approved at the Audit, Governance and Standards Committee on 29th July 2019. The audit was a risk based systems audit of the Payroll system as operated by Redditch Borough Council.
- 1.2. There are not risks on the corporate risk register relevant to this review.
- 1.3. The service risk relevant to this review is:
  - FIN3 – Unable to provide payroll service at key times

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### 2. Audit Scope and objective

- 2.1 This review is being undertaken to provide assurance that bona fide employees are paid correctly and on time with special reference to those paid the living wage and pay sacrifice schemes.

The pay sacrifice schemes process will be documented from the employee point of view.

- 2.2 This review has been undertaken to provide assurance that

- Starters and Leavers
- Pay, overtime, Expense and BAC's processing
- Third Party payments e.g. Statutory deductions
- Sickness/maternity/Paternity Payments
- Foundation Living wage process and payments
- Pay Sacrifice schemes
- Follow-up of the 2018/19 recommendations

- 2.3 The review covered the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> October 2019.

- 2.4 The review did not cover:

- Wyre Forest District Council Payroll

### 3 Audit Opinion and Executive Summary

- 3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

- 3.2 We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

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

- Although the process is not formally documented both Payroll Officers follow a structured process for payroll processing
- There is a standard and good process of record keeping and this has been progressed with manual records being scanned for electronic storage. However it is acknowledged that there is still more data cleansing and scanning required.

3.4 At the time of the audit there were some issues with resilience within the HR Section as one officer was responsible for assessing the eligibility (Not in probation period, contract at least as long as the agreement, agreement would not see the salary drop below the minimum living wage etc.) of an employee for the purchase of Cars/technology. The Council was aware of the risk and proposed that the officer appointed to the vacant post within this section would provide additional support in this area.

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

	<b>Priority (see Appendix B)</b>	<b>Section 4 Recommendation number</b>
Brought Forward - GDPR	<b>High</b>	<b>1</b>
Pay Run Reconciliation	<b>High</b>	<b>2</b>
Post Numbers	<b>Medium</b>	<b>3</b>
Establishment Changes (Starters & Leavers)	<b>Medium</b>	<b>4</b>
BACS Transmission	<b>Medium</b>	<b>5</b>
Overtime	<b>Medium</b>	<b>6</b>



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### 4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Issues brought forward from previous audit</b>					
1	<b>H</b>	<p><b>GDPR</b></p> <p>Leavers Testing of the leavers personal files identified that there were leavers personal files dated back to May 2018 still kept within the current employee cabinet.</p> <p>Security of Sensitive information Internal Audit observed that personal information held by payroll is kept in unlocked filing cabinets. The door to the room where the filing cabinets are located are kept locked however if it was left unlocked by mistake it would be quite easy to access confidential personal information.</p> <p>CHRIS21 Live Users Testing of 20 current LIVE user accounts on the CHRIS21 system showed that 7 accounts were for employees who have left the employment of the Council.</p>	<p>To undertake an assessment of the potential for non GDPR compliance and where necessary to implement additional procedures/controls in order to reduce the risk to the Council of holding information that should have been disposed of or allowing unauthorised access to confidential information.</p> <p>That a review of all access rights to CHRIS21 is undertaken to ensure that the access is appropriate and is required. A yearly review to</p>	<p>To undertake an assessment of the potential for non GDPR compliance and where necessary to implement additional procedures/controls in order to reduce the risk to the Council of holding information that should have been disposed of or allowing unauthorised access to confidential information.</p> <p>That a review of all access rights to CHRIS21 is undertaken to ensure that the access is appropriate and is required. A yearly</p>	<p><b>Responsible Manager:</b> Payroll Team Leader and Financial Services Manager</p> <p><b>Implementation date: October 2020</b></p> <p>Significant work done to both cleanse records &amp; to scan for electronic filing. Cleansing is now required on records that are now held electronically.</p> <p>See above but also noted some records still being held on open shelves e.g. maternity leave working papers/payment schedules</p> <p><b>Responsible Manager:</b> Payroll Team Leader and ICT Operations Officer</p> <p><b>Implementation date: June 2020</b></p> <p>A review of user access confirmed some amendments had been made but again further work is required in this area. Changes in</p>

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		<p>Access to the CHRIS21 system has also been granted for non-Human Resources and Finance employees.</p> <p>Although it should be noted that network access is required before access can be gained to the CHRIS21 system.</p> <p>Hard Copy Payslips There is no sign off sheet to evidence the collection of payslips for the depot employees from payroll.</p>	<p>then be undertaken to ensure that the access rights remain appropriate.</p> <p>To undertake an assessment of the potential of non GDPR compliance and where necessary implement additional procedures to ensure that the risk to the council is mitigated.</p>	<p>review to then be undertaken to ensure that the access rights remain appropriate.</p> <p>To also review the current hardcopy payslip method and explore if an electronic method would mitigate the risk</p>	<p>personnel in IT (systems admin), has hindered this work but this is to be progressed. HR pass a list of leavers to the systems admins team and once received (monthly) the list will be cross referenced against the users list.</p> <p><b>Responsible Manager:</b> Payroll Team Leader/ financial services manager</p> <p><b>Implementation date: March 2020</b> Payslips now go by email where possible and are password encrypted. A big exercise was completed advising employees that they could give us their email addresses and be sent e-payslips. There are approximately 80-100 hardcopy payslips and due to Covid-19 and isolation, any hard copy payslips are now sent direct from the system to the employees' home address. Managers verified addresses with staff members before they were sent.</p>
<b>New matters arising</b>					
2	H	<p><b>Pay Run Reconciliation</b></p> <p>The pay run detailed summary (PRD) report is used to reconcile the monthly pay run prior to BACS processing. Audit testing confirmed that Reconciliation data in respect of PAYE, NI &amp; LGPS is not in balance with other system reports/information. Payments to</p>	<p>Monthly pay run reconciliations are being carried out using unreliable &amp; inaccurate system reports leading to the potential for errors to go undetected.</p>	<p>The software suppliers need to be pursued for a prompt 'fix' but in the meantime, reconciliations should include the subsidiary reports being used for PAYE &amp; NI and LGPS payments.</p>	<p><b>Responsible Manager:</b> Payroll Team Leader &amp; Financial Services Manager</p> <p><b>Implementation date: October 2020</b></p> <p>Agreed – this will be pursued with matter of urgency. I am aware that this may have been initially raised some time ago.</p>

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		these bodies are currently being made on other system reports. It appears that this has gone on for a number of months & has been reported to the software supplier but has yet to be fixed.			
3	M	<p><b>Post Numbers</b></p> <p>Generic post numbers are used for electoral registration &amp; member payrolls. Post numbers should be unique but for these two payroll groups generic numbers have been used for convenience. This use of generic post numbers does provide some scope for fraud &amp; abuse.</p>	A unique post number provides a key control in creating a valid post. Uncontrolled use of generic posts does provide exposure to fraud and abuse.	Whilst accepting reasons for using generic post numbers, it is recommended that these be changed periodically e.g. after each election.	<p><b>Responsible Manager:</b> Payroll Team Leader &amp; Financial Services Manager</p> <p><b>Implementation date: April 2020</b></p> <p>Agreed this is a potential loop-hole. Will look to generate effective changes and a new post number created after each general election</p>
4	M	<p><b>Establishment Changes</b></p> <p>(Starters &amp; Leavers) (Both Councils)</p> <p>When employees start or leave employ of the council, then there is an approved process to follow which involves HR.</p> <p>A review of 20 new &amp; ex-employees identified the following;</p> <ul style="list-style-type: none"> <li>-One leaver with no official leaver form</li> <li>-One new employee where the incorrect salary details had been included</li> <li>-One change of contract which involved numerous emails to resolve terms &amp; conditions</li> </ul>	The establishment must be effectively controlled and it is incumbent on all parties involved in the process to ensure information is provided to Payroll is correct and timely.	There needs to be improved review of employee documentation to ensure that details included are both complete and accurate and to remove the potential for error.	<p><b>Responsible Manager:</b> HR Manager</p> <p><b>Implementation date:</b> August 2020</p> <p>Agreed. HR will review information sent from Managers on the contract change spreadsheets. HR/ Payroll and Finance are working to cleanse the establishment in preparation for the new ERP system.</p>

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5	M	<p><b>BACS Transmission</b></p> <p>The BACS transmission summary for month June 2019 could not found.</p>	<p>Failure to retain the transmission report weakens the management trail and also makes the pursuit of errors very difficult.</p>	<p>BACS transmission summaries must be retained for management trail purposes.</p>	<p><b>Responsible Manager:</b> Financial Services Manager</p> <p><b>Implementation date: April 2020</b> The payroll team leader will not be processing the payroll. The TL will however be responsible for the checking and approving of the payroll and the BACS submission, and responsibility for sending the payroll officers the receipts. In the event the TL has to process payroll, another member of finance will be required to check/authorise the payroll and submit the bacs.</p>
6	M	<p><b>Overtime</b></p> <p>Audit testing in a sample of ten over time records confirmed: - two instances were noted where time records had been submitted on behalf of an employee &amp; signed 'pp' by the manager. -one instance occurred where a request for overtime payment was made, by the employees' line manager, via email.</p> <p>Time records were processed by payroll staff.</p>	<p>Over time records are designed to ensure full accountability for both employees making a claim and managers authorising claims. Failure to adhere to the requirements leaves the Council exposed to fraud</p>	<p>Over time records must be submitted by the approved method &amp; in all cases, must be signed by the employee. Unless there are exceptional circumstances, future submissions of this type should be rejected.</p>	<p><b>Responsible Manager:</b> Payroll Team Leader &amp; Financial Services Manager</p> <p><b>Implementation date:</b> February 2021</p> <p>PTL to look to get more staff using self-serve to reduce the need for manual time sheets</p> <p>Due to covid we are asking the manager to submit the hours on a spreadsheet for their employees and also accepting timesheets from staff with email approval from the manager who has the financial responsibility.</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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					We are currently implementing a new system which should allow the staff to access anywhere and submit their own claims.
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**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Contract Management 2019/20**

**25<sup>th</sup> February 2020**

**Distribution:**

To: Executive Director Finance and Resources and Section 151 Officer  
Business Development Manager

CC: Chief Executive

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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### 1. Introduction

- 1.1. The audit of Contract Management for Rubicon Leisure was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council 2019/20 as approved at the Audit, Governance and Standards Committee on 29th July 2019. The audit was a risk based systems audit of Contract Management for Rubicon Leisure as operated by Redditch Borough Council.
- 1.2. This review comes under the Councils Strategic purpose - to provide things to see and do
- 1.3. There were no entries on the corporate risk register relevant to this review.

The following service risk register entries were relevant to this review:-

- L&C 1: Failing to achieving income targets / generating from key sources, fees from swimming, theatre, football, external bodies, sponsorship;
- L&C 3: Ineffective management of projects and contractors.

- 1.4. This review was undertaken during the month of December 2019.

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **2. Audit Scope and objective**

2.1. This review has been undertaken to provide assurance that:

- Monitoring of the performance of the contractor (Rubicon) in the delivery of leisure services for the Council is being undertaken on a regular basis ensuring that a suitable level of performance is maintained.
- That Performance Measures are relevant and meaningful.
- That succession plan with clear guidance has been considered and outcomes actioned.

2.2. The scope covered:

- Defined contractor performance requirements
- Performance information provided e.g. financial reports, succession planning and usage statistics.
- Procedures for analysing and reporting the performance information, to ensure transparency of contract performance, and to facilitate effective scrutiny by all relevant stakeholders.
- Actions taken to address poor levels of performance, including the application of any financial penalties, performance interventions, etc.

2.3. This review covered the controls in place at the time of the audit work.

2.4. This review did not cover day to day leisure activities carried out by Rubicon Leisure.



## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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### 3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **Moderate Assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **Moderate Assurance** in this area because we have identified weaknesses in the design and inconsistent application of controls in many of the areas reviewed therefore assurance is limited to the few areas of the system where controls are in place and are operating effectively.
- 3.3. The review found the following areas of the system were working well:
- There is a good level of transparency for all stakeholders invested in the contract management.
  - There is a good level of communication and challenge between the authority and Rubicon Leisure.
  - Although not yet required, there is a clause within the contract to address poor performance.
- 3.4. The review found the following areas where the authority knows about the risk and is working towards mitigating that risk. However assurance cannot be given over these areas at the time of the audit..
- A Business Plan has yet to be finalised by Rubicon Leisure Ltd. Therefore the setting of SMART performance measures and targets has not taken place. Previous Redditch Borough Council Performance Measures are being used to monitor performance and monthly budget monitoring is being undertaken. At the previous shareholders meeting a report was presented providing detailed performance figures and financial information. It was agreed at the meeting that going forward the figures will be broken down to show trends.
  - There is no procedure for non-provision of contract performance information in place, however the authority is aware and will be addressing this at some point in the future. At the time of the audit this was not a high risk to the Council.

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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

	Priority (see Appendix B)	Section Recommendation number	4
<b>Succession Planning</b>	<b>Medium</b>	<b>1</b>	

**4. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>New matters arising</b>					
1	M	<p><b>Succession Planning</b></p> <p>There is no clear succession plan in place to support the contract facilitator at this time.</p> <p>There is also no clear succession plan in place for any of the tested service areas that are providing a service for Rubicon Leisure under the contract. .</p>	<p>Reputational damage and financial loss if there is a disruption in the managing and fulling of the contract.</p>	<p>To develop a succession plan to ensure that all obligations from the authority to Rubicon Leisure as part of the contractual arrangements are met and service is not lost.</p> <p>This will also ensure that there is no loss of knowledge and understanding in regards to contract management.</p>	<p><b>Responsible Manager:</b> Council Wide Project</p> <p><b>Background:</b> The Council is currently going through a Senior Management Restructure and as a result of this the Leisure &amp; Cultural Services Business Development Team now form part of Legal and Democratic Services.</p> <p>Within the Business Development sits the Client Officer role responsible for managing the Rubicon contract.</p> <p>The move has created an opportunity to review the current structure and implement a small service review. This structure will include a new</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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					<p>post that will support the Business Development Manager in the management of both the Rubicon and Sport and Leisure Management contracts, ensuring that a succession plan is in place for the client officer role.</p> <p>The RBC services providing support to Rubicon are currently managed through an individual service level agreement which has been agreed by the HOS for that particular service.</p> <p>Regular meetings take place with each of these services to ensure service delivery is operating effectively and issues/concerns can be raised and dealt with at the meeting. The Client officer is also kept informed outside the meetings to ensure any H&amp;S/finance issues are addressed as a matter of priority.</p> <p>In addition the Council is currently implementing a new framework to ensure staff have the right skills and development opportunities made available to them. A detailed skills matrix and, where relevant, manager role profile will be completed for all staff during 2020/21 and this should help with succession planning in the future</p> <p><b>Implementation date:</b> New structure due to go live 1<sup>st</sup> April 2020 when the recruitment process for the new post will start - it is expected that the new post will be recruited to in June/July 2020</p>
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**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**Final Internal Audit Report**

**Main Ledger 2019/20**

**11<sup>th</sup> March 2020**

**Distribution:**

- To: Financial Services Manager
- CC: Executive Director – Finance and Resources  
Chief Accountant

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1. A light touch review of the Main Ledger system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 as approved at the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee on 29th July 2019 and 18th July 2019 respectively.
- 1.2. This review does not relate directly to the Councils Strategic purposes but does underpin them as the system is used for the recording of all financial transaction both revenue and capital. This system is used for producing the Annual Statement of Accounts.
- 1.3. There were no risks on the corporate or service risk register that were directly relevant to this review.
- 1.4. The testing in relation to this review was undertaken during the months of April 2019 to February 2020. It was reviewed during February 2020.

### **2. Reasoning for Light Touch Audit**

- 2.1. There has been no recent or planned change in the system used or the key responsible officer for this area. However there is currently a project in place for the implementation of a new system in September 2020.
- 2.2. The last three years have given the following assurance:

<b>Year</b>	<b>Assurance Redditch Borough Council (Please see Appendix A)</b>
2018/19	Significant
2017/18	Significant
2016/17	Significant

- 2.3. No major issues raised by External Audit in their Audit letters in the previous year in relation to the areas covered within this review.

### **3. Audit Scope**

- 3.1. Testing was under taken to ensure that;

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- Suspense Accounts – are being monitored and where possible cleared on a regular basis and in a timely manner;
- Reconciliations – are undertaken regularly, up to date and any differences have been identified;
- Journals – are prepared and approved by separate officers and the reason for them being raised is considered appropriate.

3.2. The review covered the period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> January 2020.

3.3. The audit does not give assurance over the statement of account and the associated requirements in relation to this process as this is an External Audit function.

### 4. Detailed Findings and Recommendations

- 4.1. The testing found a number of issues regarding the completion of reconciliations. A large proportion of reconciliations had not been carried out at the time of testing, and those that had been completed had not necessarily been completed on a monthly basis or had been signed off correctly. The Chief Accountant is now working with the Reconciliations Team to ensure the completion of the reconciliations by year end. Where workload permits, the Chief Accountant is spending each afternoon working on the reconciliations.
- 4.2. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit in respect of the specific audit scope as stated in 3.1 above.
- 4.3. We have given an opinion of **moderate assurance** in this area because there is a generally sound system of internal control in place but there have been a significant delay in the completion of reconciliations, and due to this at this point in time Internal Audit cannot give assurance that they will be completed in time for year end.

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

**Internal Audit Report**

**NNDR 2019/20**

**11<sup>th</sup> March 2020**

**Distribution:**

To: Financial Support Services Manager  
Assistant Financial Support Manager  
Cc: Executive Director, Finance & Resources and Section 151 Officer  
Chief Executive

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## **1. Introduction**

- 1.1 The audit of the NNDR system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 as approved by the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee at the meeting held on 29<sup>th</sup> July 2019 and 30<sup>th</sup> July 2019 respectively. The audit was a risk based systems audit of the NNDR system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 The audit relates to the following from the Corporate Plan for each Authority:
- Bromsgrove District Council Key Priorities 2017-20 – Financial Stability, with the Strategic Purpose “Help me to be financially independent”
  - Redditch Borough Council Strategic Purposes - "Help me to be financially independent" and “Help me run a successful business”
- 1.3 The following entries on the Corporate Risk Register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
- Lack of robust financial accounting and monitoring arrangements
  - IT systems and infrastructure has a major failure
- The following entries on the service risk register are relevant to this review:
- CUS 20: RBC Data Protection
  - CUS 21: BDC Data Protection

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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- CUS 23: RBC Failure to meet audit requirements
- CUS 24: BDC Failure to meet audit requirements 2017/18
- CUS 25: RBC Failure to meet audit requirements

1.4 This review was undertaken during the months of December 2019 and January 2020.

## 2. Audit Scope and objective

2.1 The audit provided assurance that the NNDR process is maximising all income using appropriate and timely recovery methods where necessary and that bad debt is being closely managed.

2.2 The scope covered the following:

- A review of the updated position in relation to the 2018/19 audit recommendations.
- Debt recovery procedures are followed in a timely manner to ensure that income is maximised.
- The correct protocol is being followed with regards to first and any subsequent reminders and appropriate suppression is being managed.
- Collection rates and recovery success are monitored and are within acceptable levels.
- Write Offs are being administered and appropriate procedures are followed when identified.
- There is regular performance monitoring and reporting.

2.3 This review did not cover:

- Registration processes
- Identification of new dwellings

## 3. Audit Opinion and Executive Summary

3.1 From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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- 3.2 We have given an opinion of **significant assurance** in this area because there is a generally sound system of internal control in place but that our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas. There are three areas that were highlighted during the previous audit relating to website pages, forms and relief and exemption reviews. Audit notes that there is ongoing work in each of these areas and implementation dates have not yet been reached therefore they will be revisited at the next review.
- 3.3 The review found the following areas of the system were working well:
- Debt recovery processes for current year NNDR debt are followed in an accurate and timely manner, ensuring that income is maximised.
  - Write Offs are being correctly administered and all of the appropriate procedures are being followed.
- 3.4 It was highlighted during testing that the performance measures available via the dashboard could be re-purposed to improve on their output, relevance and usefulness. Discussions are taking place to this effect with the aim of having a new set of performance measures by the start of 2020/21 to provide management information with which the service can develop.
- 3.5 The review found the following areas of the system where controls could be strengthened:

	<b>Priority (see Appendix B)</b>	<b>Section 4 Recommendation number</b>
<b>Recovery of Prior Year and Aged NNDR Debt</b>	<b>Medium</b>	<b>1</b>

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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### 4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>New matters arising</b>					
1	M	<p><b>Recovery of Prior Year and Aged NNDR Debt</b></p> <p>Audit testing on random accounts with varying recovery stages showed that current year recovery was prompt, accurate and reasonable with the appropriate costs added where necessary.</p> <p>Testing identified that although recovery relating to previous years was being undertaken - and new attempts to recover aged debt were evidenced in the majority of cases reviewed - there were delays found in recovery being moved to the next stage including following the return of debt from the bailiff due to the resource to pursue further recovery attempts or to establish write offs being limited, leading to debt stagnation.</p>	<p>Adverse collection rates and loss of potential income to the authority due to limited recovery on aged debt leading to reputational damage and financial hardship.</p>	<p>An options paper and clear policy is formulated as to how the Councils will handle aged NNDR debt and the way it is managed going forward to maximise income and enable timely action.</p>	<p><b>Management Response:</b></p> <p>A review of resources for recovery of Council Tax and Non-Domestic rates will be completed within the first 6 months of 2020.</p> <p>As part of this review there will be a challenge to the existing Recovery Policy and Debt Collection strategies.</p> <p>This review will ensure that more thorough guidance is provided to teams in relation to actions for collection of debt, methods of enforcement and where applicable write off.</p> <p><b>Responsible Manager:</b></p> <p>Financial Services Support Manager</p> <p><b>Implementation Date:</b></p> <p>30 September 2020</p>

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Council Tax 2019/20**

**06/02/2019**

**Distribution:**

To: Financial Support Services Manager  
Assistant Financial Support Manager  
Executive Director of Finance and Resources

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1. The audit of the Council Tax system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 awaiting final approved at the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee on 29th July 2019 and 18th July 2019 respectively. The audit was a risk based systems audit of the Council Tax system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. BDC: Key Priorities 2017-20: Financial Stability  
  
Strategic Purposes: "Help me to be financially independent"  
  
RBC: Strategic Purposes: "Help me to be financially independent"  
  
Actions: Support residents to reduce levels of individual debt.
- 1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
  - Lack of robust financial accounting and monitoring arrangements
  - IT systems and infrastructure has a major failure



## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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The following entries on the service risk register are relevant to this review:

- CUS 20: RBC Data Protection
- CUS 21: BDC Data Protection
- CUS 23: RBC Failure to meet audit requirements
- CUS 25: RBC Failure to meet audit requirements

1.4. Without controls in place there is an element of fraud with regards to applications, exemptions, discounts, reliefs and property occupation.

1.5. The Audit was completed between November 2019 and January 2020.

### **2. Audit Scope and objective**

2.1. This review has been undertaken to provide assurance around the process of collecting Council Tax income.

2.2. The scope covered:

- A review of the updated position in relation to the 2018/19 audit recommendations.
- Procedures for processing Council Tax information, including the setting up of new customer accounts and timely and accurate billing is taking place.
- The application of discounts and exemptions on properties, and the respective billing amounts.
- The correct protocol is being followed with regards to first and any subsequent reminders and appropriate suppression is being managed, collection rates and recovery success are monitored and are within acceptable levels
- Write offs and associated procedures
- There is regular performance monitoring and reporting.

2.3. This review did not cover:

- Registration processes and the identification of new dwellings

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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- User Profiling
- The processing of payments and refunds.

### 3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because refer to the fact that there is a generally sound system of internal control in place but that our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas.
- 3.3. The review found the following areas of the system were working well:
- Procedures for managing Council Tax in regards to the administration of billing, award of exemptions, discounts and disregards.
  - There has been thought around the process of recovery in regards to innovative and targeted use of technology e.g. SMS messaging to increase collection rates, in addition certain cases with long standing debts are utilising the higher levels of recovery available to the Authorities to aid recovery.
  - Furthermore regular meetings are held by the Assistant Financial Support Manager and Recovery Team to provide a forum to review practices that are working, possible improvements and where resource can be best used to increase current year collection rates and past year recovery.
- 3.4. The review identified the following, however the Authority are aware and are progressing and therefore it is included for information only:
- It was identified during testing that the performance measures available via the dashboard could be re-engineered to improve on their purpose, relevance and usefulness. Discussions are taking place to this effect with the aim of having a new set of performance measure by the start of 2020/21 to provide management information with which the service can develop.

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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

	Priority (see Appendix B)	Section 4 Recommendation number
Recovery of Prior Year Debts	Medium	1
Award of Discount and Exemptions and the use of Diary Notes	Low	2

**4. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
<b>Issues brought forward from previous audit – NA</b>					
<b>New matters arising</b>					
1	M	<p><b>Recovery of Prior Year Debts</b></p> <p>Testing of 60 random accounts with varying recovery stages showed that current year recovery was prompt, accurate and reasonable with the appropriate costs added where necessary. In addition positive methods had been attempted to improve collection of debts e.g. text messages at various stages and the requirement of direct debit to retain</p>	<p>Loss of potential income to the authority due to limited recovery on aged debt.</p> <p>Adverse collection rates leading to reputational damage and financial</p>	<p>An options paper and clear policy is formulated as to how the Council will deal with aged debt and the way it is to be managed going forward to maximise income and take timely action.</p>	<p><b>Management Response:</b></p> <p>A review of resources for recovery of Council Tax and Non-Domestic rates will be completed within the first 6 months of 2020.</p> <p>As part of this review there will be a challenge to the existing Recovery Policy and Debt Collection strategies.</p> <p>This review will ensure that more thorough</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

		<p>instalments. Meetings are also held between Management and Officers to ascertain the most efficient use of resources.</p> <p>Testing identified although prior year (not current) recovery was being undertaken and new attempts to recover aged debt were evidenced in the majority of cases reviewed, delays were found in recovery being moved to the next stage. Following the point the debt is returned from the bailiff the resource to pursue further recovery attempts or to establish write offs was limited leading to debt stagnation.</p>	<p>hardship.</p>		<p>guidance is provided to teams in relation to actions for collection of debt, methods of enforcement and where applicable write off</p> <p><b>Implementation Date:</b></p> <p>30 September 2020</p>
<p align="center">2</p>	<p align="center">L</p>	<p><b>Award of Discount and Exemptions and the use of Diary Notes</b></p> <p>A random sample of 50 accounts with ongoing discounts/ exemptions at the time of the audit work for both authorities identified some issues with the lack of assessor diary notes to clarify and justify decisions made.</p> <p>In addition evidence of exemptions/discounts/disregards that should be documented to support their awards were not always available at the time of review.</p>	<p>Failure to ensure discounts and exemptions are managed in accordance with defined procedures and legislative requirements, resulting in potential financial loss for the Council, and potential reputational damage.</p>	<p>To remind Revenues Officers of the importance of documenting actions taken via the diary notes and to record supporting evidence if required on the workflow.</p>	<p><b>Management Response:</b></p> <p>Further instructions have been provided to officers detailing requirement for diary entries to be added to accounts and referencing of evidence to support decisions.</p> <p><b>Implementation Date:</b></p> <p>31 March 2020</p>

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			Difficulty in reviewing/evidencing decisions made due to lack of clarification leading to a lack of accountability and reputational damage.		
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**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Worcestershire Regulatory Services (Stray Dog Service) - 2019/20**

**14<sup>th</sup> April 2020**

**Distribution:**

To: Technical Services Manager  
Head of Regulatory Services  
Executive Director (S151 Officer)

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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## 1. Introduction

- 1.1 The audit of the Stray Dog Service was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council for 2019/20 as approved at the Audit, Standards and Governance Committee on 18th July 2019. The audit was a risk based systems audit of the Stray Dog Service as operated by Bromsgrove District Council.
- 1.2 There were no strategic risks appropriate to this review.
- 1.3 The following Service Risks were relevant to this review:
  - Issues with the Worcestershire Regulatory Services database system
- 1.4 This review was under taken by Matt Wooldridge during the month of February.

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### 2. Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance that the process surrounding the management and recharging of costs associated with stray dogs are well documented, transparent and accurate.
- 2.2 The scope covered:
- Stray dog information is accurately recorded
  - Fees are accurately calculated and recharged
  - Reconciliations for the kennels/contractors used and payments made
  - Potential continuity issues and conflicts of interest have been considered and documented.
- 2.3 This reviewed covered the period from April 2019 to February 2020.
- 2.4 This review did not cover:
- An independent review of the contracts in place
  - The geographical logistics of the dog warden service.

### 3. Audit Opinion and Executive Summary

- 3.1 From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **significant assurance** in this area because 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.
- 3.3 The review found the following areas of the system were working well:



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- The Idox Solutions Database contained reportable information for the evidencing of key performance indicators
- There was an understanding of the trajectory of the service and the issues faced
- Evidence of the development requirements of the Idox Solutions Software
- Financial procedures in place including reconciliations for the recording and payment/receipt of the Worcestershire Partners and additional contracts for Authorities outside of Worcestershire.

- 3.4 There is an emerging risk of which there is awareness by the Technical Services Manager in regard to a potential conflict of interests if Dog Wardens were to licence kennels used for the kennelling of stray dogs. This is not currently an active conflict as licensing of the kennels currently used for the housing of stray dogs is completed by an Officer outside of the stray dog process, however this may become an issue following Dog Wardens acquiring the relevant qualifications under the new legislation that comes into force during 2021, it is advised therefore that appropriate procedures are documented to allow the avoidance of any conflict of interest to continue in future.
- 3.5 Additionally there is an ongoing system issue that does not allow a time to be input to the Idox Solutions system when recording stray dog cases however this has been raised with the vendor prior to the audit and therefore is included for note only.
- 3.6 The review found the following areas of the system where controls could be strengthened:

	<b>Priority (see Appendix B)</b>	<b>Section Recommendation number</b>	<b>4</b>
Contract Continuity	<b>Medium</b>	1	
Contractor Reconciliations	<b>Medium</b>	2	
Idox Solutions Narrative	<b>Low</b>	3	

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### 4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
<b>New matters arising</b>					
1	M	<p><b>Contract Continuity</b></p> <p>Testing identified that all kennels used had a contract in place. However a number of contracts had expired and are operating under a month extension (that had been accepted by all contractors at the time of audit) whilst procurement for new contracts continued.</p> <p>There is potential for there to be a further requirement to extend again on a month by month basis until the procurement process is completed.</p>	<p>Service continuity is affected if a contractor refuses an additional extension prior to successful procurement of new contracts.</p>	<p>It is accepted that a number of charitable organisations and commercial businesses exists in relation to stray dogs and there is a number which could be used during a continuity issue. However continuity could be further improved by ensuring the procurement process is actioned and completed in preparation for the end dates of any current contracts. Additionally any other kennels that could potentially be used in a continuity event are documented as part of service continuity arrangements.</p>	<p><b>Responsible Manager:</b> Technical Services Manager (WRS)</p> <p><b>Management Response:</b> The recommendation to commence the procurement process in good time is accepted and will be actioned when the contracts are next due to be tendered.</p> <p>In relation to maintaining a list of potential kennels, this is not considered of value. Geographical remit of WRS changes and businesses willing to work with us change depending on date and reason. With the vast number of potential kennelling facilities that are available within our current operating range, it would be a considerable task that would not be useful at the time we required the information collated. There is no intention to undertake this part of the recommendation.</p> <p><b>Implementation Date:</b> October 2022 (ahead of expiry of contract February 2023)</p>

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2	M	<p><b>Contractor Reconciliations</b></p> <p>Reconciliations are performed for costs and charges for all stray dog cases for the contracts undertaken on behalf of Authorities outside of Worcestershire. In addition to this charges are verified for veterinary services received by the Senior Dog Warden prior to invoices being passed for payment.</p> <p>However there is no periodic reconciliation for charges received in relation to stray dogs from within Worcestershire for kennelling and out of hour collections.</p> <p>It is understood there is some mitigation of risk in place in the form of the reconciliations completed for the external contracts as mentioned above as the contractor used for kennelling dogs and the out of hours service is the same for all stray dogs regardless of location and therefore discrepancies may be picked up on invoices in relation to these external contract charges.</p>	<p>Errors/fraud not identified on contractor invoices prior to being passed for payment.</p>	<p>Periodic/random reconciliations are performed on charges received in relation to Worcestershire stray dogs so that potential discrepancies are identified and reported back to the relevant contractor.</p>	<p><b>Responsible Manager:</b> Technical Services Manager (WRS)</p> <p><b>Management Response:</b> The recommendation is accepted and periodic random checks will be made on charges received.</p> <p><b>Implementation Date:</b> 1<sup>st</sup> June 2020 (to enable new processes and contracts to bed down and account for issues raised by COVID-19)</p>
3	L	<p><b>Idox Solutions Narrative</b></p> <p>Testing showed that all relevant information was recorded on the account to allow the discharging off the service and both Dog Wardens and the Technical</p>	<p>Unable to justify decisions if challenged due to lack of descriptive narrative on the database (transparency).</p>	<p>Staff are reminded of the importance of including all relevant information that does not conform to a defined field within the</p>	<p><b>Responsible Manager:</b> Technical Services Manager (WRS)</p> <p><b>Management Response:</b> It is accepted that an improvement in the</p>

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	<p>Service Manager were aware of ongoing cases including difficulties within more complex cases.</p> <p>However an increase in the amount and quality of narrative and therefore justification of decisions made would be beneficial when reviewing individual stray dog cases and to justify decisions if challenged.</p>	<p>Lack of clear audit trail.</p>	<p>narrative box to allow easier review and justification of decisions made.</p>	<p>quality of the information recorded would benefit the service.</p> <p>A reminder to all staff to ensure appropriate level of detail is provided on case records. This will be audited with a view to identify training requirements or action.</p> <p><b>Implementation Date:</b> 1<sup>st</sup> April 2020</p>
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**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**



**Bromsgrove**  
District Council  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

# **Worcestershire Internal Audit Shared Service Final Internal Audit Report**

## **Critical Review – Bulky Waste 2019/20**

**Wednesday 1<sup>st</sup> July 2020**

**Distribution:**

- |     |             |   |                                |
|-----|-------------|---|--------------------------------|
| To: | Matt Austin | - | Environmental Services Manager |
|     | Carl Walker | - | Environmental Services Manager |
|     | Guy Revans  | - | Head of Environmental services |
| CC: | Kevin Dicks | - | Chief Executive                |

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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### **1. Introduction**

- 1.1 The critical review of Bulky Waste was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 as approved by the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee on 29<sup>th</sup> July 2019 and 18<sup>th</sup> July 2019 respectively. The review was a critical review that analysed and challenged the Bulky Waste as operated by Redditch Borough Council.
- 1.2 This area aligns with the Councils Strategic Purposes if - Keep my place safe and looking good, Demonstrate concern and care for the environment.
- 1.3 There were no risks on the Corporate or Service risk register that related directly to the area under review.
- 1.4 This review was undertaken by Sami Al-Moghraby during the months of January and February 2020.

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### 2. Critical Review Scope

- 2.1. This review has been undertaken as a critical review to evaluate, analyse and challenge the Environmental Services - Bulky Waste process as it currently operates in order to provide areas for consideration within the procurement exercise for the purchase of a new Bulky Waste system.
- 2.2. The scope covered:
- Documentation - (Policies, procedures and training files).
  - Bulky Waste system - (Access rights, development and monitoring)
  - Bulky waste income process – (Refunds, Receipt book, Cash receipts, are being paid to the correct cost code on the ledger, reconciliations).
- 2.3. This review did not cover
- Any other type of refuse collection
  - The procurement of the new Bulky Waste system.

### 3. Critical Review Overview and Executive Summary

- 3.1. As this is a critical review there is no level of assurance given.
- 3.2. During the review the auditor sat down with the managers of the Bulky Waste service and the business support team to gain an understanding of how the current system works and to gain an insight into how the overall customer journey from when a call is made to arrange a Bulky Waste collection to the point that the items and monies have been collected operates in order to provide challenges on controls prior to the procuring of a new system. **(See Section 4 below)**
- 3.3. During the review the auditor sat down with the business support team and identified pros and cons of using the current computer system and identified any lessons to be learnt to take forward into the new Bulky Waste system. **(See Section 5 below)**
- 3.4. It should be noted that any new electronic system procured will be used for all Environmental Services operations and not just for the Bulky Waste Service.
- 3.5. As part of the review the auditor also had discussions with the finance team to understand the running cost of the service, income reconciliations for cash and cheque payments.

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3.6 The review found the following areas were working well:

- Policies are in place and are being adhered to.
- Safety measure procedures including risk assessments are in place and blank copies are kept in the cabin of the vehicle for when they are required.
- There is a flow chart in place which clearly explains the customer journey for the Bulky Waste collections.

3.7 There have

<b>Challenge</b>	<b>Section Challenge number</b>
Objectives of the service	<b>1</b>
Training records	<b>2</b>
Potential risk mitigation and customer satisfaction.	<b>3</b>
Refunds	<b>4</b>
Reconciliations and Receipts	<b>5</b>

were some areas of the system that audit challenged Management on:

### **4. Detailed Challenges**

The challenges identified during the review have been set out in the table below along with the related risks and management action plan.

<b>Ref.</b>	<b>Current Position</b>	<b>Challenge</b>	<b>Risk</b>	<b>Management Response to challenge and if accepted Action Plan</b>
1	<p><b>Objectives of the Service</b></p> <p>The service is being run in order to provide an affordable option to the public for collection and disposal of larger household</p>	<p>1. Does the council have full knowledge of what the costs and income are for the Bulky waste service and confident that it is achieving its objectives without</p>	<p>1. No clear understanding of cost/reward matrix</p> <p>2. Loss of potential Commercial opportunity</p>	<p><b>Responsible Manager:</b> Environmental Service Manager</p> <p><b>Implementation date: N/A</b></p> <p>Across Redditch and Bromsgrove,</p>



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	<p>items. This is a service strongly supported by members to provide a low cost option for residents who are unable to take items to the Household Waste Sites, and offer a reasonable alternative to fly tipping.</p> <p>Environmental Services are aware of the costs of the service and the budget target in place is ££78,000. The target is not linked to the costs of the service.</p>	<p>being run at an excess cost to the Council.</p>		<p>the service is managed differently. In RBC it is not possible to define the costs against this element of Place Working, as it is carried out by a large number of teams, and planned in alongside other works as efficiently as possible to avoid dedicated trips to collect items, and rely on detours whilst working on other things in an area – as per Transformation exercise carried out in 2015.</p> <p>BDC has more clearly defined costs as it uses a dedicated crew of 2 staff and a dedicated vehicle due to the logistical challenges of efficiently bolting it on to the wider Place working across the District.</p> <p>Service is currently limited to household items in line with disposal arrangements through WCC, which limits commercial growth of the service unless we are willing to incur disposal costs which then increases our costs and increases the logistics.</p> <p>Currently no plans to make further changes to service at either authority.</p>
2	<p><b>Training records</b></p> <p>As part of the service there is</p>	<p>1. The Council has an obligation for</p>	<p>1. Staff may have to</p>	<p><b>Responsible Manager:</b> Place team Coordinator ,</p>

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	<p>a need for staff to have manual handling training as well as lone working training. It is assumed that this is incorporated into the staff's induction process, however spreadsheet used to monitor training is not being kept up-to-date.</p>	<p>a duty of care towards their staff to ensure that they are safeguarded from dangers and risks. Does Management have confidence that the training is occurring and that this can be evidenced should anything occur to any member of staff?</p>	<p>complete further training on items that they are already trained on.</p> <ol style="list-style-type: none"> <li>2. Officers may be operating and non-compliant to carry out day to day duties.</li> <li>3. Risk of injuries occurring at work. Financial loss from claims.</li> </ol>	<p>Environmental Improvements Officer</p> <p><b>Implementation date: On-Going</b></p> <p>Training records to be reviewed and updated, with additional training to be carried out and recorded where necessary.</p>
<p>3</p>	<p><b>Potential risk mitigation and customer satisfaction.</b></p> <p>There is no Cap on the amount of collections at Redditch Borough Council meaning that multiple man power may be needed if the amount of collections for Bulky Waste was above 16 collections and they could travel all over the Borough of Redditch.</p> <p>The current position shows that the vehicles used for the Bulky waste service are not weighed and there are no random spot checks carried out by management to ensure that items have all</p>	<ol style="list-style-type: none"> <li>1. Can the Council ensure that only the items scheduled to be collected are collected, or have they at least undertaken a cost/benefit/risk analysis to ascertain if additional controls could be value for money in the mitigation of risk/fraud or if the cost of resources to implement these would far outweigh the cost.</li> <li>2. With an uncapped limit at Redditch Borough Council, If demands are stretched is the council comfortable with managing the high demand and can they give the customer</li> </ol>	<ol style="list-style-type: none"> <li>1. Potential for fraud without council knowledge.</li> <li>2. Reputational damage to the council if obligations are not met.</li> <li>3 .Financial damage to the authority.</li> </ol>	<p><b>Responsible Manager:</b> Environmental Service Manager</p> <p>Limits on cash handling and control of bookings are our primary control for this currently.</p> <p>There is no effective oversight control that would prevent this risk, but work is monitored and where questions arise, they are followed up with staff accordingly.</p> <p>Good communication across the teams and with customers means that any impact on the service is dealt with proactively to preserve the Council's reputation. Where</p>

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	<p>been collected accurately.</p>	<p>assurance that all collections will be collected on the promised date?</p>		<p>necessary, additional support can be provided, or the service suspended to new bookings should an issue occur that requires it.</p> <p>Customer numbers are proportionally low across the Borough/District, so the wider reputation risk is low with current processes.</p> <p><b>Implementation date: N/A</b></p>
<p>4</p>	<p><b>Receipts</b></p> <p>Currently customers can pay the Council by Cash, Card and Cheque.</p> <p>Currently unless it is a cash or cheque payment which is handed directly to the crew that is picking up the bulky waste, payments are carried out over the telephone by the business support team.</p> <p>There are no plans at this stage for users to self-serve via the web. This is something however the service wants as part of the new system.</p>	<ol style="list-style-type: none"> <li>1. Cash payments open up the opportunity to commit crime and fraud. As the Council still allows cash payments to occur then is the council confident that the current measures in place are preventing the risk of theft and fraud from occurring? If asked can the Council provide information on how many customers have not been provided change? Can it be proved that this is immaterial?</li> <li>2. As the council wishes for cash payments to occur then can the Council really expect customers to provide the exact change? As there is no float provided to the drivers, Is there not a risk here of a scenario where customers are</li> </ol>	<ol style="list-style-type: none"> <li>1. Potential fraud maybe taking place</li> <li>2. Reputational damage for complaints about having to have the exact change.</li> </ol>	<p><b>Responsible Manager:</b> Environmental Service Manager</p> <p>The service is delivered with explicit messaging that change is not available and exact money must be available to pay for cash jobs.</p> <p>Previous Audits have suggested the requirement of exact change in order to remove the risk of a float being abused.</p> <p>Administration of the service is monitored for discrepancies between what has been booked, and what has taken place, with discrepancies challenged when they occur, as evidenced by</p>

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<p>Cash payments are not promoted however, members wish for this option to remain and therefore the service will allow this to occur if the customer wishes to pay by cash.</p> <p>Drivers are not provided a float and customers are required to have the exact coinage when the transaction occurs, where a receipt is then given and signed for by the customer.</p> <p>Customers are advised that they must have the exact coinage.</p> <p>Any tips provided due to lack of change are put within the mayor's charity box.</p> <p>This may lead to drivers using their own coinage to provide change and would then ask for money from the safe to pay them back.</p> <p>Cash on arrival to the depot is secure in a cash box which is secured within a safe. The safe is password protected and can only be accessed by</p>	<p>almost forced to provide a tip and risk money going in the crews back pocket?</p> <p>3. Is the Council confident that the correct checks are carried out by management to ensure that money provided by the customer is given back to the council and fraud is prevented?</p> <p>4. What measures are in place to ensure the money going in the safe within the month is the same going out at the end?</p> <p>6. Are the Council confident that all staff who are taking calls have been PCDISS (Payment Card Industry Data Security Standard) trained? If not then does the Council believe that if they were challenged then processes are robust enough to prove compliance.</p>		<p>previous and current disciplinary action regarding improper process.</p> <p>Cash Handling is recorded by BSU and documented thoroughly.</p> <p>Telephone payments are entered directly into the system to ensure compliance with PC DISS and Data Protection rules under GDPR.</p> <p><b>Implementation date:</b> On-Going</p>
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<p>the business support team and no one else. The cash box requires a key. The key to the safe is visible to anyone in the office and not kept in a secure location. Both key and copy key are kept together which means if it was to go missing so does the spare key.</p> <p>Cash payments are collected monthly by a security officer that then cashes the money in at the bank and provides a receipt as evidence for cash and cheque reconciliation process by the finance team.</p> <p>The Maximum amount of money allowed in the safe is £15,000 (this includes all payments not just Bulky Waste).</p> <p><b>Payment Types</b></p> <p>Currently customers can pay the Council by Cash, Card and Cheque.</p> <p>Currently unless it is a cash or cheque payment which is handed directly to the crew</p>			
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	<p>that is picking up the bulky waste, payments are carried out over the telephone by the business support team.</p> <p>There are no plans at this stage for users to self-serve via the web.</p>			
5	<p><b>Refunds</b></p> <p>In the current position refunds are allowed to occur in the instance that the customer changes their mind prior to resources being deployed to carry out the work.</p> <p>As long as they contact 24 hours before the pickup, then the business support team will issue the refund.</p> <p>If the customer is unable to be at the property on a date of pick up, then the business support team will attempt to change the date rather than a refund, but if the customer persists then the payments will be refunded in full.</p> <p>In a situation where 3rd party</p>	<ol style="list-style-type: none"> <li>1. With the risk of loss of income to the service and authority, is the authority comfortable with the steps currently in place to prevent refunds from occurring?</li> <li>2. Have the council got the full information on the amount of refunds that have taken place for Bulky Waste for the year</li> </ol>	<ol style="list-style-type: none"> <li>1. Complaints from customers and possible financial loss and reputational damage</li> </ol>	<p><b>Responsible Manager:</b> Environmental Service Manager</p> <p>Yes</p> <p><b>Implementation date:</b> Ongoing</p>

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companies have come and collected the Bulky Waste before the crew arrives, a refund will not be provided to the customer as the customer would be in breach of their Duty of Care for waste disposal.			
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**5. Lessons Learnt**

The lessons learnt during the review have been set out in the table below.

<b>Ref</b>	<b>Positives</b>	<b>Potential for Improvement</b>
<b>1</b>	<p>It should be noted that any new computer system for logging work will be used for all Environmental Services operations and not just for the Bulky Waste Service.</p> <p>Positives within the current system: -</p> <ol style="list-style-type: none"> <li>1. The review found that there is a robust system in place which multiple environmental services are using. The system is easy to navigate through and the interface is user friendly.</li> <li>2. The system has an audit trail incorporated within it and has the ability to produce reports for Bulky Waste.</li> <li>3. The overall impression from the assessment carried out is that the system is good and has scope to be improved upon.</li> </ol>	<ol style="list-style-type: none"> <li>1. Quotes are a grey area within the current Bulky Waste system as manual entry can be put within the current system meaning that if someone wished to commit fraud and overestimate the work then they could. It may be more efficient in the new system to have a defined quote list to select from to prevent risk of fraud.</li> <li>2. Updates are not automatically flagged up to the Business Support team meaning that when modifications are made or new assignments allocated, it is down to the business support team to attempt to spot a difference. It would be an efficiency if in the new system there was potential opportunity of an automatic email generation from the system to the administrator.</li> <li>3. In the current system the date of the job is not a mandatory field, meaning that if it is missed then it will not show up on any reporting and there is a risk of it being missed until the point of a customer putting through a complaint. This to be profiled as a mandatory field or measures put in place for exception reporting t so that jobs unassigned or without dates can be picked up easily to prevent the risk of complaints.</li> <li>4. Anyone can currently amend and modify the tickets which ultimately could lead to a risk of fraud and further issues. Profiling and setting of permissions must be considered in the new system.</li> <li>5. The reporting system feature is currently very basic and does not allow customisation in order to provide meaningful information and to be able to paint the picture on the delivery of the bulky waste service. Consideration to be given for the new system to have more customisation options for the type of information that can be created and exported into CSV format.</li> </ol>



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### **6. Overall Conclusion**

The lesson learnt found that there are some things that are positive within the current Environmental Services system however there are lessons to be learnt that can be taken forward and used within the procurement of the new computer system in order to add efficiencies to the process and to improve the customer' experience.

The Critical review looked at the process from when a quotation is made to collection of the payment from the customer. The review provided some challenges around refunds, objectives of the service, receipts and customer satisfaction. These challenges are made to help the Council review the service, provide transparency and acknowledge the risks that it may be exposed to.

Overall the review found that the system for collection of Bulky Waste works but there are number items within the current system that needs to be further developed and looked at to reduce the level of risk associated with the service. The current system works well but needs further development to enhance some of the control features, therefore the decision needs to be made on whether it would be more cost effective to develop the existing system or bring in a new system that will incorporate the additional controls that the service needs.

### **7. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the review no non-audit or audit related services have been undertaken for the Council within this area.

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Appendix 4

**‘Follow-Up’ Reports**

**Worcestershire Internal Audit Shared Service**



**Final Internal Audit Report**

**Health and Safety Follow Up 2019/20**

**17<sup>th</sup> February 2020**

**Distribution:**

To: Director of Finance and Resources  
Head of Transformation  
Human Resources and Development Manager

CC: Senior Health and Safety Advisor  
Chief Executive

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### **1. Introduction**

- 1.1 The Health & Safety follow-up was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2019/20 as approved by the Audit and Governance Committee on 20<sup>th</sup> March 2019. The audit was a follow up of the Health & Safety Audit 2018/19.
- 1.2 This area is fundamental in the achievement of all 5 themes contained in the Worcester City Plan 2016-2021.
- 1.3 The following entries on the corporate risk register were relevant to the original review:
  - COR19 – Non Compliance with Health and Safety legislation

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The following entries on the service risk register were relevant to the original review:

- COR19 – Non Compliance with Health and Safety legislation

1.4 This follow up was undertaken during the months of January and February 2020.

### 2. Audit Scope and objective

2.1 The original review gave **Limited Assurance** over the control environment and covered:

- Review of action plan
- Financial Analysis and Review of the training budget
- Health and Safety Documents
- Planning and development
- Training
- Communication of Health and Safety information
- Risk Assessments and Risk Management
- Fire Safety Risk Assessment and Risk Management
- Active and Re-active Monitoring and review of Health and Safety Statistics and information
- Corporate Health and Safety advice and support

2.2 This follow up has concentrated on the actions taken by management to address the findings of the 2018/19 audit.

### 3. Executive Summary

3.1 The original review gave **Limited Assurance** and found that controls could be strengthened in the following areas:

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	<b>Priority (see Appendix B)</b>
Policies	High
Fire Safety and Fire evacuations	High
Manager IOSH training	High
Lifts Risk Assessment	High
Fuelling point assessment at Redditch Borough Council Depot	High
Fire Risk Assessments Action Plan	High
Fire Alarms and Drills	High
Evacuation of less able people from Redditch Borough Council Town Hall.	High
Active and Re-active measures of a terrorist attack	High
Action Plan update	Medium
Financial Analysis and Training budget:	Medium
Induction Process	Medium
Bespoke health and safety training	Medium
Risk Assessments	Medium

3.2. This follow-up has sought evidence, explanations and information in order to assess the progress against the Management action plan in relation to the above control areas. The results of this follow up can be seen in Section 5.

**4. Conclusion - Current Position statement**

Health and Safety have made good progress in addressing the recommendations made during the Health & Safety 2018/19 Internal Audit. Bespoke in house training has been developed for health and safety including risk assessment training for managers with scope to expand this to include a Health and Safety Induction and Manual handling.

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There remains an outstanding risk as the Fire Risk Assessments throughout the council need to be fully completed however there is a programme in place for the completion of these. In addition there is no evidence that regular fire alarm testing is taking place and a full programme of fire drills has not been completed. Whilst we are aware that there is a programme in place for alarm testing and fire drills, work needs to be undertaken to ensure these are being completed and completion is documented.

**5. Detailed Findings, Recommendations and Updated Position**

The issues identified during the 2018/19 Health and Safety audit have been set out in the table below along with the related recommendations, management responses and action plan and actions taken up to the time of the follow-up. The issues identified were prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

<b><u>Original Ref./ Priority</u></b>	<b><u>Original Finding</u></b>	<b><u>Original Recommendation</u></b>	<b><u>Original Management Response and Action Plan</u></b>	<b><u>Position as at 29<sup>th</sup> January 2020 1st Follow up</u></b>
<b>1 High</b>	<p><b><u>Policies</u></b></p> <p><b><u>The Orb</u></b> Testing of the policies on the orb found that: -</p> <ul style="list-style-type: none"> <li>• There are policies missing i.e. the Fire Safety Policy.</li> <li>• There is no version control on the policies from a version/review date perspective.</li> <li>• There is no evidence to show if the documents on the orb is the same document that was written in 2011.</li> <li>• Using the Orb it is easy to access Health and Safety policies but regarding fire</li> </ul>	<p><b><u>The Orb</u></b> Effective working practice is established to ensure policies are uniform and are uploaded on the orb in a timely manner for both Councils at the same time to prevent any knowledge gaps. All policies must have a version control associated and a review date prominently displayed. There must be an established forum e.g. Orb, notice board, providing ease of use and access to information.</p>	<p><b>Responsible Manager:</b> <b>HR Manager</b></p> <p>Approval process is currently under review which will potentially change the delegation which will streamline the process and the activation and communication of policies.</p> <p><b>Implementation date:</b> April 2019</p> <p>Review of notice boards will be undertaken including review of electronic notice</p>	<p><b>In Progress</b></p> <p>Health and Safety statement of intent and Health and Safety Manual have been developed, both documents have been approved by the both Council Leaders and have been published on the Orb. The policies detail version control and the date of publishing.</p> <p>The Health and Safety statement of intent details the Councils' commitment to a 'Plan Do check Act' approach to health and Safety.</p> <p>The Health and Safety Manual is an all-encompassing manual which details:</p> <ul style="list-style-type: none"> <li>- Organisation structure and responsibilities,</li> <li>- Health and Safety Management Governance.</li> <li>- Specific Health and Safety Arrangements including</li> </ul>

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	<p>procedures, training and other areas it is more difficult to navigate through.</p> <p><b><u>Hard-copy Information Redditch Borough Council</u></b> Testing found that:-</p> <ul style="list-style-type: none"> <li>• There is a lot of information on the notice boards in Redditch Borough Council but it can be questioned in how relevant the information is.</li> <li>• The notice board in Redditch Borough Council Town Hall is showing information which is outdated.</li> <li>• It was difficult to identify the health and safety section on the notice board in Redditch Borough Council Town Hall due to the amount of available information.</li> </ul> <p><b><u>Observations: -</u></b></p> <ul style="list-style-type: none"> <li>• At the depot it was noticed that TV screen was switched off in the canteen which meant that staff were not able to get daily information updates.</li> <li>• Although there were noticeboards some of the information was not relevant and not being updated.</li> </ul>	<p><b><u>Hard Copy Information</u></b> Cluttered notice boards must be eliminated and re-designed to make them more appealing, visually easier to read and to keep a control in place to update them. There should be clear responsibility established to maintaining such areas and it may also be worth considering new innovative ways of delivering the information in the offices e.g. scrolling monitors running presentations to keep all council staff up-to-date with relevant information, or having pop ups created from IT about important notices.</p> <p>It is recommended to start to introduce different colour hi-vis. Example Green to represent first aiders, Red to represent Fire safety officers, Blue for trainers to</p>	<p>boards</p> <p>Section was cleared down in Sept/Oct 18</p> <p>April 2019</p>	<p>fire precautions, first aid at work and lone working.</p> <p>Noticeboards are still in place however information held on these has been reduced. No funding is currently available for rolling screens however information is updated to Orb to ensure staff are aware of changes to policies/procedures.</p> <p>Council wide decision taken to continue with the orange high vis, some areas have introduced green for first aiders. Details of first aiders are held centrally and courses are made available to them. Further work to be undertaken to display first aider notice to include photos and locations.</p>

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	<ul style="list-style-type: none"> <li>• That although there is a list of names for first aiders at both depot's there is no version control to see how up-to-date the information presented is, there is no photograph to allow staff to locate the first aider.</li> </ul>	assist with assisting staff who are unsure who to go to during an emergency. It is also recommended to add a mandatory requirement to ensure all first aider's qualifications are up to date and to have a log in place to ensure they do not lapse unnecessarily.		
2 High	<p><b><u>Fire Safety and Fire Evacuations</u></b></p> <p>The visual communication methods to employees vary in display and content at between Council sites.</p>	To consider having a joint and uniform approach where the blueprint map at Redditch Borough Council is similar to the design of the blueprint map at Bromsgrove District Council showing where you are stood in the building and where the nearest evacuation point is.	<p><b>Responsible Manager:</b> Head of Customer Services / Head of Legal, Equalities and Democratic Services</p> <p>Review of blue prints to be actioned by facilities management.</p> <p>To be put on the orb once updated.</p> <p><b>Implementation date:</b> To be reviewed in April 2019 when facilities returns in house from place partnership.</p>	<p><b>Complete</b></p> <p>Fire risk assessment completed by RIDGE as the blueprints were deemed too complicated for people to follow so a decision taken not to introduce these, all sites have clear designated fire exit signs and evacuation plans and these currently meet requirements. Additionally all managers have been advised to ensure staff are made aware of fire exit locations and meeting points if there is an evacuation.</p>
3 High	<p><b>Manager IOSH training</b></p> <p>The findings indicate that:</p> <ul style="list-style-type: none"> <li>• There is no review date.</li> <li>• There is no expiry date.</li> </ul>	Establish a mandatory requirement for IOSH training and issue reminders when completed training is set to expire.	<p><b>Responsible Manager:</b> Health and Safety Officer / HR</p> <p>Accepts taking on part of the risk, as does not believe need</p>	<p><b>Complete</b></p> <p>There is no requirement to make IOSH a mandatory course. CMT have given approval for internal risk assessment training to be delivered by the Senior Health and Safety advisor. The training will be</p>



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	<ul style="list-style-type: none"> <li>Managers may not have attended the allocated training slot.</li> </ul>		<p>to commit to IOSH Managing Safely as a mandatory course, as there are alternative routes that could be taken.</p> <p>Suggestions to improve include: -</p> <ul style="list-style-type: none"> <li>Identify the right people who would require the training (likely front line managers)</li> <li>Develop an in-house course, which could take one day, which delivers:               <ol style="list-style-type: none"> <li>Broad introduction to health and safety law and how it applies to both councils</li> <li>Accident and incident investigation</li> <li>Risk assessment</li> </ol> </li> <li>To go down the route of getting approval / endorsement from IOSH</li> <li>This would not require IOSH to be paid to come in and present each time</li> </ul> <p>Regarding ensuring this detail is tracked and reviewed, that is not difficult to achieve. I would then suggest refresher on a three year basis.</p>	<p>delivered to frontline managers, however IOSH training will be provided where required.</p>

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4 High	<p><b><u>Lifts Risk Assessment</u></b></p> <p>Working on the lifts could mean an engineer needs to go into the shaft to fix an issue.</p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> <li>• There is no current Risk Assessment in place for external contractors checking the lifts.</li> <li>• There is no evidence to support that there is a control in place.</li> <li>• Due to the evidence obtained, it was found that not all the must-kept locked secure doors were locked which could lead to potential danger to life as the door is meant to be secure to prevent person(s) from entering due to the electrical main switch.</li> </ul>	<p>It is recommended that a risk assessment process is made available whereby a contractor carrying out maintenance on the lifts either fill in a form or we fill in one of their behalf and keep it on file. To establish and set up a control so that all information from the assessments is gathered together to provide an audit trail in case of incident.</p> <p>Bigger stickers are required on the doors to further deter someone from opening the door to the main electrical switch. Also to create a measure to ensure that all doors are kept locked and that there is more vigilance in this regard.</p>	<p><b>Implementation date:</b> February 2019</p> <p><b>Responsible Manager:</b> <b>Facilities Manager</b></p> <p>Currently having a new contract tendered which will include lift risk assessments in all public buildings. Additional staff being hired to help support documents being kept up to date.</p> <p><b>Implementation date:</b> <b>April 2019</b></p> <p>Bigger stickers have been put on doors so has been implemented Oct-18.</p> <p>Property Services will put in place a revised procedure and risk assessment for the maintenance of lifts to ensure compliance is moving forward by end of December 2018.</p> <p>Property services are issuing an email to all relevant officers to ensure that the secure doors are properly secured and locked. Implemented</p>	<p><b>Complete</b></p> <p>Contractors should be completing their own risk assessments prior to them commencing work at council premises; these will be provided to the council and retained.</p> <p>Bigger stickers have been put on doors containing the main electrical switch and these doors now remain locked</p>

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			There will be a new contract for lifts in public buildings and relevant risk assessment supplied to the new contractor.	
5 High	<p><b><u>Fuelling point assessment at Redditch Borough Council Depot</u></b></p> <p>The findings have found that: -</p> <ul style="list-style-type: none"> <li>• There has not been an updated health and safety hazard report since 2010 which is prior to the 2014 external health and safety audit report.</li> <li>• There is no evidence of work being carried out based on the following recommendations: -</li> </ul> <p>1.) The concrete on the dispenser island was showing wear. The areas around the dispenser should be impervious.</p> <p>2.) It was identified in the 2010 report that repairs need to be made.</p> <ul style="list-style-type: none"> <li>• Vehicles are parking in the no-parking zones which can be</li> </ul>	<p>To reconsider the points from the 2010 report and establish whether they remain pertinent. To instigate an assessment to identify whether there has been further deterioration since the 2010 report and establish an action plan to address as necessary.</p> <p>To establish and enforce measures for any vehicle found parked on the forecourt in the no parking zones and to create a mandatory requirement for all staff to adhere to the rules within the depot sites. Ensure that there is no smoking, safety shoes and</p>	<p><b>Responsible Manager: Head of Environment / Officer in Charge and Place Partnership</b></p> <p>Fuel tank has been recognised to be 40 years old and requires somebody to come and check the concrete dispenser island and pumps.</p> <p><b>Implementation date: Nov-18</b></p> <p>Following consultation with the Health and Safety Officer it has been agreed that the current Health and Safety Hazzard report completed in 2010 is still relevant and valid as there have been no changes. Implemented</p> <p>Electrical cable issue</p>	<p><b>In Progress</b></p> <p>Previous report from 2010 deemed as still relevant and therefore no additional action taken.</p> <p>Parking in the no parking areas is an ongoing issue which will be raised in a Toolbox Talk. This could also form part of the review to potentially procure and relocate new fuel tanks.</p> <p>Observations at RBC depot confirmed that staff members were wearing high vis clothing and safety boots where applicable.</p> <p>Integrity tests of the fuel tank have been completed by Worcester Petroleum Services - initial test failed however repairs have been completed and retests undertaken, these were successful and will now be completed on an annual basis.</p> <p>Further repairs are still required however there is currently a review being undertaken in relation to replacing the whole system.</p>

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	found on top of the fuel dispensers with the engines left needlessly running.	<p>hi-vis are worn at all times and implement sanctions against repeat offenders.</p> <p>To re-enforce safety requirements at the site with all relevant staff.</p>	<p>resolved. Implemented</p> <p>Place Partnership is commissioning a review of the fuel pumps and fuelling area and tanks to assess current state and works required this is due to be completed by 31st December 2018 and any resulting capital works will be programmed accordingly during 2019/20</p> <p>Email has been sent to all Housing and Environmental services managers to ensure that all teams are reminded not to park in the fuelling zones or leave engines running. Implemented.</p>	
6 High	<p><b><u>Fire Risk Assessments Action Plan</u></b></p> <p>The findings are that: -</p> <ul style="list-style-type: none"> <li>• According to the 2014 action plan there are a number of items incomplete especially regarding housing.</li> <li>• There are no public buildings such as the Town Hall in Redditch mentioned within the 2014 action plan.</li> <li>• There is a sheet being filled in</li> </ul>	<p>To update the 2014 action plan to include all public buildings for both councils and to ensure that it is up to date to mirror the actual fire risk assessments that have been filled in.</p> <p>It is recommended to have regular meetings regarding the process on the action plan to ensure controls are</p>	<p><b>Responsible Manager:</b> <b>Senior Contracts Manager</b></p> <p>An IT system has been sourced and will be part of the asset management system implementation that Senior Contracts Manager is leading on and will enable better maintenance of records and data. Public buildings will be managed centrally. Budget bid for dedicated system linking to PPL transfer in-</p>	<p><b>In Progress</b></p> <p>Ridge have now been contracted to complete the Council's Fire Risk Assessments. There is a programme in place to complete baseline assessments across the council; once these are completed the plan will change to a risk based approach.</p>

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	<p>by housing and a sheet being filled in by place partnership.</p> <ul style="list-style-type: none"> <li>• There is a high risk item set in 2016 which was not complete as of 11<sup>th</sup> June 2018. Review date stated mentions 2019.</li> <li>• Risk assessments are not being completed frequently.</li> </ul>	<p>in place and to create an audit trail through the minutes.</p> <p>To ensure 'high risk' items are updated and dealt with in as a priority and it a timely manner.</p>	<p>house.</p> <p><b>HR&amp; OD Manager Facilities Management</b></p> <ul style="list-style-type: none"> <li>- <b>Property Services</b></li> <li>- <b>Place Partnership</b></li> <li>- <b>Housing</b></li> </ul> <p><b>Implementation date:</b> Place Partnership will no longer be carrying out this work post 31st march 2019. It is therefore intended that processes and procedures will be established as part of the Officer in Charge process to ensure that all fire safety checks are carried out in a timely and compliant way by the transfer date.</p> <p>It is also intended that all officers with responsibility for FRAs will review risk assessment and action plans and training will be delivered where required.</p> <p>Health checks are currently being carried out in the Housing Schemes and new FRAs being developed for High Risk Housing</p>	

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7 High	<p><b><u>Fire Alarms</u></b> There is no consistency in how often the test is carried out. In August 2017 for instance it was noticeable that the test was only carried out once; there is also other occasion during the year of 2017 where tests have been infrequent.</p> <p><b><u>Fire Drills : - Redditch Borough Council</u></b> In the Town Hall the latest fire drill was completed in October 2017. The follow up to the drill should have been completed in April 2018 to keep within compliance. This did not occur as of 15/5/2018 meaning that when the drill did take place it was still non-compliant at the time of the drill.</p> <p>At the Depot there are no set drills that get conducted and there was no evidence to say that a fire drill has been conducted in the last 3 years.</p> <p><b><u>Fire Drill Observations Redditch Town Hall</u></b></p> <ul style="list-style-type: none"> <li>• There was disorganisation in</li> </ul>	<p>To ensure a control is in place at both councils to carry out a weekly fire alarm test and record it to comply within British Standards 5839. If a test is not completed on a weekly basis then there needs to be justification to support why it was not carried out in case a fire officer visits the site and questions it.</p> <p>Redditch Borough Council and Bromsgrove District Council need to establish a requirement to complete a fire test regularly to remain within compliance for fire safety regulations.</p> <p>It is recommended that both depots start to commence fire drills within a 6 month window to ensure that they are compliant and regiment the evacuation process for any fire Marshalls.</p> <p>A process to be established where a designated fire warden is located next to one of the fire exits to</p>	<p><b>Responsible Manager: Facilities Management</b></p> <ul style="list-style-type: none"> <li>- Property Management – BDC</li> <li>- Place Partnership – RBC</li> </ul> <p><b>Implementation date:</b> BDC – Implemented RBC – April 2019</p> <p>To create a sub group to work through recommendations and give a clear plan by April 2019. Group to feature Health and Safety Advisor, Facilities and be supported by Claire Felton and Guy Revans. This group will also review officer behaviour through fire drills to ensure compliance.</p> <p>To deliver fire drills at all sites in Dec-18.</p>	<p><b>In Progress</b></p> <p>Weekly tests are being completed.</p> <p>Fire evacuation drills will happen over a phased period across all locations once completed these will take place on a risk basis, i.e. some locations may only complete one a year however other such as children’s centres will have these more frequently.</p> <p>Fire wardens are made aware of their responsibilities during training. Evacuation procedures are being reviewed by RIDGE as part of their Fire Risk Assessments and local site management is then required to establish plans based upon recommendations therein.</p> <p>Contractors are provided with a site induction on arrival.</p>

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	<p>the lead up to the fire drill. The fire drill was meant to commence at 11:45am but there was an issue locating the key for the alarm.</p> <ul style="list-style-type: none"> <li>• There was no monitor on the fire exits meaning that staff and members of the public could have re-entered the building if they had chosen to do so without challenge</li> <li>• The main door in reception for members of the public to evacuate was not working during the drill and went into lockdown, which meant that the public had to exit through the council workers fire exit instead.</li> <li>• Department locations have not been updated on blueprint so a department was not able to be accounted for and delayed the fire drill evacuation time.</li> <li>• There was delay with getting the accountability for the Crèche due to communication between the Crèche and the operating fire Marshall on site. There is no control in place from a fire risk assessment perspective on contractors</li> </ul>	<p>ensure no unauthorised personnel re-enter the building until safe to do so.</p> <p>Better planning to ensure that the fire alarms are tested on time and that the key is available and not moved.</p> <p>A process is established to ensure all contractors sign a register when coming to work on site and that they have basic induction training to know where the fire evacuation point is.</p> <p>It is recommended to have a systematic approach to ensuring all documentation is up-to-date at all times so that if departments change locations this does not impact on obtaining an assurance that everyone has left the building.</p>	<p>To provide audit trail moving forwards, to be implemented immediately.</p>	

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	coming in to carry out work. It was observed that an on-site contractor walked out of the building from car park entrance and sat in their van rather than going to the evacuation point.			
8 High	<p><b>Evacuation of less able people from Redditch Borough Council Town Hall.</b></p> <p>Testing of the procedures with assisting wheel chair users in a fire has shown : -</p> <ul style="list-style-type: none"> <li>• That there is no written procedure in place to show how to assist wheel chair users in an emergency situation or where responsibility is allocated.</li> <li>• That there is only one stair lift in the building which has never been used when the building has eight flights of stairs to contend with.</li> <li>• That there has been no fire drill to test out the Wheel chair stair case to get an accurate timing of how long it would take to get someone out of the building.</li> <li>• That there is no signs for wheel chair users to locate a stair lift</li> </ul>	<p>To arrange for a fire drill with someone who uses a wheel chair to assist with monitoring how long it would take in a fire evacuation for the individual to exit the building from the top floor.</p> <p>To develop a procedure manual with who is responsible for the person(s) in case of a fire and what needs to happen, to arrange for appropriate signs to be implemented to locate the stair lift in an emergency situation.</p> <p>Once a test is conducted alternative approaches to assist with evacuation for the less able may be required.</p>	<p><b>Responsible Manager:</b> Facilities Manager HR Manager</p> <p><b>Implementation date:</b> Place Partnership to review the procedure with health and safety advisor</p> <p><b>January 2019</b></p> <p>To arrange test to identify learning to develop guidance notes. Co-ordination required with facilities and planned to be picked up as part of next fire drill. Drill training date to be agreed</p> <p><b>May 2019.</b></p>	<p><b>In Progress</b></p> <p>Fire Evac chairs are to be installed and staff trained to use these. Once installed usage will be checked during a training drill with consent of individual in wheelchair in order to reduce any undue stress on the individual. Currently other arrangements have been put in place i.e. individual's with mobility issues working on the ground floor to offset any concerns with evacuation.</p> <p>Evacuation process is also being reviewed by RIDGE as part of their Fire Risk Assessments and local site management is then required to establish plans based upon recommendations therein.</p>



**REDDITCH BOROUGH COUNCIL**

Date: 27<sup>th</sup> July 2020

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

<b><u>Original Ref./ Priority</u></b>	<b><u>Original Finding</u></b>	<b><u>Original Recommendation</u></b>	<b><u>Original Management Response and Action Plan</u></b>	<b><u>Position as at 29<sup>th</sup> January 2020 1st Follow up</u></b>
	in case of emergency.			
9 High	<p><b><u>Active and Re-active measures of a terrorist attack</u></b></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <ul style="list-style-type: none"> <li>• There is a potential security breach in Redditch Borough Council Town Hall between 09:00am to 09:25am.</li> </ul>	<ul style="list-style-type: none"> <li>• Follow other authorities' leads with the Hide, Run, and Tell policy for terror.</li> <li>• Consider training staff on terrorism attacks through e-learning or various methods.</li> <li>• Create a process in how to best suit the situation at both councils.</li> <li>• Create an action plan date as soon as possible to discuss this.</li> </ul>	<p><b>Responsible Manager: HR Manager &amp; Facilities</b></p> <p>Lock down of doors, 9am onwards.</p> <p><b>Implementation date: November 2018.</b></p>	<p><b>Complete</b></p> <p>Access to the building is now locked down until 8.45, access earlier than this is via the basement gate which is controlled by a key card access.</p> <p>Hide, Run, Tell was disseminated across the organisation during September 2019 however the message coverage was not great. Consideration will be given to promoting this message again.</p>
10 Medium	<p><b><u>Active and Re-active measures of a terrorist attack</u></b></p> <p>the testing on active and re-active measures on terrorist attacks has shown that: -</p> <ul style="list-style-type: none"> <li>• There is no current policy in place.</li> <li>• There is no process in place.</li> <li>• Although there is currently an agenda for a meeting to occur at some point in the future. There is no current date booked for a meeting to</li> </ul>	<ul style="list-style-type: none"> <li>• To ensure all doors are shut at 09:00am at Redditch Borough Council Town Hall. (Practical / pragmatic in a public building Consider the most appropriate and safest foot traffic route for entry to the building.</li> </ul>	<p><b>Responsible Manager: HR Manager &amp; Facilities</b></p> <p>Interim has officer being recruited. Looking to post information on Orb regarding safety breaches. Dec-2018</p> <p><b>Implementation date: April 2019</b></p>	<p><b>Complete</b></p> <p>Access to the building is now locked down until 8.45, access earlier than this is via the basement gate which is controlled by a key card access.</p> <p>Hide, Run, Tell was disseminated across the organisation during September 2019 however the message coverage was not great. Consideration will be given to promoting this message again.</p>

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	discuss.			
11 Medium	<p><b>Action Plan Update</b> Testing of the health and safety action plan found: -</p> <ul style="list-style-type: none"> <li>• There is no version control within the action plan to state when it was last edited or modified.</li> <li>• There is a lot of information which has a narrative as 'Out Of date' and no comments as to why the action is out of date or what has been put in its place.</li> <li>• The target deadline date has been not been adhered to since the end of 2014.</li> <li>• There are target dates in place but none of the targets set have been completed.</li> <li>• The recommendations from the fire risk assessment and management perspective have not been completed according to the action plan.</li> <li>• There is no tab specifically for 'Planning and Development'. There is no evidence of a planning and development within the action plan scope for the technological and innovative factors of the business.</li> </ul>	<p>The action plan should be treated as a key management tool driving the development of H&amp;S and must be regularly updated with a systematic approach to enable a clear indication of progress. A version control must also be included and priorities need to be established e.g. fire risk assessments and management perspective.</p> <p>To focus on getting any work 'Out of date' completed and to include a new tab saying 'Planning and development' as well as to include High/Medium/Low priority to assist the planning structure.</p>	<p><b>Responsible Manager:</b> <b>HR Manager</b></p> <p>Work will be actioned to combine all H&amp;S Audits into a definitive action plan</p> <p><b>Implementation date:</b> <b>April 2019</b></p> <p>Whilst a large amount of work has been taken from the 2014 action plan. An ambulation of plans will take place and used to go forward from April 2019.</p>	<p><b>Complete</b></p> <p>Action plan is regularly reviewed and monitored; progress towards implementation is reported to the Health, Safety and Wellbeing Committee and the Audit and Governance Committee.</p>

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12 Medium	<p><b><u>Financial Analysis and Training budget:</u></b></p> <ul style="list-style-type: none"> <li>• There is no centralised finance code dedicated for Health and Safety.</li> <li>• There is no system in place for showing value for money is being achieved on spend.</li> <li>• The budget was overspent on a couple of occasions at both Bromsgrove District Council and Redditch Borough Council.</li> </ul>	<p>To improve overview of the training budget use. To consider using cost centres for the training budget and Health and Safety to improve corporate oversight of expenditure.</p>	<p><b>Responsible Manager: HR Manager in conjunction with Finance Director.</b></p> <p>There is a current review of corporate training budgets and the separation of H&amp;S training in readiness for 2019/20.</p> <p><b>Implementation date: April 2019</b></p>	<p><b>Complete</b></p> <p>Review of budgets completed, a decision has been taken to provide bespoke in house training in most instances. External training courses will only be provided where there is a specific need.</p>
13 Medium	<p><b><u>Induction Process</u></b></p> <p>The findings from the testing showed that: -</p> <ul style="list-style-type: none"> <li>• No corporate training has been completed on a scheduled basis and there is evidence to show that even under the presumption that training was being carried out on a monthly basis there is no evidence that can prove this.</li> <li>• Inductions have not been completed for a while; there is no review date or location included to state Redditch Borough Council or Bromsgrove District Council.</li> <li>• There are blank entries and 'n' showing in the attendance of the training throughout the</li> </ul>	<p><b><u>Training</u></b></p> <p>Design into the new HR training system to leaver's dates, start dates and a review date to enable local monitoring regarding the training from both a corporate and service level perspective leading to better communication between local departments and Human Resources.</p> <p>To establish exception reporting to ensure comment are included in any fields that are blank or show 'n' on the training attendance. The frequency of induction training to be</p>	<p><b>Responsible Manager: HR Manager</b></p> <p><b>Implementation date:</b> Looking at corporate induction process and currently under review. Consideration being given to hard copy and interactive learning.</p> <p>Full review to be undertaken which is currently underway.</p> <p><b>July 2019</b></p>	<p><b>In Progress</b></p> <p>A review of the corporate induction process is currently being undertaken</p>

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	<p>training document with no comments as to what was done to get staff on the training.</p> <ul style="list-style-type: none"> <li>• No training has happened since 2017 due to limited resources.</li> <li>• There is no information being passed on to Human Resources from local teams to confirm what training that has been completed.</li> </ul>	<p>established.</p> <p>Introduce self-serve training systems through e-learning and ensure all new employees complete mandatory induction training within 30 days. Probationary periods should not be signed off if mandatory training has not been satisfactorily completed. Existing staff to have mandatory training requirements identified for their roles and reported on an exceptions basis.</p>		
<p>14 Medium</p>	<p><b>Bespoke health and safety training</b></p> <ul style="list-style-type: none"> <li>• There is no systematic approach in reference to how the training is being recorded.</li> <li>• There are dates in place for training for both supervisors and team leaders, but there is no evidence that training took place or who attended the training sessions.</li> <li>• There is no review date in place for any training that was completed.</li> <li>• There is no information that the employee in question still</li> </ul>	<p><b>Be-Spoke training</b></p> <p>To develop further the 2014 action plan to ensure all training is completed and recorded in a timely manner. Consider what the new system can provide in order to establish record integrity in regards to the current workforce training requirements, how it is reported and how potential training gaps can be identified.</p>	<p><b>Responsible Manager:</b> <b>HR Manager</b></p> <p>Continue to review and explore how training can be monitored and recorded on the HR 21 system. By the end of the first financial quarter we will have a better understanding of the budgets allocation and the spend on training and training records.</p> <p><b>Implementation date:</b> <b>July 2019</b></p>	<p><b>In Progress</b></p> <p>A new system is being introduced later this year which will encompass the HR system, functionality of this may allow for training to be recorded and allow for prompts highlighting that training needs are to be reviewed after a given time period.</p>

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	currently works for the Council.			

**6. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
**Head of Internal Audit Shared Services**

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**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**Worcestershire Internal Audit Shared Service**



[www.redditchbc.gov.uk](http://www.redditchbc.gov.uk)

**Final Audit Report**

**Repairs and Maintenance - Stocks and Stores 2018/19 & 2019/20**

**(27<sup>th</sup> November 2019)**

**07<sup>th</sup> April 2020**

Distribution:

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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To: Head of Environmental Services  
Environmental Services Manager  
cc Executive Director & Deputy Chief Executive  
Executive Director of Finance and Resources

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### **3. Introduction**

- 3.1. The audit of the Repairs and Maintenance – Stocks and Stores system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2018/19 as approved by the Audit, Standards and Governance Committee on the 26th April 2018 and for 2019/20 put before the Audit, Standards and Governance Committee on the 25th April 2019 awaiting final approval on the 29th July 2019. The audit was a risk based systems audit of the Repairs and Maintenance – Stocks and Stores system as operated by Redditch Borough Council.
- 3.2. Strategic purposes related to this review include: Keep my place safe and looking good, help me find somewhere to live in my locality and help me to live my life independently (including health and activity).
- 3.3. The following entries on the service risk register for Redditch Borough Council are relevant to this review: HOU 2 – Fail to effectively manage housing repairs and maintenance.

## AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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3.4. A significant fraud risk was identified in relation to the potential theft of stocks and tools.

3.5. The Audit was undertaken between the months of March and May 2019.

### 4. Audit Scope and objective

4.1. This review was undertaken to provide assurance that the processes and controls Redditch Borough Council has in place in relation to the ordering, storage, recording, distribution, allocation and reconciliation of stock and the return of un-utilised stock back to stores in relation to all operation teams (Repairs and Maintenance, Public Buildings, Equipment and Adaptations, Voids, Gas and Electrical Teams) are operating as intended to eliminate or reduce the known risks to an acceptable level.

4.2. The scope of the Audit was as follows:

- Stock ordering
- Storage, inventory and distribution of stock
- Stock allocation and job reconciliation
- Return of unused, damaged or surplus stock
- Van stock requirements
- Site clearance of salvage e.g. metals
- IT systems used.

### 5. Audit Opinion and Executive Summary

5.1. From the audit work carried out we have given an opinion of **limited assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.



## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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- 5.2. We have given an opinion of **limited assurance** in this area because identified 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.
- 5.3. The review found the following areas of the system where controls were operating well:
- Stock control and inventory records accuracy within the stores
- 5.4. The review found the following areas of the system where controls could be strengthened:
- Governance documentation – policies and procedures
  - Stock ordering
  - Stock control (outside of the stores)
  - Stock reconciliation
  - Van stock
  - Damaged stock

	Priority (see Appendix B)	Section 4 Recommendation number
<b>Governance</b>	<b>High</b>	1
<b>Stock Identification and Pre-inspections</b>	<b>High</b>	2
<b>Ordering of Stock – Operatives</b>	<b>High</b>	3
<b>Ordering of Stock - Stores</b>	<b>High</b>	4
<b>Stock Control</b>	<b>High</b>	5
<b>Job Reconciliation and Post Inspections</b>	<b>High</b>	6
<b>Damaged Stock</b>	<b>High</b>	7
<b>Surplus Stock</b>	<b>High</b>	8
<b>Identification of Van Stock Requirement</b>	<b>High</b>	9
<b>Van Stock is not controlled/recorded</b>	<b>High</b>	10
<b>Hire of Equipment (Isolated finding)</b>	<b>Medium</b>	11
<b>Cash Receipting System Narrative</b>	<b>Medium</b>	12

## **AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

### **6. Detailed Findings and Recommendations**

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response</b>	<b>Updated Position 7<sup>th</sup> April 2020</b>
<b>New matters arising</b>						
1	H	<p><b>Governance</b></p> <p>Very limited governance (i.e. strategy, policy and procedure) was identified in relation to:</p> <ul style="list-style-type: none"> <li>• Stock ordering</li> <li>• Storage, inventory and distribution of stock</li> <li>• Stock allocation and job reconciliation (pre and post reconciliations)</li> <li>• Return of unused, damaged or surplus stock</li> <li>• Van stock</li> <li>• Site clearance of salvage</li> </ul>	<p>Inability/difficulty to challenge bad practice leading to a heightened potential for fraud and loss as well as poor resilience.</p> <p>Discrepancies between working practices leading to no continuity.</p>	<p>A full implementation strategy is devised to systematically identify and create policy and procedural documents in relation to all areas of stock and stores to establish good practice and protocol.</p>	<p><b>Management Response:</b></p> <p>Internal stock ordering processes and procedures Ref: Financial procedure rules May 2018.</p> <p>Review is in-line with the new financial system.</p> <p>Goods ordering and good receipting are carried out separately by stores colleagues.</p> <p>Please see actions identified below to resolve, mitigate and or remove issues raised within the report.</p> <p>Until the new Hsg IT System is in place; all of the issues raised will</p>	<p>We are currently reviewing and drafting all our procedures including the control, issuing and costs of materials for the new IT System; Civica CX.</p> <p>The new Civica CX System will integrate with the new Finance and Enterprise system Tech1</p> <p>The new Civica CX system is expected to be in place by May / June 2021.</p> <p>New procedures will need to be in place</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>require temporary solutions putting in place to mitigate known issues.</p> <p>Many of the temporary solutions/actions identified will require additional processes to implement.</p> <p><b>Short term issues to be addressed:</b></p> <p>Create a strategy, which will include writing procedures to effectively manage materials and hired equipment being used/deployed across all sections of Housing R&amp;M.</p> <p>Implement requisitions' for all materials or hired items, whether internal or external and monitor through weekly Operational Meetings.</p> <p>All items from stores must be signed for and dated by the employee.</p>	<p>and tested prior to the launch of the new IT System being activated.</p> <p>As above.</p> <p>As part of the 'Change Programme' the trial of working differently was planned to start in March 2020 and additional resources were secured to facilitate this trial. However, due to the COVID 19 pandemic and the period of lock-down, these new temp staff were lost and the start of the new way of working has been delayed. The trial is expected to resume in June (COVID Situation</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>Old stock being returned from garages to stores must be used first. All returned items will be recorded and monitored as they are released.</p> <p>Agree van stock items and volumes.</p> <p><b>By who?</b> by Acting Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> October 2019</p> <p>A temporary performance</p>	<p>allowing)</p> <p><b>Completed.</b> 13 garages were emptied by our colleagues from Environmental Services and goods returned to stores and or released to operatives as controlled stock via the supervisors.</p> <p>Van Stock (VS) items and volumes are currently being identified by Snr Trades (supervisors) the R&amp;M Manager</p> <p>When: Appropriate VS will be agreed by the end of May 2020</p> <p>To be implemented during the trial of new working and</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>management system is required to help manage performance and use of materials until the new Hsg Management IT Systems in purchased, installed and implemented.</p> <p>The possibility of mobile working will need to be investigated with our in-house IT colleagues.</p> <p>Mobile working may circumvent time consuming paper processes mentioned within this document.</p> <p>Van stock monitoring form will have to be designed and implemented.</p> <p><b>By who?</b> Acting Housing Property</p>	<p>practices in June (or as soon as temp staff are made available). The trial will include SOR/SMV's to monitor the performance of operatives.</p> <p>Discussions are taking place with IT and Civica CX regarding mobile and agile working options.</p> <p>It is envisages that mobile devices will be required to assist with performance, productivity and work processing improvements.</p> <p>The VS form will be designed as soon as the appropriate VS has been</p>

**REDDITCH BOROUGH COUNCIL**

Date: 27<sup>th</sup> July 2020

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> November 2019</p> <p><b>Longer term issues to be addressed:</b></p> <p>Installation and implementation of the new Hsg IT Management System, which is expected to roll out in 2020. Realistically implementation for operational issue may not happen until later in 2020.</p> <p><b>By who?</b> Acting Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> October 2020</p>	<p>identified and agreed with Supervisors and the R&amp;M Manager</p> <p>June 2020</p> <p>Realistic target dates are highlighted above.</p> <p>Same</p> <p>December 2020 and May 2021.</p>
2	H	<p><b>Stock Identification and Pre-inspections</b></p> <p>The narrative contained on the diary</p>	Poor quality information	Narrative included on the diary system and Saffron	<p><b>Management Response:</b></p> <p>Detailed questioning of</p>	This will commence

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>and Saffron system lacked quality. It identified a number of entries may contain details such as "Fence", in this case with no or limited inspections it is up to the tradesperson to identify the quantity of materials required. No independent verification of stock requirement is completed prior to the tradesperson visiting the stores.</p> <p>Furthermore a pre-inspection would not only identify stock required but would also allow an assessment of the time required. It is noted inspections are completed by the E&amp;A Supervisor and the Voids Supervisor, but no inspections are completed by the Responsive Repairs Supervisor and no inspections document stock requirement.</p>	<p>leading to difficulties in assessing time and materials required.</p> <p>No segregation of duties, tradesperson can assess, order materials and complete work.</p> <p>Best value not achieved.</p>	<p>system needs to provide if possible clarity over the size of the job, e.g. Asking the tenant how many fence panels need replacing, or how many slabs are broken. Consideration is given to producing a number of key questions to uniform the information that can be input onto the job ticket to provide the tradesperson with more information prior to attending the job. Additionally it may provide information that allows the Supervisor to identify unreasonable quantities of materials or unrelated materials for example narrative could evolve from fence, to 3 Fence Panels to be changed including posts and gravel boards.</p> <p>A randomised pre-inspection process to be established to ensure Supervisors are assessing the quantity of materials required so that post completion they can assess if the actual quantity of materials used was reasonable and materials are accounted for.</p>	<p>tenants needs be required to determine what materials will be required for each job.</p> <p>Pre-inspection will be reviewed within the temp performance management system.</p> <p>A pre-inspection form to be designed to ensure the correct material requirements information is recorded.</p> <p><b>By who?</b> BSU Team Leader &amp; R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> November 2019</p> <p>Please note; Not all jobs are inspected. Larger jobs will need to be inspected by senior tradesperson. 10% of these jobs will be targeted on a weekly basis.</p>	<p>during the trial and will be directly compared with current practices to identify improvements for the customer and for our business.</p> <p>It is our intension to reduce the need for pre-inspections by asking detailed questions of the tenant at the very beginning of their enquiry Using the principle of one e job, one journey.</p> <p>Same</p> <p>New trial – June</p> <p>During the trial.</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>BSU need to gather as much accurate info from tnt's during their telephone conversations as possible, capturing all details to facilitate our fix first time policy.</p> <p>Info gathered needs to be accurately inputted into computer system and the diary system and info duplications need to be identified and removed.</p> <p>This should help understand and control the materials that are required for each job, enabling supervisors to challenge if there is over ordering</p> <p><b>By who?</b> Snr Tradesperson &amp; R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> November 2020</p>	<p>As above. New practices will apply during the trial.</p> <p>New systems and supportive scheduling tools will drastically improve the ability to manage data and drive performance improvements.</p> <p>As above</p> <p>Same</p> <p>Ongoing</p>



**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
3	H	<p><b>Ordering of Stock - Operatives</b></p> <p>Stock can be ordered by tradespersons through a job ticket without any evidenced management approval, there is no defined limit to the value of the items they can order from stores.</p> <p>Tradespersons can request a purchase order be raised by stores to allow them to go to a number of suppliers and get the part they desire, there are no controls in place to approve this with potential to spend large amounts of money (up to the purchase order limit of the store operative).</p> <p>Job tickets can be replicated and used multiple times, the stock system would not flag up a job number had already been used.</p> <p>The receipt when internal stock is ordered is stapled to the back of the job ticket which is taken by the tradesperson. No management information is passed from the stock system to the housing system populating stock ordered automatically.</p> <p>Stock is not signed for by the</p>	<p>Best value not achieved leading to financial loss, potential criticism and reputational damage.</p> <p>No approval levels providing a potential to over-order thus leading to waste and an inflated budget requirement.</p> <p>Collusion could potentially circumvent singular controls allowing for fraud and loss the take place.</p> <p>Potential for the misuse of the internal stock issuing process as the receipt can be removed</p>	<p>A tiered approval system is implemented providing a process of approval up to specified limits for Supervisors, the Team Leader and Manager.</p> <p>An automatic link is established between the stock system and Supervisors to allow them to review stock coded to all jobs or the stores issue receipt is duplicated, one is provided to the tradesperson to allow it to be uploaded to the housing system by the Administration team and one provided to the Supervisor for review.</p> <p>Job tickets are cross referenced to previous orders to identify if used before, Supervisor approval required for repeated use and noted accordingly.</p> <p>All stock is signed for by tradespersons to provide a clear audit trail.</p> <p>Requisition information is</p>	<p><b>Management Response:</b></p> <p>The current stores IT and the authority's financial systems are both currently under review with the intention of both being replaced. This will determine future procedures.</p> <p>At this moment in time; we need to manage stock items being issued at stores. By only allowing items to be withdrawn via a stores requisitions. Rec's must be signed by a supervisor prior to the stock being issued. This level of intervention will be required to take control of stock materials leaving stores. Everyone will have to sign and date the rec on withdrawal from stores.</p> <p>One requisition per job number will apply; stopping the practice of ordering multiple job materials on one job</p>	<p>The new Finance and Enterprise system and the New Hsg IT Systems are both at the early stages of being implemented. Depending on future stores/stock provisions the software to manage materials will need to be considered and integrated with both these systems</p> <p>The issuing of stock and materials will be included within the trial, which is expected to start in June. This will involve the issuing of one materials requisition for each work ticket issued. This process is unfortunately labour intensive in the short term but the new IT systems will elevate this</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>tradesperson, the stock operative is expected to input the name into the stock system however this is not a mandatory field and it does not have pre-set fields (drop down menu with defined list) therefore it is not always completed and variations (i.e Joe Bloggs, J Bloggs, Bloggs, Jo Blogs etc) make stock reporting less reliable.</p> <p>A requisition is required for all low value consumables (cloths, hand wipes, sponges, buckets, Stanley blades etc), Tools and batteries and PPE. Requisitions must be requested and approved by a supervisor, team leader or manager. The requisition records the approver, the recipient and strikes through remaining lines to remove the ability to add extra items following approval.</p> <p>All requisitions are reviewed by the Supervisors either on a monthly or weekly basis, however no evidence of any of the reviews is recorded, and therefore misuse of the system could potentially go unidentified.</p> <p>Testing identified a number of control issues surrounding the entire stock order process.</p> <p>Stores do not challenge any stock</p>	<p>and the job ticket reused to acquire stock.</p>	<p>collated and reviewed on a regular basis.</p>	<p>ticket. This will allow management to identify true job costs.</p>	<p>situation.</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		order by a Tradesperson be it an internal issue or a request to raise a purchase order as long as they have a job ticket.				
4		<p><b>Ordering of Stock - Stores</b></p> <p>Store operatives are able to order stock via a purchase order without involvement from another stores operative other than to goods receipt, potentially leaving them vulnerable to accusation and creating a risk of collusion. There is no segregation of duties.</p>	<p>Best value not achieved leading to financial loss, potential criticism and reputational damage.</p> <p>Collusion could potentially circumvent singular controls allowing for fraud and loss the take place.</p>	<p>A tiered approval system is implemented providing a process of approval up to specified limits for the Team Leader and Manager.</p>	<p><b>Management Response:</b></p> <p>The stores stock system cannot be linked to Saffron, as Saffron is out of date and not compatible. This will be corrected with the implementation of the new Housing IT System in 2020. Housing performance, materials and finance all need to be integrated</p> <p>Until we have the new Hsg IT System or mobile working; weekly reports need to be made available by stores to monitor materials by: team/cost code, external purchase orders and for the most used items on a weekly</p>	Completed

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>basis.</p> <p>The current software does not allow for tiered approval. However we will look to incorporate this in any replacement stores IT system</p> <p>Stores Team Leader From 30<sup>th</sup> September 2019</p>	
5	H	<p><b>Stock Control</b></p> <p>Detailed analysis was undertaken on the vehicle movements for the week commencing 08/04/2019, which identified a list of regularly frequented closes and roads with garages. This was then cross-referenced with a current Saffron void garages report to provide a definitive list of frequented void garage locations likely to be used for stock.</p> <p>In total, stock was identified and photographed in 13 Redditch Borough Council owned garages, off these 9 entered were booked on the Saffron system to employees. 4 were not booked out to any employee appearing void on the system. Stock is not coded to</p>	<p>Uncontrolled, uninsured stock leading to unknown theft, loss or misuse.</p> <p>Reputational damage.</p> <p>Inaccurate principal system i.e. ledger which could have implications for the accounts.</p>	<p>Immediate steps are taken to remove all stock from void garages and to re-secure garages with new locks.</p> <p>Staff are formally instructed the use of garages is no longer accepted and of the repercussions if further garages are identified.</p> <p>All garages once cleared are made void on the Saffron system and no further garages are let to employees.</p> <p>Arrangements are made to provide storage at the Crossgates Depot for</p>	<p><b>Management Response:</b></p> <p>All identified satellite depot garages will be emptied; removing all council owned materials back to stores. Any personal items will be left in the garage for two weeks for collection by operative. The garage, once empty, will have the keys returned to Localities to be re-let.</p> <p><b>By who?</b> Acting Housing Property Services Manager and R&amp;M Team Leader</p>	<p><b>Completed</b> – 13 garages were emptied and all reusable materials have been returned to stores and credited to the Hgs account or under the control of Supervisors.</p> <p>All keys have now been return to Localities to be re-let to tenants.</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>garages on the stock system, therefore stock existing in garages must have been acquired via job tickets, purchase orders to external suppliers, requisitions or van stock, potentially meaning stock is located in garages whilst on the stock system it has been allocated to a job number.</p> <p>An estimated value was placed on the identified stock of approximately £15k.</p> <p>An additional 4 garages were identified as booked out to employees, however keys were not held by the employees they were booked out to and no knowledge of use was provided. Another 2 garages were identified whilst out entering known garages. These garages were not entered.</p> <p>Audit attended the localities office to gather keys for void properties identified via analysis of the tracking system, 3 garages identified as void had no keys available at the localities office. Whilst at the localities office another garage under the Responsive Repairs Supervisor was identified and the lock drilled out to identify further stock. A void garage was then also forcibly</p>		<p>unreturnable goods, i.e. half bags of sand and used timber.</p> <p>A review of garages is completed to identify void garages where no keys are held and inventory systems are updated so that they hold creditable information based on current use.</p>	<p><b>When?</b> 31 October 2019</p> <p>There is a possibility that not all satellite depot garages have been identified. Action will be taken to identify all unrented garages and then operation to gain entry</p> <p><b>By who?</b> Acting Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> March 2020</p> <p>No new garages will be allowed to be opened or allocated for the use of storage.</p> <p>Space within stores will need to be identified to accommodate items being returned.</p>	<p>Ridge was originally commissioned to carry out a stock condition survey of RBC housing stock. This was extended to include our garage stock. This data is currently being analysed and shared with the Hsg Performance &amp; Database Team to identify genuinely occupied or unauthorised occupied garages throughout the borough.</p> <p>Only two garages have remained: one to allow the storage of OOH emergency fencing and another for the storage of old kitchen unit stock, which is issued to the R&amp;M operatives by supervisors to maintain the</p>

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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		entered however the tenant arrived, this raised questions about the reliability of the information on the Saffron housing system and therefore no further "void" garages were entered.			<p>An additional storage container will be ordered and sited within the depot to accommodate tools and equipment that has been stored in garages.</p> <p><b>By who?</b> Stores TL and R&amp;M Team Leader</p> <p><b>When?</b> 30<sup>th</sup> July 2019 (completed)</p> <p>Garages that are legitimately rented by employees will be identified and ensure that they are only used for the storage of a vehicle, as stated in the tnts agreement.</p> <p><b>By who?</b> Acting Housing Property Services Manager and Locality Teams</p> <p><b>When?</b> 31<sup>st</sup> October 2019 All garage areas will be geo-fenced within the</p>	<p>existing stock of Howden's kitchen units throughout our housing stock.</p> <p><b>Completed</b></p> <p>This will be completed through the garage stock data and stored on the new Asprey /Civica CX systems.</p> <p><b>Completed:</b> Additional training is planned for</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>vehicle tracker system to monitor movement in these areas. This will be discussed with all staff to ensure compliance and reasons for this approach.</p> <p><b>By who?</b> Acting Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 30<sup>th</sup> September 2019 (completed)</p> <p>The Housing Performance and Database team will be required to update their garage stock list on Saffron. A review of garages that have been removed for parking spaces is available through Matthew Mead.</p> <p><b>By who?</b> Housing Performance Database Team Emma Cartwright</p> <p><b>When?</b> 31<sup>st</sup> December 2019</p>	<p>supervisors to be able to use the tracker system more effectively. All staff have been informed; that if they open an unauthorised garage to store uncontrolled item in the future, they will face disciplinary action. Following an agreement with the TU's; all employees have been issued a copy of our tracker procedure.</p> <p>This will be completed as soon as the data from the stock condition survey has been imported into Asprey and analysed.</p> <p>August 2020</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
6	H	<p><b>Job Reconciliation and Post Inspections</b></p> <p>It was identified that no post inspections are evidenced that reconcile stock used to stock issued via the various methods. Although it is acknowledged that with the current methods of issuing stock and the reliability issues with stock system reporting the reconciliation is currently difficult to perform.</p> <p>A post inspection would identify the actual stock used and then allow reconciliation, without the completion of a post inspection, actual stock used cannot be ascertained.</p> <p>Additionally a post inspection would allow Supervisors to monitor quality and productivity as they would be able to independently verify if the time spent on the job is reasonable.</p>	<p>Theft, misuse or wastage of stock not identified leading to financial loss and increased risk.</p> <p>Quality and productivity are not assessed potentially leading to a poor development of the service and an inability to identify trends and issues.</p>	<p>Consideration is given to implementing a process to ensure a random number of jobs are inspected by the Supervisor for stock reconciliation, productivity and quality control purposes.</p>	<p><b>Management Response:</b></p> <p>Supervisory monitoring is to be carried out on a minimum of 10% of jobs including issues from stores.</p> <p>Regular monitoring of staff inc. post inspections will allow quality and performance issue to be addressed.</p> <p>Business support needs to be empowered to check materials ordered and taken to job description. They should be able to challenge any anomalies with their team leader or trade supervisors.</p> <p>Snr Tradesperson officers performance will be monitored through their One-to-one meetings with their Team Leader.</p> <p><b>By who?</b></p>	<p>This will be addressed during the trialling of new working practices in June (subject to government restrictions on essential work/travel).</p> <p>Incorporated within the trial.</p> <p>Started ongoing. and</p>



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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					R&M Team Leader  <b>When?</b> 31 <sup>st</sup> March 2020	June 2020
7	H	<p><b>Damaged Stock</b></p> <p>Testing concluded no documented process exists or is followed in regards to the recording and write off of damaged stock.</p> <p>No justification is provided and no secondary approval is required when writing off damaged stock.</p> <p>The Financial Regulations received also do not provide clarity around the limits when writing off damaged stock. The Stores and Operational Team Leader currently writes off stock therefore this could breach the £2500 limit when stock is written off without the involvement of a Director/Head of Service.</p>	<p>Employee left vulnerable to accusation as no documented record of stock write-offs is kept detailing justification and secondary approval.</p> <p>Non-compliance with Financial Regulations.</p>	<p>As highlighted in finding 1, a policy is implemented to include clear guidance around the process of removing damaged stock from stores system and correctly accounted for in the ledger. Records must be kept in case of challenge.</p> <p>Additionally the Financial Regulations are reviewed to clarify the write off limits in regards to damaged stock.</p>	<p><b>Management Response:</b></p> <p>In-house stores procedures need to be established in line with existing financial procedures that will include material right-off items and surplus stock.</p> <p><b>By who?</b> Stores TL</p> <p><b>When?</b> 30<sup>th</sup> November 2019</p> <p>Annual stocktakes are carried out on a rolling program.</p> <p>Two types of damaged stock: Manufacturers issues and damaged in transit</p>	<p>Consulting with Finance and Procurement around write off limits in line with Financial procedures or legal requirements</p> <p>Workflow of damaged stock and obsolete stock process mapped out.</p> <p>Rolling stock take carried out through financial year</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
					<p>or installation issues:</p> <p>Manufacturer's issues returned to stores who return to the supplier for replacement or refund.</p> <p>Damaged by operative; must be reported to supervisor, who will keep a record of person and item damaged. They will then have to sign a rec for the re-issuing of the damaged item</p> <p>Damaged items removed from garages will be recorded and shared with the store's manager.</p> <p><b>By who?</b> Stores TL &amp; R&amp;M Team Leader</p> <p><b>When?</b> 30<sup>th</sup> September 2019</p>	Process in place
8	H	<p><b>Surplus Stock</b></p> <p>Surplus stock was identified with an</p>	Working capital	A review of surplus stock is	<b>Management Response:</b>	

**REDDITCH BOROUGH COUNCIL**

Date: 27<sup>th</sup> July 2020

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>approximate value of £25k. It was noted a number of stock items displayed a last recorded movement date exceeding 10 years.</p> <p>In 2018 an additional £1500 in surplus stock was added to the total dead stock volume, implying that stock was either over ordered or the procurement process is not identifying stock that meets the relevant requirement. This is further supported by examples given during discussions with the stores department in regard to stock that was not used by operatives although specified originally by the operatives or supervisors.</p> <p>Additionally stock once written off is given to a department if they potentially have use for it, arguably negating the need for write off.</p>	<p>affected due to the amount of surplus stock.</p> <p>Procurement process not identifying suitable materials leading to best value not being achieved and wasted resource.</p> <p>Stock is not written off when a value to the authority has been identified thus leading to an impact in the account process.</p>	<p>carried out and a process established to either sell or organise the destruction of said stock.</p> <p>All new stock items are subject to trial prior to ordering larger quantities to ensure longer term suitability. Additionally stock levels are reviewed to see if too much stock is held of an item with a low movement record.</p> <p>Departments that may make use of the stock are consulted prior to the writing off of stock.</p> <p>The current stock process is reviewed to assess whether there is the potential to work on a 'just in time' basis for stock delivery.</p>	<p>See above statement; ref: surplus stock items.</p> <p>Annual stocktakes are carried out.</p> <p>Lists of un-used or out of date shelf life stock will be produced twice per year and a final report by the end of each financial year.</p> <p>Unless there is a quality issue; all items in stores must be used before items are ordered externally.</p> <p>Stock control will be added to Team Meetings with Supervisors to discuss stock items, quality issues and availability.</p> <p><b>By who?</b> Stores TL &amp; R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> October 2019</p>	<p>stocktake being carried out</p> <p>Process in place</p> <p>Discussions between R&amp;M supervisors and stores Team Leader are taking place regarding stock</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
9	H	<p><b>Identification of Van Stock Requirement</b></p> <p>Van stock is not identified for each trade, e.g. carpentry, plumbing etc.</p>	<p>There is the potential of resilience issues if each van has different stock and equipment, affecting ability to respond to emergency call outs.</p>	<p>Stock used frequently, that is of a low value and small size must be identified for each trade and a definitive list created.</p> <p>A process is implemented to allow additions of items required as imprest van stock or removal of imprest van stock if a stocked item is no longer required.</p>	<p><b>Management Response:</b></p> <p>Identify popular/ large items that are being used on a regular basis.</p> <p>Produce an agreed list of van stock items required by trade/individuals.</p> <p>Carry out an audit of all vehicle and identify what stock is being carried as VS. Remove surplus stock back into stores and or add additional items from an agreed list of VS items.</p> <p><b>By who?</b> Snr Trades, R&amp;M Team Leader &amp; PS Manager</p> <p><b>When?</b> 31<sup>st</sup> December 2019</p>	<p>A list of appropriate VS for each trade type is currently being identified by supervisors.</p> <p>A monitoring system will be agreed and carried out by supervisors and as soon as the VS list has been agreed.</p> <p>May 2020</p>
10	H	<p><b>Van Stock is not controlled/recorded</b></p> <p>A number of controls issues exist</p>	<p>Van stock is uncontrolled</p>	<p>Following the implementation of a defined stock list for</p>	<p><b>Management Response:</b></p> <p>A full review/audit of VS</p>	<p>As above. Any</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>within the current Van Stock process:</p> <p>Vans are not currently locations on the stock system, therefore stock cannot be booked to a van.</p> <p>Instead stock is booked in a multitude of ways. Initially stock can be booked to a new van via a requisition. However following this van stock is replaced either by a van stock template E-mail (which records the job number of the job the stock was used on to provide new stock, meaning new stock is coded to the previous job when it is replacing van stock) from the Administration team post completion of a job or via a requisition for consumables (i.e. paper roll, hand wipes, drill bits etc). Additionally stock can be ordered on a job ticket and placed into van stock (this would not be identified as van stock, so for example fittings may be coded to a job when they are in fact kept on the van).</p>	<p>allowing a potential for theft, loss or misuse without identification.</p> <p>Value of stock on vans unknown, which could have insurance implications and end of year account implications.</p> <p>Potential to over stock using the current system.</p> <p>Potential for accidental and fraudulent dual ordering of stock by using the multiple methods of obtaining an item of stock.</p>	<p>each trade, an imprest level is created for each item. Van stock locations are individually created on the stock system allowing the booking of stock to a vehicle. Use of consumable stock is recorded on the job ticket and is then subsequently replaced using the Van Stock Email process. Establish a protocol of random spot checks to ensure that trades are adhering to the imprest requirements.</p> <p>A process is implemented to perform random reconciliations of van stock back to the stock record.</p>	<p>will need to be carried out with Snr tradespersons, stores and management.</p> <p><b>By who?</b> Snr Trades</p> <p><b>When?</b> ¼ly to start with and longer term ½ yearly, starting in December 2019.</p> <p>Agree van stocks and a van stock monitoring form will have to be introduced to monitor VS being used on a daily basis. Supervisors will have to write a requisition to replenish VS at the end of each week.</p> <p><b>By who?</b> Acting Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> December 2019 onwards</p>	<p>additional items discovered will be removed and put back into stock.</p> <p>May 2020 – ongoing</p> <p>No change to planned work agreed. Once VS has been agreed and established, supervisors will monitor accordingly.</p> <p>May 2020</p>
11	M	<b>Hire of Equipment (Isolated finding)</b>		Immediate implementation of	<b>Management Response:</b>	

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
		<p>An issue was highlighted to the Auditor during the review regarding the hire of equipment.</p> <p>A post hole borer was hired via requisition for a week at a cost of £65.16 (excl. Vat), due to a lack of monitoring to ensure it was returned on the due date, the equipment was returned after 5 weeks and 2 days at a cost of £367.50 (excl. Vat), approximately 5.5 times the original cost.</p>	<p>Best value not achieved along with financial loss.</p> <p>Failure to identify appropriate requirement of hired equipment.</p>	<p>a hired tools tracker managed by the Supervisor or Team Leader to ensure hired equipment is returned on time to avoid excessive costs or explanations are provided to justify extensions.</p>	<p>Procurement routes and frameworks need to be identified to ensure value for money and compliance with financial processes.</p> <p>All hired items are to be authorised and monitored by the Snr Tradesperson's.</p> <p>Hire equipment will be discussed weekly during our weekly Operational Meetings.</p> <p><b>By who?</b> Snr Trades Housing Property Services Manager and R&amp;M Team Leader</p> <p><b>When?</b> 31<sup>st</sup> October 2019</p>	<p>New framework agreements have now been secured.</p> <p>Started and ongoing</p> <p>Started and ongoing</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response	Updated Position 7 <sup>th</sup> April 2020
12	M	<p><b>Cash Receipting System Narrative</b></p> <p>Income received and coded on two ledgers contains poor narrative resulting in difficulties in identifying the source.</p> <p>In three instances payments on two ledgers (R&amp;M Recharge and Other Receipts) could not be identified.</p>	<p>An incomplete or poor audit trail Resulting in a loss of accountability.</p> <p>Income miscoded, no/limited ability to identify and rectify.</p>	<p>Narrative input into the financial system clearly states the income source to allow useful analysis and to provide an audit trail.</p>	<p><b>Management Response:</b></p> <p>Regular monitoring to take place with Finance Officer until new Housing management system that will be linked to finance</p>	<p>Monthly detailed budget meeting are now held with all key staff and accountants.</p>

**5. Independence and Ethics:**

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

**Andy Bromage**  
Head of Internal Audit Shared Services

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## **AUDIT, GOVERNANCE AND STANDARDS COMMITTEE**

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### **Work Programme 2020-21**

#### **27<sup>th</sup> July 2020**

- Monitoring Officer's Report
- External Audit – Update Report
- PSAA 2020/21 Scale Fee
- Final Accounts Sign Off
- Internal Audit – Progress Report 2019/20 & 2020/21 (for the 27<sup>th</sup> July 2020)
- Internal Audit – Final Audit Plan 2020/21 (for the 27<sup>th</sup> July 2020)
- Internal Audit Annual Report incl. Audit Opinion 2019/20 (for the 27<sup>th</sup> July 2020)
- Independent Member Recruitment update
- Committee Work Programme

#### **Virtual Meetings 2020**

- Monitoring Officer's Report
- External Audit – Update Report
- Internal Audit – Progress Report
- Treasury, Capital, and Investments reports
- Treasury Report Update (6 monthly)
- Compliance Team Update (6 monthly)
- Corporate Governance and Risk Update
- Independent Member Recruitment
- Corporate Risk Register
- Committee Work Programme

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