



Audit, Governance & Standards Committee

Thu 28 Oct
2021
7.00 pm

Council Chamber
Redditch Town Hall

REDDITCH BOROUGH COUNCIL

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**If you have any queries on this Agenda please contact
Jo Gresham**

**Town Hall, Walter Stranz Square, Redditch, B98 8AH
Tel: (01527) 64252 (Ext. 3031)
e.mail: joanne.gresham@bromsgroveandredditch.gov.uk**

GUIDANCE ON FACE-TO-FACE MEETINGS

Due to the current Covid-19 pandemic Redditch Borough Council will be applying social distancing arrangements for holding face-to-face meetings.

Please note that this is a public meeting and is open to the public to attend

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

GUIDANCE FOR ELECTED MEMBERS ATTENDING MEETINGS IN PERSON

In advance of the Committee meeting, Members are strongly encouraged to consider taking a lateral flow test, which can be obtained from the NHS website. Should the test be positive for Covid-19 then the Member must not attend the Committee meeting, should provide their apologies to the Democratic Services team and should self-isolate in accordance with national rules.

Members and officers are strongly encouraged to wear face masks during the Audit, Governance and Standards Committee meeting, unless exempt. Face masks should only be removed temporarily if the Councillor or officer is speaking or if s/he requires a sip of water and should be reapplied as soon as possible. As Councillors may remove their masks from time to time during the meeting, seating will be placed two metres apart, in line with social distancing measures to protect meeting participants.

Hand sanitiser will be provided for Members to use throughout the meeting.

The meeting venue will be fully ventilated and Members and officers may need to consider wearing appropriate clothing in order to remain comfortable during proceedings.

PUBLIC SPEAKING

The usual process for public speaking at Committee meetings will continue to be followed subject to some adjustments which allow written statements to be read out on behalf of residents and the virtual participation of residents at meetings of the Audit, Governance and Standards Committee. Members of the public are encouraged to log in virtually, either to speak or observe meetings wherever possible.

Members of the public will be able to access the meeting if they wish to do so. However, due to social distancing requirements to ensure the safety of participants during the Covid-19 pandemic, there will be limited capacity and members of the public will be allowed access on a first come, first served basis. Members of the public in attendance are strongly encouraged to wear face masks, to use the hand sanitiser that will be provided and will be required to sit in a socially distanced manner at the meetings. It should be noted that members of the public who choose to attend in person do so at their own risk.

In line with Government guidelines, any member of the public who has received a positive result in a Covid-19 test on the day of a meeting must not attend in person and must self-isolate in accordance with the national rules.

Notes:

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.

Audit, Governance & Standards

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7.00 pm

Council Chamber Town Hall

Agenda

Membership:

Cllrs:

Jennifer Wheeler
(Chair)
Juliet Brunner (Vice-
Chair)
Salman Akbar
Tom Baker-Price
Luke Court

Aled Evans
Julian Grubb
Emma Marshall
Timothy Pearman

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 - 10)

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 26th October 2021. A maximum of 15 minutes will be allocated to public speaking.

5. Monitoring Officer's Report - Standards Regime (Pages 11 - 16)

6. Grant Thornton External Audit Progress Report and Sector Verbal Update

7. Internal Audit Progress Report (Pages 17 - 98)

8. HRA Update (Pages 99 - 136)

9. Treasury Report - Verbal Presentation Update

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- 10.** Corporate Risk Register - Verbal Update
- 11.** Review of the Role of Independent Member
- 12.** Risk Champion Update - Councillor Baker-Price
- 13.** Committee Work Programme (Pages 137 - 138)

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MINUTES

Present:

Councillor Jennifer Wheeler (Chair), and Councillors Salman Akbar, Tom Baker-Price, Luke Court, Aled Evans, Julian Grubb, Emma Marshall and Timothy Pearman

Officers:

Andy Bromage, Clare Flanagan and James Howse

Democratic Services Officers:

Joe Galkowski and Jo Gresham

1. APOLOGIES AND NAMED SUBSTITUTES

An apology for absence was received on behalf of Councillor Juliet Brunner.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The Chair invited the Executive Director of Resources to comment on the minutes of the last meeting. Members were informed that the 2019-2020 Audit was due to be completed in the days following the meeting. Questions were raised about whether the organisation would be able to complete the 2020-2021 audit in time. The Executive Director for Resource responded that there would be implications in terms of the timeline for completing the 2020-2021 audit, but assured Members that additional steps were being put in

Chair

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place to make sure the accounts were completed at a higher and more consistent standard, and therefore anticipated that it would be completed in the winter.

RESOLVED that

the minutes of the meeting of the Audit, Governance and Standards Committee held on the 15th April 2021 be approved as a true and accurate record and signed by the Chair.

4. PUBLIC SPEAKING

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

5. MONITORING OFFICER'S REPORT - STANDARDS REGIME

The Principal Solicitor presented the Monitoring Officer's report for the Committee's consideration and in doing so, highlighted the following:

- There had been no complaints about Members received since the last meeting of the Committee.
- Legislation permitting the use of remote meetings for Committee meetings concluded on the 6th May 2021,
- There had been elections at Redditch Borough Council in May 2021, and 8 new councillors had been elected and 1 experienced Member was returned.
- The Member Support Steering Group had met and discussed the induction programme for new Councillors.
- The Constitutional Review Working Party continued to meet regularly and any recommendations arising from meetings of this group were reported to Council for consideration.

Members questioned what plans there were for how Member training would be delivered in the future and whether it would be online or in person. The Principal Solicitor responded by saying this was still being considered and would be decided in the future.

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Several Members expressed their dissatisfaction on the audio quality of the previous Council meeting held at the Abbey Stadium. The Executive Director of Resource explained that the Corporate Management Team recognised these issues and were exploring other avenues for delivering a better experience for Full Council, however stressed the importance on keeping Officers and Councillors safe. Members were invited to make suggestions for suitable alternative venues to the Corporate Management Team.

RESOLVED that

the Monitoring Officer's report be noted.

6. DISPENSATIONS REPORT

Members received the dispensations report which provided an opportunity to consider and agree a number of a general dispensations for all Councillors as well as specific dispensations for individual Councillors where requested. Members were informed that dispensations would be valid until the meeting of the Audit, Governance and Standards Committee held after the next elections.

RESOLVED that

- 1) any new Individual Member Dispensations (IMDs) requested by Members up to the point of the meeting, and as advised by the Monitoring Officer at the meeting, be granted under section 33 (2) of the Localism Act 2011, to allow those Member(s) to participate in and vote at Council and Committee meetings in the individual circumstances detailed;**
- 2) the previously granted general dispensation in relation to allowing Members to address Council and Committees in circumstances where a member of the public may elect to speak be re-granted under section 33 (2) of the Localism Act 2011, to allow Members to participate in and vote at Council and Committee meetings when considering these matters;**

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- 3) subject to the caveat set out in paragraph 4.9 of this report in relation to setting the Council's Budget, the Audit, Governance and Standards Committee grants dispensations under Section 33 (2) of the Localism Act 2011 to allow all Members to participate in and vote at Council and Committee meetings when considering the setting of the Budget;
 - a) Council Tax;
 - b) Members' Allowances; and
 - c) Council Rents;
 - d) Non-Domestic Rates – Discretionary Rate Relief Policy and Guidance affecting properties within the Borough;
- 4) it be noted that all dispensations granted by the Committee take effect on receipt of a written request from Members for such a dispensation and where Members may have a Disclosable Pecuniary Interest in the matter under consideration, which would otherwise preclude such participation and voting; and it be noted that any new or re-granted dispensations will remain valid until the first meeting of the Audit, Governance and Standards Committee following the next Borough Council Elections in 2022.

7. RIPA REPORT 2021

The Principal Solicitor presented the annual update on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA). This gave Local Authorities the powers to conduct covert surveillance under certain circumstances. Under the revised Code of Practice for Covert Surveillance and Property Interference, 2018, at paragraph 4.47, Councils were advised that Members should review the RIPA policy, and the use of it, on an annual basis. The Committee were informed that since the changes to regulations on the use of RIPA in 2012, Redditch Borough Council

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had not exercised their powers at all.

Members expressed the view that there was an aversion by the Council to using RIPA powers, due to the bureaucratic processes that surrounded it and asked whether fly-tipping and dog fouling would meet the criteria to use the powers granted by RIPA. The Principal Solicitor responded by explaining that the process was not just bureaucratic but also resource intensive. The Committee was also informed that dog fouling would likely not meet the criteria under RIPA but fly tipping possibly could, however there were other ways of collecting evidence to prosecute without using RIPA.

The Committee discussed the potential repercussions of misusing the RIPA powers. The Principal Solicitor advised that it undermine the data gathered by the Council and could lead to reputational damage, if it was found that there was lax oversight by the organisation.

RESOLVED that;

- 1) The Council's RIPA Policy be endorsed; and**
- 2) the Update on RIPA activity be noted.**

8. GRANT THORNTON – CERTIFICATION WORK 2019 - 2020

The Committee received a report from the Head of Finance and Customer Services about the certification of the Council's Housing Benefit subsidy claim to the Department of Work and Pensions (DWP), by Grant Thornton LLP. Likewise, the Committee received the associated letter from Grant Thornton to the Executive Director for Resources, which concluded that the workbook completion undertaken by officers at Redditch Borough Council was to a good quality and which endorsed the testing conclusions reached. It was also highlighted that there were a number of issues identified, and that additional testing needed to occur.

Members asked about the national error rate percentage and what level was considered acceptable. The Committee was informed that the DWP did not publish national averages but preferred for

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Councils to benchmark themselves and identify locally areas with lower error rates. It was anticipated that, based on the demographic of Redditch, Redditch Borough Council would have a slightly above average error rate compared to other Local Authorities of the same level.

The Committee inquired about the feedback system that was in place between Grant Thornton and Redditch Borough Council to improve services. Members heard how there was confidence in the robust feedback system and that the initial assessment was completed by Officers at Redditch Borough Council, when it came from the housing benefit system. The DWP provided standardised workbooks with detailed guidance on what should be included. All local authorities undertook internal reviews, which provided data to external auditors in terms of policy and procedures. If something was flagged up by assessors at Redditch Borough Council, then this was shared with Grant Thornton. It was commented that a number of points raised related to data entry errors, which training would struggle to rectify.

Members asked how the test cases were selected and whether the same test cases were considered by internal and external auditors. The Committee was informed that cases were randomly selected using special software from a list provided to the DWP. The workbooks were completed and then passed onto the auditors to review.

The Committee questioned how errors were identified. Members were informed that officers made notes based off conversations with claimants as well as looking at wage slips and independent information provided by third parties. Officers then in turn populated software to figure out how much a person's benefits needed to be. External auditors considered the same information.

Officers were asked by Members whether it was possible to use newer software and artificial intelligence to help reduce errors. Members were informed that this was being looked at, but there were some barriers due to what was available on the market and the scale in which it would need to be rolled out.

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RESOLVED that:

the Grant Thornton Certification letter 2019/2020 be noted.

**9. INTERNAL AUDIT ANNUAL REPORT INCLUDING AUDIT
OPINION 2020-2021**

The Committee received a report from the Head of Worcestershire Internal Audit Shared Service regarding the Internal Audit Annual Report including an Audit Opinion for 2020-2021. The report included five appendices; these were:

- Appendix 1, which highlighted that in 2020/2021 there were 232 productive audit days used to deliver the revised plan.
- Appendix 2, which provided a breakdown of the audits completed including the overall assurance as well as confirmation of follow up audits undertaken during the year.
- Appendix 3, which summarised the 2020/2021 audit opinion and commentary.
- Appendix 4, which provided a copy of the Internal Audit Charter for the Worcestershire Internal Audit Shared Service.
- Appendix 5, which was a copy of the quality assurance improvement programme.

Members requested the risk register to be included in future reports. The Head of Worcestershire Internal Audit Shared Service explained that the risk register was considered by the Audit, Governance and Standards Committee on a six-monthly basis. It was acknowledged that the Corporate Management Team needed to embed risk registry into the organisation further. However, he provided assurances that the system used at Redditch Borough Council for risk management was very good.

Reference was made to a decline in service productivity in terms of the volume of internal audits that were completed, and Members questioned what could be done about this. Officers explained that service productivity had fallen due to the secondment of staff from

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the internal audit service to other departments in response to the COVID-19 pandemic, and therefore it was likely to increase again.

The Committee discussed the assurance levels reported for the internal audits that had been completed and the extent to which those classified as “significant” were less favourable than those considered to be “moderate”. Members were assured that anything classified as “moderate” and above was acceptable and showed a sound internal control mechanism and process was in place. Likewise, it was added that it would create concern if all assurance came back as full. The Executive Director for Resources advised that the Corporate Management Team were satisfied that the correct controls were in place.

RESOLVED that

the report be noted.

10. INTERNAL AUDIT PLAN 2021-2022

The Committee received the Internal Audit Plan for 2021/2022 from the Head of Worcestershire Internal Audit Shared Service. The Internal Audit Plan was a risk-based plan which considered the adequacy of the Council's risk management, performance management and other assurance processes as well as organisational objectives and priorities. This was based upon the risk priorities per the corporate and service risk registers.

Members questioned how the audits on the 2021/2022 Internal Audit Plan would be prioritised and whether additional resources would be needed. The Head of Worcestershire Internal Audit Shared Services explained that further conversations would take place regarding resource and prioritisation but overall, the plan needed to remain flexible due to the possibility of other commitments arising during the year. It was possible that the Council would need to revise the audit plan, which would then in turn be reflected in the required resource.

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The Committee also requested further information about the main priorities. Members were informed that the Internal Audit Plan was developed roughly six months in advance to the start of the financial year when risks started to emerge. When the plan was drawn up, the Head of Internal Audit Shared Service would make a judgement on what risks should be addressed and what budget needed to be allocated. This could change and therefore needed to be flexible.

RESOLVED that

- 1) the Committee approve the Audit Plan subject to any comments / proposed changes; and
- 2) the Committee approve the Key Performance Indicators.

11. CORPORATE GOVERNANCE AND RISK UPDATE

The Head of Finance and Customer Services presented a verbal update to the Committee regarding Corporate Governance and Risk. Members were informed that a new post had been created with a focus on risk. Likewise, the Committee were informed that the risk register had been overhauled. Members were advised that a more detailed update on this subject would be provided at the following meeting of the Committee.

12. APPOINTMENT OF RISK CHAMPION

Councillor Tom Baker-Price was nominated to the position of Risk Champion for the 2021/22 municipal year.

RESOLVED that

Councillor Tom Baker-Price be appointed as the Council's Risk Champion in the 2021/22 municipal year.

13. COMMITTEE WORK PROGRAMME

Members considered the Audit, Governance and Standards Committee's Work Programme for the 2021/22 municipal year. During consideration of this item, reference was made to the

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potential need for an additional meeting of the Committee to take place in autumn 2021, subject to the number of reports that would need to be considered during this period.

The Meeting commenced at 7.00 pm
and closed at 9.01 pm

REDDITCH BOROUGH COUNCIL**Audit, Governance &
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Relevant Portfolio Holder	Councillor David Thain – Portfolio Holder for Finance and Enabling (including Governance)
Portfolio Holder Consulted	Yes
Relevant Head of Service	Yes
Report Author Claire Felton	Job Title: Head of Legal, Democratic and Property Services Contact email: c.felton@bromsgroveandredditch.gov.uk
Wards Affected	N/A
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	An Effective and Sustainable Council
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee is asked to RESOLVE that:-

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

2. BACKGROUND

- 2.1 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 update provided at the meeting of the Committee in July 2021.
- 2.2 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.

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-
- 2.3 Any further updates arising after publication of this report, including any relevant standards issues raised by Parish Councils , will be reported on orally by Officers at the meeting.

3. FINANCIAL IMPLICATIONS

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

4. LEGAL IMPLICATIONS

- 4.1 Chapter 7 of Part 1 of the Localism Act 2011 ('the Act') places a requirement on authorities to promote and maintain high standards of conduct by Members and co-opted (with voting rights) Members of an authority. The Act also requires the authority to have in place arrangements under which allegations that either a district or parish councillor has breached his or her Code of Conduct can be investigated, together with arrangements under which decisions on such allegations can be made.

5. STRATEGIC PURPOSES - IMPLICATIONS**Relevant Strategic Purpose**

- 5.1 It is important to ensure that the Council manages standards regime matters in an appropriate manner. The issues detailed in this report help to ensure that there is an effective and sustainable Council.

Climate Change Implications

- 5.2 There are no specific climate change implications

6. OTHER IMPLICATIONS**Equalities and Diversity Implications**

- 6.1 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.

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Operational Implications**6.2 Member Complaints**

Since the last meeting of the Committee, there have been no new Member complaints received and there are non-ongoing.

The New Normal

- 6.3 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 enabled Councils to hold virtual meetings in 2020 and early 2021. The regulations in respect of remote meetings only applied until 6th May 2021. As a result, from 7th May 2021 elected Members have needed to attend formal Committee meetings in person. These rules do not apply to informal meetings, such as Scrutiny Task Groups or Member training and consequently a lot of informal and private meetings continue to take place remotely.
- 6.4 There were very specific requirements detailed by the Government for meetings held indoors during the national lockdown. Since 19th July 2021, when the last national lockdown ended, the Council has reviewed arrangements for Committee meetings that are being held in person. The Council has adopted a risk assessed based approach, informed by health and safety considerations, which has been determined by the Corporate Management Team following consultation with Group Leaders. The arrangements are being reviewed on a monthly basis.
- 6.5 The Council continues to strongly encourage social distancing at committee meetings, and this informs arrangements when organising meetings. Therefore, meetings held in-person are being organised so that attendees sit at least one metre apart and are strongly encouraged to wear face coverings throughout the meeting unless they are exempt. Where possible, Members and Officers are sat 2 metres apart to

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enable Members to safely remove their face coverings when talking at meetings.

- 6.6 An in-depth all Planning Member training session took place online on 8th September 2021. The session was concerned with 'Decision Making and Material Planning Considerations' and was facilitated by the Development Management Manager and members of the Legal department.
- 6.7 Prior to the meeting of the Crime and Disorder Scrutiny Panel on 22nd September 2021, the members of the Panel took part in a training session in order to help scrutinise the work of the North Worcestershire Community Safety Partnership.
- 6.7 The Member Support Steering Group met on 5th October 2021. During this meeting, Members discussed training opportunities, considered an initial draft of the Member Induction programme for 2022 and discussed feedback received from new Members about the induction process in 2021. Further meetings of the group are due to take place later in the municipal year.
- 6.8 The Constitutional Review Working Party continues to meet regularly. Any recommendations arising from meetings of this group will be reported to Council for Members' consideration.

7. RISK MANAGEMENT

- 7.1 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.

8. APPENDICES and BACKGROUND PAPERS

No appendices.

Chapter 7 of the Localism Act 2011.

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Department	Name and Job Title	Date
Portfolio Holder	Councillor David Thain – Portfolio Holder for Governance	19/10/2021
Lead Director / Head of Service	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	19/10/2021
Financial Services	N/A	
Legal Services	Claire Felton - Head of Legal, Equalities and Democratic Services and Monitoring Officer	19/10/2021
Policy Team (if equalities implications apply)	N/A	
Climate Change Officer (if climate change implications apply)	N/A	

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, Head of Finance 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 2021/22.

2. RECOMMENDATION

2.1 The Committee is asked to note the report.

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 an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

This section of the report provides commentary on Internal Audit’s performance for the period 01st April 2021 to 30th September 2021 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

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Summary Dashboard 2021/22:

Total reviews planned for 2021/22	15 (minimum originally)
Reviews finalised to date for 2021/22:	1
Assurance of 'moderate' or below:	1
Reviews awaiting final sign off:	3
Reviews ongoing:	9
Reviews to commence (Q3 & Q4):	8
Number of 'High' Priority recommendations reported:	0
Satisfied 'High' priority recommendations to date:	0
Productivity:	57%
Overall plan delivery to date:	30% (against target >90%)

Since the last progress report presented to the Committee, 1 report has been finalised and is reported in Appendix 3.

Follow Up reports that have been finalised since the last progress report presented before Committee are reported in Appendix 4.

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

RESIDUAL 2020/21 AUDITS

Reports that have been completed since the last progress report and reported for information include:

- Use of Agency and Consultant
- Council Tax
- National Non-Domestic Rates
- Benefits
- Health and Safety
- Creditors
- Main Ledger
- Payroll
- St David's House

The outcomes of the above reviews are reported at Appendix 3.

2021/22 AUDITS TAKING PLACE AS AT 30th SEPTEMBER 2021

Due to the implementation of the new financial system and an extended delay to provide audit with a 'read only' access profile the rolling testing programme that should have been continuing during quarters 1 and 2 for Debtors and Creditors has not taken place. The access was established at the end of September but the result will be a smaller sample overall and a reliance on the review testing due to take place in Q3 and Q4 to provide a formal assurance. Payroll has been completed.

The review that has been finalised and reported at Appendix 3 is:

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- Projects

The reviews at draft report stage are:

- Worcester Regulatory Services
- GDPR
- Strategic Acquisitions

Reviews that had commenced and at planning or testing stages included:

- Treasury Management
- Procurement
- Budget Monitoring
- Grants
- Benefits
- NNDR
- Council Tax
- Gas Inspections
- Asbestos Regulation Compliance

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

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 regarding 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. To assist the service area to move forwards 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.

Internal Audit are continuing to consider new processes emerging from the changing working arrangements that have been necessary to continue to provide the Redditch residents with services because of the pandemic. Plan flexibility is continuing to be required to include and provide assurance on potential areas of change.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied. There are no material exceptions to report currently.

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3.4 AUDIT DAYS

Appendix 1 shows the progress made towards delivering the 2021/22 Internal Audit Plan and achieving the targets set for the year. As at 30st September 2021 a total of 117 days had been delivered against an overall target of 385 days for 2021/22.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were approved by the Committee on the 29th July 2021 for 2021/22.

Appendix 3 provides copies of the reports that have been completed and final reports issued since the previous progress report presented to Committee.

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

Appendix 5 provides an overview of the Quality Assurance Improvement Plan.

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 coordination of uploads.
- Investigations

National Fraud Initiative

- 3.6 NFI data set upload result checks from the most recent data sets have continued. WIASS will continue to provide advice and assistance regarding the process. The next data set upload is December 2021.

Monitoring

- 3.7 To ensure the delivery of the 2021/22 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of

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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 to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems which have been deemed to be 'high' and 'medium' risk. Any changes to the plan will be discussed with the s151 Officer and reported to Committee.

Quality Assurance Improvement Plan

- 3.8 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. A self-assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. Action to date is reported for information at Appendix 5.

Customer / Equalities and Diversity Implications

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

Assurance and Independence

- 3.10 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards (as amended). WIASS 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.
- 3.11 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.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2021/22
Appendix 2 ~ Performance indicators 2021/22
Appendix 3 ~ Finalised audit reports including definitions.2021/22 & 2020/21
Appendix 4 ~ 'Follow-up' reports
Appendix 5 ~ Quality Assurance Improvement Plan

Date: 28th October 2021

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6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

7. KEY

N/a

AUTHOR OF REPORT

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

Date: 28th October 2021

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APPENDIX 1

Delivery against Internal Audit Plan for 2021/22
1st April 2021 to 30th September 2021

Audit Area	Original 2021/22 Plan Days	Forecasted days to the 31st December 2021	Actual Days used to 30th September 2021
Core Financial Systems (see note 1)	112	112	33
Corporate Audits	76	61	47
Other Systems Audits (see note 2)	143	43	18
SUB TOTAL	331	216	98
Audit Management Meetings	20	15	11
Corporate Meetings / Reading	9	6	4
Annual Plans, Reports and Audit Committee Support	25	18	4
Other chargeable (see note 3)			
SUB TOTAL	54	39	19
TOTAL	385	255	117

Audit days used are rounded to the nearest whole.

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 has also been introduced for Debtors and Creditors to maximise coverage and sample size, but internal audit has been unable to deliver this during 2021/22 due to restricted system access. Access was provided during September 2021. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

Date: 28th October 2021

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Appendix 2

PERFORMANCE INDICATORS 2021/22

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2021/22. 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	2021/22 Position (as at 30st September 2021)		Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = 15 (Minimum originally) Delivered = 1 and 3 @ Draft		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	30%		When Audit Committee convene
3	Service productivity	Positive direction year on year	Q2 Average 57% (2020/21 average 62%)		When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to date (2020/21 = 4)		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	1 (2020/21 = 6)		When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (Nil)	Nil to report (2020/21 = 0)		When Audit Committee convene
Customer Satisfaction					
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	1 issued to date Rec'd 1x Excellent 2020/21 1x Excellent		When Audit Committee convene

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

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APPENDIX 3

Appendices A & B are indicated below and are applied to all reports. To save duplication these have been produced once and listed below for information but can also be applied to Appendix 4.

Appendix A

Definition of Audit Opinion Levels of Assurance

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

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Appendix B
Definition of Priority of Recommendations

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

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2021/22 Audit Reports.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Projects 2021-22

Date 9th September 2021

Distribution:

- To: Head of Business Transformation, Organisational Development and Digital Strategy
Business Improvement Manager
- CC: Executive Director of Resources and Section 151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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APPENDIX A	Error! Bookmark not defined.

1. Introduction

- 1.1 The audit of the projects process was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2021/22 which is currently in draft and waiting approval by the Governance and Standards Committee on 29th July 2021 and for Bromsgrove District Council which is currently in draft and waiting approval by the Audit, Standards and Governance Committee on 22nd July 2021. The audit was a risk-based systems audit of the projects as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This area of review is fundamental to Strategic Purpose delivery as it supports the achievement of the underlying priorities.
- 1.3 There are no Service risks relevant to this review The Corporate risk relating to this review was:
- COR10 - Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
- 1.4 There is an Inherent risk of fraud via the procurement that is required to deliver large scale projects if controls are not in place and working.
- 1.5 This review was undertaken during the months of May and June 2021.

2 Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the authorities have identified required outcomes of the Projects process both corporately and on an individual project basis, what success looks like, risks to the Councils and have used this to make an informed decision on the procedures required to achieve this.
- 2.2. **The scope covered:**
- The expected outcomes for developing a corporate project register are understood and documented

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- Agreements are in place to confirm where corporate responsibility should sit regarding project management oversight and the ability to intervene if project timelines or spend are identified as not meeting documented targets/budgets.
 - Metrics are defined to monitor the effect of the corporate oversight, identify successes and failure in the delivery and monitoring of projects.
 - A developed project management framework exists, and the framework is communicated to and training provided on its use to service areas/project managers. Project Managers feel that they have the right skills/support/training and feel comfortable in their ability to lead and deliver the project.
 - Project management framework templates and guidance are followed.
 - Information generated via said framework provides Senior Management and subsequently Members with useful, accurate and timely information and is appropriate to the audience.
- 2.3. This reviewed covered the period from the date of the revised methodology 18th December 2019 to the current position as at 25th June 2021.
- 2.4. This review did not provide an opinion on whether the business case and subsequent project was the best course of action for the Authorities to realise financial, social or efficiency benefits.

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 while we acknowledge that measures are going to be put in place to address this, currently there is no corporate oversight and monitoring of the projects and it is unknown how many projects are happening at any given time. While there is no corporate oversight projects are still being delivered within the various service areas. There is a framework in place for the more complex projects, but it is unclear the methodology being followed for other projects. While there is a project framework in place which acts as a control, there are areas which can be strengthened. As the corporate oversight and monitoring is not yet in place, assurance can only be given over the effectiveness of controls within some areas of the system. To aid Management to strengthen controls within these areas actions have been included in the table in **section 4**.
- 3.3 The review found the following areas of the system were working well:
- The Project Management Framework (Framework) provides the Council with a consistent, structured approach to the planning, implementation, management and delivery of projects
 - Detail within the Programme Board Highlight Report and use of RAG rating (Housing Project) highlighting the risks and achievement against the milestones.
 - Using the Issues and lessons learnt log during the project.
 - Continuing to manage projects with the disruption caused by the Covid-19 pandemic

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3.4 Current Position

The Senior Management Team have agreed to support a better corporate oversight and monitoring of projects after this gap in the process had been identified by the Head of Business Transformation.

To help facilitate this the Business Improvement Manager is in the process of collating details of the current projects to enter on to draft corporate projects register.

It is currently not clear which of these are actual projects and therefore must follow the 'Project Management Framework' (The framework is for in house project management) as testing has identified that some projects, are being deemed by project leads as service improvements, are not following the framework. Therefore, it is not clear how many 'projects' are currently in progress.

This poses a risk in relation to budgets, places a pressure on resourcing in key areas such as finance, legal, IT, procurement if there is no co-ordination on the number, timing of the projects and a potential risk if the project constraints/risks are not being monitored and managed corporately.

In addition to this 'lessons learnt' are not currently being reviewed and shared corporately meaning that improvements are not being used to make improvements to the process, identify training requirements and share learning.

4. Detailed Areas of Project Management where controls could be strengthened

The issues identified during the review have been set out in the table below along with the related risks, recommendation/challenge and Management Consideration and Action Points.

Ref.	Areas where controls could be strengthened	Risk	Recommendation/challenge	Management Considerations & Action Points
Corporate oversight and general understanding of the term 'project'				
1	<p>Corporate understanding of the term 'Project'</p> <p>To understand corporately how a project is to be defined council wide.</p> <p>This may be a loose statement based on criteria such as type, size, value, complexity.</p>	<p>Projects cannot be defined and identified and subsequently not recorded on an accurate and up to date project register. Leading to project overspends, extended duration/missing of milestones, penalties for missing legislative timelines. Poor transparency if project management</p>	<p>A simple flowchart/decision tree could be used to help officers identify what projects must follow the Project Management Framework and what projects such as service improvements fall outside the definition. This could also include where to go for advice if this is not easily determined.</p> <p>This could also help to determine which initiatives need to be included on the projects register and which may be overseen by Management within the individual Service area carrying out the initiative.</p>	<p>The Project Management Framework will be amended to include a flowchart/decision tree to determine which projects require the use of the framework. Project criteria will be determined for inclusion in the framework.</p> <p>The flowchart/decision tree will also detail what categories, definitions, and exceptions will be monitored by the Corporate Management Team and which are service specific.</p>

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		information do not reach relevant Senior Management and Members.		Responsible Officer: Business Improvement Manager By: December 2021
2	<p>Allocation of responsibility for Management oversight, monitoring and intervention to strengthen governance with an additional layer of control.</p> <p>There is currently no defined and understood corporate responsibilities in place for project management oversight and the ability to intervene if project timelines, risk or spend are identified as not meeting documented targets/budgets.</p>		<p>Define and agree clear lines of accountability for corporate oversight within the authority in relation to oversight, monitoring and intervention</p> <p>Once there is allocated corporate responsibility for oversight and reporting with defined timescales. Decide types and level of intervention that could be required and develop processes to apply these in a uniformed and transparent way.</p> <p>Consider, identify and document the realistic number of projects that can be corporately monitored and define how the success of corporate oversight can be tracked, e.g., achievement of project following corporate intervention.</p>	<p>The Project Management Framework will be amended to include clear allocation of responsibility, accountability, and reporting lines.</p> <p>The Business Improvement Manager working with CMT will identify projects to be corporately monitored, this will include how success will be tracked and the use of reporting templates to achieve this.</p> <p>Responsible Officer: Business Improvement Manager By: November 2021</p>
3	<p>Recording, monitoring and reporting of Projects</p> <p>There is no system for the tracking of projects.</p> <p>Implementation of a fit for purpose system used corporately would enable the Council to track projects and their progress and can produce corporate reports that identify success and failures within individual projects, meaningful metrics on overall project achievement (percentage completed, time to deliver, trigger points, risks, flags etc.)</p>		<p>Investigate to see if any of the systems currently operated by the council would be capable of operating a live system to be able to report at any time the progress of the project against the programme milestones, risks, budget. Using RAG ratings for ease of reporting and to use as a trigger / early warning system for reporting of any concerns or emerging risks.</p>	<p>Existing corporate systems will be explored to understand if they are suitable to be used to track project progress. For example, the 4Risk system.</p> <p>If existing systems are unsuitable consideration will be given to procuring an external system. This action will be dependent on the financial position at the time.</p> <p>Responsible Officer: Business Improvement Manager By: March 2022</p>

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4	<p>Project Risks</p> <p>Testing identified:</p> <ul style="list-style-type: none"> The issue register does not show the date of the update. All actions remain open Risk Register. All risks recorded on this register are still shown as active from 2018 to date There is no evidence as to learning from entries on the lessons learnt register. <p>The issue logs, lessons learnt log and risk logs are being completed and have highlighted areas of concern with regards to the Housing Project such as.</p> <ul style="list-style-type: none"> Procurement Lack of policies held by the service, Delivery of the project and timescales during the pandemic Resources stretched/left Service review during the project which impacted on staff availability and staff moving from fixed term contracts to permanent roles within the authority. Project Lead Reporting on behalf of all areas. Senior Users and the Project Board accountable for reviewing risks throughout the project. <p>Issues recorded on these logs are being discussed with Senior Users who are part of the project's functions. Solutions are offered. However, the main issue is around resourcing.</p>		<p>Corporate monitoring of the processes and subsequent risks is performed to identify if elements remain unresolved and intervention is required to close, mitigate risk or move forward with the project. For example, ensuring individual items on issues logs are acted upon. In addition, a review of project documents may identify risks not identified by the service area.</p> <p>Where there is a technical issue, this may be more appropriate for key stakeholders to report individually to the board so there is no misunderstanding of the issue.</p> <p>Currently as detailed in appendix A Project Functions within the PID. it appears the project Manager is responsible for reporting risks and issues, but should there also be accountability for reviewing risk by the Senior User and Project Board throughout the project?</p>	<p>The inclusion of technical specialists at Project Board meetings or at CMT meetings along with the Project Manager will be implemented.</p> <p>Responsible Officer: Head of Transformation, OD & Digital Services By: December 2021</p> <p>The review of the Project Management Framework will outline the Senior User and Project Board responsibilities in relation to risks and issues and the actions needed to mitigate them.</p> <p>Responsible Officer: Business Improvement Manager By: December 2021</p>
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5	<p>Service Improvement Projects (projects excluded from the Prince 2 methodology)</p> <p>Testing identified:</p> <p>Projects listed on the draft corporate project register were found to have not followed the methodology as they were deemed as service improvements by the project leads.</p>		<p>Decided as to what type of projects should have corporate oversight and monitoring and there is a clear process to follow for any projects that fall outside the project's framework. Explore Microsoft projects application to see if this could be used for projects that fall outside the prince 2 framework.</p> <p>Currently all projects are being managed in house. It would be advisable to consider what oversight the authority would have on projects led by 3rd parties and how the risk would be managed.</p>	<p>Options for the approach to projects identified as being outside of the project framework will be included in the review of this document. Suitable option will be agreed with the CMT. It is anticipated that reporting to CMT will be by exception via the service manager or project lead.</p> <p>Options to ensure feedback is received about the progress of externally managed partner projects will be included in the Project Management Framework after further discussion with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2021</p>
Training and Methodology				
6	<p>Training</p> <p>Testing identified:</p> <p>Officers working on projects outside of the methodology felt comfortable leading the projects due to their technical knowledge and expertise of working within that service. These officers were not aware of the methodology.</p> <p>There are currently 14 staff across RBC and BDC that are recorded as have Prince2 Foundation on the central training record and 6 staff that have completed the Introduction to Project Management training</p>	<p>Lack of trained staff results in projects stalling leading to overspends, delays and reputational damage if the authority is challenged on process.</p> <p>Lack of a robust audit trail could lead to the Authority not being able to respond to challenges and safeguard officers reputation should a decision be challenged at a later date.</p>	<p>There is corporate oversight to ensure that there is sufficient staff that have the skills needed to lead on complex projects. Consider skills needed for projects outside of the framework to ensure Officers are competent to deliver the project/service improvement in line with corporate policy. In service areas where there are no staff trained on Prince 2 ensure there is policy and procedures in place and technical officers have capacity to take time away from their day job to work on the project when considering resources needed for the project.</p> <p>Use the information within the lesson learnt and feedback from the project lead to look for ways to improve the process and ensure officers</p>	<p>Heads of Service will arrange for some of their teams to undertake project management training in order to improve and increase the project management skills within the organisation.</p> <p>Responsible officer: CMT and Business Improvement Manager</p> <p>By: March 2022</p> <p>Following the amendments to the Project Management Framework, the Business Improvement Team will provide and</p>

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			<p>working on projects are kept up to date with any learning and changes to the process.</p>	<p>facilitate training sessions to service managers. This will include the importance and use of all elements of the framework including: issue logs, lessons learnt and risk logs and the actions required for success.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: February 2022</p>
7	<p>Methodology, Record Keeping and Resourcing</p> <p>Testing identified;</p> <ul style="list-style-type: none"> A Business Case 'Improvement to HRA through Rent Management System' which was approved dated July 2020 on the document but still shown as draft. To prevent any confusion, documents which are approved should be complete and changed to Final. Approval for the business case was not held within the audit trail by the project lead. To safeguard the project lead it would be advisable to hold a copy of approval (where they are not recorded within minutes) for the various stages of the project in a retrievable form such as an email. This is to prevent any misunderstand or future challenges over decisions made. Within the Project Board Project Initiation Document (PID) there were names against suppliers missing. For resilience documents should be fully completed or an audit trail if information provided at a later stage so that information can be retrieved within a timely manner should the project lead not be available. 		<p>Resilience is needed within project team should officers resign or transfer to other positions within the council, or not be available for work due to other commitments/illness. This is especially important for complex projects where individual knowledge is gained on project elements that may not be easily or quickly transferred.</p> <p>A process to evidence approval of the Business Case and Project Board Project Initiation Document (PID and decision making).</p> <p>Maintaining an accurate audit trail held centrally and available to the corporate team will help to understand the decisions that have been made up to that point and the progress to date. Consideration could be given to a deputy</p>	<p>The option to nominate a deputy project manager will be included in the review of the Project Management Framework. Particularly for high value, complex projects. This will be dependent on budget and resource constraints.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2022</p> <p>The need to evidence Business case and PID approval will be actioned with amendments to the Project Management Framework, as well as covered in the training sessions.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2021</p> <p>See point 3 regarding the use of a technical system to store project data.</p> <p>Responsible Officer: Business Improvement Manager</p>

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	<ul style="list-style-type: none">Within the framework there is a Data Protection Impact Assessment (DPIA) process to evidence compliance with the requirements of the General Data Protection Regulations 2018. The testing established that Data Protection assessment document was still in draft. The framework suggests this needs to be completed if you are starting a project especially when they will be new systems.		<p>project manager for complex and long projects to improve resilience and avoid a potential single point of failure.</p> <p>The audit trail must contain evidence of approvals/decision making in the event of a challenge and to safeguard the officer.</p> <p>.</p>	<p>By: March 2022</p>
8	<p>Transparency</p> <p>Reference within the methodology for committee reporting on projects was not identified.</p>		<p>Clear process in place to define what project information is reported to members routinely and additionally an escalation process for when project information needs to be reported to members due to its nature to ensure transparency.</p>	<p>This process will be defined in the review of the Project Management Framework in consultation with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2022</p>

5. The way forward

- Decide on what projects follow the Prince 2 Framework and who will decide this.
- How projects will be prioritised.
- A realistic number of projects to deliver and monitor at any one time.
- There is the resourcing and the knowledge within Redditch and Bromsgrove Councils to oversee and monitor projects.
- There are the skills and resources within the authority to provide the technical expertise needed for longer and complex projects and when multiple projects are running at the same time.
- Allocated corporate responsibility for oversight and reporting with defined responsibilities.
- A system that captures projects, is live and up to date, can be used to monitor the milestones, identifies emerging risks and can be used to report to the various audience.
- Agree triggers that require escalation from corporate monitoring i.e., Overspend budget, missed timescales.
- What intervention will there be from senior management.
- Risks, overspends on budgets, programme milestones not met are reported and transparent.
- Link to the Risk Management Strategy and risk registers (4risk system)
- Audit trails including approvals and decisions held centrally.
- Post evaluation of the project to apply lessons learnt.

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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 with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2020/21 Residual Audit Reports

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Council Tax 2020-21

Date: 31st March 2021

Distribution:

To: Financial Support Services Manager
Head of Finance and Customer Service

Cc: Chief Executive
Executive Director S151

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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1. Introduction

- 1.1. The audit of the Council Tax was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the Council Tax as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. Link to Corporate Priorities and Objectives:
BDC Ensure People get the benefits they need - Work and Financial Independence BDC Plan 2019-2023
BDC Financial Stability - BDC Plan Prioritise 2019 - 2023
RBC Plan 2020-2024 Priorities Financial Stability, High Quality Services
RBC Work and Financial Independence - Ensure People get the benefits they need Plan 2020-2024
- 1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
 - COR11: Managing the impact of national changes- financial/social economic or environmental which may have a detrimental impact on service delivery or quality (e.g. Brexit/Universal Credit)
 - COR13: IT systems and infrastructure has a major failure.

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

 - REV 3 Failure of support/availability of key systems finance and resources replies upon
 - REV 4 Failure to effectively manage change.
 - REV 7 Performance Information data is not robust
 - REV 11 Reduced collection rates
 - REV 12 Failure to meet audit requirements

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1.4. This review was undertaken during the month of November 2020.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance that the new collection methods for collecting Council Tax income for the two authorities up to the issue of the summons and the risk to the Authorities with regards to Council Tax debt recovery due to the impact of the Coronavirus has been fully considered.

2.2. The scope covered:

- The methods of collection are working / fit for purpose the methods of collection are working / fit for purpose.
- The impact of Covid-19 on the recovery process and the strategy and plan in place to deal with the net impact on debt for the suspended period.
- The recovery process post lock down.
- A review of the updated position in relation to the 2019/20 audit recommendations

2.3. This review covered the period from 1st April 2020 to the 27th November 2020.

2.4. This review did not cover

- Registration processes and the identification of new dwellings
- User Profiling
- The processing of payments and refunds.
- 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.

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.

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- 3.3. It has been noted that the dashboard collection measures are subject to a revision and requests have been made by the service for the measures and supporting measures to be updated to enable this information to be logged.
- 3.4. The service is aware of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 due to come into force in May 2021.
- 3.5. The corporate and service risk register contains identified risks for the Revenues Service. The monitoring of these risks is carried out on a monthly basis within the service performance report and annually against the 4risk system. However, the footprint within the system does not identify when the risk was last reviewed.
- 3.6. The review found the following areas of the system were working well:
- A new online portal which customers can apply to set up a payment arrangement which, if successful, has the potential to reduce the number of phone calls into the service.
- 3.7. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Previous Audit 2019/20 Follow Up		
Recovery of Prior Debt (Follow Up)	Medium	1
New Matters Arising 2020/21		
Strategic Recovery plans	High	2
Process and procedures	Medium	3

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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Issues brought forward from previous 2019/20 audit					
1	M	<p>Recovery of prior debt (Follow Up)</p> <p>The action to address this finding within the 2019/20 audit is still outstanding due to other priorities during the pandemic.</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>Implementation Date: 30 September 2020</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 hardship.</p>	<p>To incorporate into the service business, plan a clear policy 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>Responsible Manager:</p> <p>The review of resources and revision to both the recovery policy and debt collection strategies was delayed as the Revenue Services Team were tasked with the delivery of the Government's Covid-19 business support programme.</p> <p>There was insufficient capacity to both deliver the essential business support and to complete the review.</p> <p>Resource requirements for the service and development of enhanced debt strategies Will be completed in final quarter of 2020/21 and first quarter of 2021/22</p> <p>Implementation Date: 30th June 2021</p>
New matters arising					
2	H	<p>Strategic Recovery Plans <u>Corporate</u></p> <p>While there is a corporate plan in draft to address recovery and restoration for Redditch Borough Council and an approved corporate plan for Bromsgrove District Council the actions for the Revenues Team are ongoing with no clear milestones as to when these actions will be completed.</p> <p><u>Revenues Service</u></p>	<p>Failure to have Service Business Plans in place has the potential for loss of Council Tax income and leave the service open for challenge.</p> <p>By not having plans in place there is less buy in from the staff and a lack of transparency regarding deliverables. This could result in a</p>	<p>A service business plan is developed to make clear and transparent to all how the Service will manage recovery going forwards, including, how you are dealing with those who have lost jobs, been furloughed or on lower incomes. Where recovery has not had any action for a period (including aged</p>	<p>Responsible Manager:</p> <p>The service is completing a review of resources as noted in recommendation one.</p> <p>The development of a revised service plan, incorporating a recovery plan will be completed as part of the implementation of recommendation one.</p>

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		<p>The service does have plans on how to address the impact of the Coronavirus Pandemic. However, at the time of the audit the service was in the response stage and was prioritising issuing grants as instructed by Central Government. Therefore, at this stage of the audit, there was no written detailed business plan/action plan which addressed this including the finer detail of prioritising debt recovery, balancing resources and resilience within the team, recovery during further lock downs or being placed in higher tiers over the short, medium and long term.</p>	<p>lack of direction, actions taking longer and the potential for further impact on recovery.</p>	<p>debt), customers will need to be informed recovery is re-commencing. A plan will also be required to balance resources with the knowledge and expertise required. Once plans are in place they should be updated and monitored on a regularly basis.</p>	<p>Implementation Date: 30th June 2021</p>
3	M	<p>Process and Procedures</p> <p>Changes to the usual recovery process were forced upon the service due to the pandemic and recovery was paused from March 2020 to August 2020, due to the Courts being closed. During this time the service was unable to proceed past the final reminder. There is no evidence that the usual recovery process has been amended to reflect that there was no recovery action during the first lockdown and what action had been agreed with staff regarding re-profiling, deferring payments and special arrangements.</p> <p>Customer Service Staff were brought in to assist the recovery team with taking phone calls from customers regarding reminder letters. While this has been a support to the business, staff had to be trained and any queries</p>	<p>Failure to have a documented procedure for the collection and recovery during the pandemic could result in challenge for the authorities and reputational damage if customers are treated unfairly or indirect discrimination takes place.</p>	<p>Document the plan/timeline to ensure that the balance between any back log of recovery and prioritisation of resource is achieved.</p> <p>Review success of the temporary procedures e.g. call backs to ensure there are no missed opportunities to develop the current process.</p> <p>As part of the business plan, review skills within the team to ensure there is enough resilience and they are deployed in the most efficient manner.</p> <p>Gain feedback from Customer Service on the process. Ensure that Customer Service staff have the relevant knowledge and</p>	<p>Responsible Manager:</p> <p>The actions highlighted within this recommendation are completed on a monthly basis through</p> <p>Cross Service Meetings. Monitoring of pass backs Review and Provision of training.</p> <p>Further steps will be taken during first quarter of 2021/22 to provide additional training and support to customer services teams</p> <p>Implementation Date: 30th June 2021</p>

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		that could not be answered, referred to the recovery team. Due to the small number of staff within the Recovery Team, there has not always been resourcing to cover their role when not available. For example, attending Court.		expertise to add value for the service and provide written instruction to ensure everyone is treated equally.	
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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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

NNDR 2020-21

Date: 31st March 2021

Distribution:

To: Financial Support Services Manager
Head of Finance and Customer Services

Cc: Chief Executive
Executive Director S151

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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1. Introduction

- 1.1. The audit of the NNDR was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the NNDR as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. Link to Corporate Priorities and Objectives:
BDC Ensure People get the benefits they need - Work and Financial Independence BDC Plan 2019-2023
BDC Financial Stability - BDC Plan Prioritise 2019 - 2023
RBC Plan 2020-2024 Priorities Financial Stability, High Quality Services
RBC Work and Financial Independence - Ensure People get the benefits they need Plan 2020-2024
- 1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
 - COR11: Managing the impact of national changes- financial/social economic or environmental which may have a detrimental impact on service delivery or quality (e.g. Brexit/Universal Credit)
 - COR13: IT systems and infrastructure has a major failure.

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

 - REV 3 Failure of support/availability of key systems finance and resources relies upon
 - REV 4 Failure to effectively manage change.

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- REV 7 Performance Information data is not robust
- REV 11 Reduced collection rates
- REV 12 Failure to meet audit requirements

1.4. This review was undertaken by during the month of November and December 2020.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance that the new collection methods for collecting NNDR income for the two authorities up to the issue of the summons and the risk to the Authorities with regards to NNDR debt recovery due to the impact of the Coronavirus has been fully considered.

2.2. The scope covered:

- The methods of collection are working / fit for purpose
- The impact of Covid-19 on the recovery process and the strategy and plan in place to deal with the net impact on debt for the suspended period.
- The recovery process post lock down.
- Pre and Post distribution checks have been undertaken on the business support and discretionary Grants.
- A review of the updated position in relation to the 2019/20 audit recommendations.

2.3. This review covered the period from 1st April 2020 to the 14th December 2020.

2.4. This review did not cover

- The processing of payments and refunds.
- The NNDR registration process
- Checking the accuracy of the awards and correct amount of relief awarded
- Debt recovery including and past the point of summons

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.

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- 3.3. Covid-19 Grants Local Authorities were instructed by Central Government to pay out the grants as quickly as possible and this has continued with the other grant issues to date. There have been multiple grant schemes following each other giving little time to establish robust anti-fraud measures from the start and Central Government have accepted that there will be error and fraud, due to the priority to get the grants paid to the rate payers quickly.
- 3.4. It has been noted that the dashboard collection measures are subject to a revision and requests have been made by the service for the measures and supporting measures to be updated to enable this information to be logged.
- 3.5. The service is aware of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 due to come into force in May 2021.
- 3.6. The corporate and service risk register contains identified risks for the Revenues Service. The monitoring of these risks is carried out on a monthly basis within the service performance report and annually against the 4risk system. However, the footprint within the system does not identify when the risk was last reviewed.
- 3.7. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Previous Audit 2019/20 Follow Up		
Recovery of Prior Debt (Follow Up)	Medium	1
New Matters Arising 2020/21		
Strategic Recovery plans	High	2
Process and Procedures	Medium	3

4. 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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and action plan
Issues brought forward from previous 2019/20 audit					
1	M	<p>Recovery of prior debt (Follow Up)</p> <p>The action to address this finding within the 2019/20 audit is still outstanding due to other priorities during the pandemic.</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>Implementation Date:</p> <p>30 September 2020</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 hardship.</p>	<p>To incorporate into the service business, plan a clear policy 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>Responsible Manager: Implementation Date:</p> <p>The review of resources and revision to both the recovery policy and debt collection strategies was delayed as the Revenue Services Team were tasked with the delivery of the Government's Covid-19 business support programme.</p> <p>There was insufficient capacity to both deliver the essential business support and to complete the review.</p> <p>Resource requirements for the service and development of enhanced debt strategies Will be completed in final quarter of 2020/21 and first quarter of 2021/22</p>
New matters arising					
2	H	<p>Strategic Recovery Plans Corporate</p> <p>While there is a corporate plan in draft to address recovery and restoration for Redditch Borough Council and an approved corporate plan for Bromsgrove District Council the actions for the Revenues Team with regards to business rates are ongoing with no clear milestones as to when these actions will be completed.</p>	<p>Failure to have Service Business Plans in place has the potential for loss of NNDR income and leave the service open for challenge.</p> <p>By not having plans in place there is the potential for less buy in from the staff and a lack of</p>	<p>A service business plan is developed to make clear and transparent to all how the Service will manage recovery going forwards, including, how you are dealing with those who have reduced profit margins, reduced opening. Where recovery has not had any action</p>	<p>Responsible Manager: Implementation Date:</p> <p>The service is completing a review of resources as noted in recommendation one.</p> <p>The development of a revised service plan, incorporating a recovery plan will be completed as</p>

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		<p>Revenues Service</p> <p>The service does have plans on how to address the impact of the Coronavirus Pandemic. However, at the time of the audit the service was in the response stage and was prioritising issuing grants as instructed by Central Government. Therefore, at this stage of the audit, there was no written detailed business plan/action plan which addressed this including the finer detail of prioritising debt recovery, balancing resources and resilience within the team, recovery during further lock downs or being placed in higher tiers over the short, medium and long term.</p>	<p>transparency in regard to deliverables. This could result in a lack of direction, actions taking longer and the potential for further impact on recovery.</p>	<p>for a period (including aged debt), customers will need to be informed recovery is re-commencing. A plan will also be required to balance resources with the knowledge and expertise required. Once plans are in place they should be updated and monitored on a regularly basis and communicated to the team.</p>	<p>part of the implementation of recommendation one.</p> <p>Implementation Date:</p> <p>30th June 2021</p>
3	M	<p>Process and Procedures</p> <p>Changes to the usual recovery process were forced upon the service due to the pandemic and recovery was paused from March 2020 to August 2020, due to the Courts being closed. During this time the service was unable to proceed past the final reminder. There is no evidence that the usual recovery process has been amended to reflect that there was no recovery action during the first lockdown and what action had been agreed with staff regarding re-profiling, deferring payments and special arrangements.</p> <p>Customer Service Staff were brought in to assist the recovery team with taking phone calls from customers regarding reminder letters. While this has been a support to the business, staff had to be trained and any queries</p>	<p>Failure to have a documented procedure for the collection and recovery during the pandemic could result in challenge for the authorities and reputational damage if customers are treated unfairly or indirect discrimination takes place.</p>	<p>Document the plan/timeline to ensure that the balance between any back log of recovery and prioritisation of resource is achieved.</p> <p>Review success of the temporary procedures e.g. call backs, to ensure there are no missed opportunities to develop the current process.</p> <p>As part of the business plan, review skills within the team to ensure there is enough resilience and they are deployed in the most effective manner.</p> <p>Obtain feedback from Customer Services on the process. Ensure that Customer Services staff</p>	<p>The actions highlighted within this recommendation are completed on a monthly basis through</p> <p>Cross Service Meetings. Monitoring of pass backs Review and Provision of training.</p> <p>Further steps will be taken during first quarter of 2021/22 to provide additional training and support to customer services teams</p> <p>Implementation Date:</p> <p>30th June 2021</p>

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		that could not be answered, referred to the recovery team.		have the relevant knowledge and expertise to add value for the service and provide written instruction, where necessary, to ensure everyone is treated equally and there is a consistent message.	
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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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Benefits 2020/21

5th March 2021

Distribution:

To: Customer Support Manager
Head of Finance and Customer Services
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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1. Introduction

The audit of the Benefits system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of the Benefits system as operated by Redditch Borough Council and Bromsgrove District Council.

1.1. This review relates to the strategic purposes of:

- BDC Plan 2019-23: Strategic Purpose - Work and Financial Independence. Priorities - Financial Stability.
- RBC: Plan 2020-24: Strategic Purposes - Aspiration, Work & Financial independence

1.2. The following Service risks were relevant to this review:

- BEN 1 Fail to adequately resource the service to meet the demand.
- BEN 3 Impact of Welfare Reform Act
- BEN 4 Impact of Introduction of Local Council Tax Scheme
- BEN 6 Impact of ELF Scheme
- BEN 7 Benefits Subsidy
- BEN 9 Failure to meet audit requirements
- BEN 10 Risk Based Verification
- BEN 11 Failure of Corporate Fraud and Compliance Team
- REV 6 Fail to make a timely decision (political direction) to manage changes to the Council Tax Support Scheme
- REV 9 Impact of introduction of Local Council Tax Scheme

1.3. This review was undertaken during the month(s) of November and December.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance on the procedures, policies and performance management in relation to the Benefits system with focus on the impact of the Covid-19 Pandemic and the subsequent shift to agile working and the digital by default approach, Test and trace payments and the Housing Benefit Award Accuracy Initiative. The progress on the development of the new Council Tax Reduction Scheme in preparation for April 2021 was also reviewed.
- 2.2. The scope covered:
- A review of the updated position in relation to the 2019/20 audit recommendations.
 - Compliance with internal processes and external legislation to allow the prompt and accurate processing of new claims and changes of circumstance.
 - The process of recovery, including the classification of overpayments and its effect on subsidy.
 - Progress on new Council Tax Reduction Scheme in preparation for April 2021.
 - Test and Trace Payments
 - Housing Benefit Award Accuracy Initiative.
 - Impact of Covid-19, agile working and digital by default approach.
- 2.3. This review covered the period from April 2020 to the date of the audit.

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:
- Compliance with external and internal legislation for prompt and accurate processing of new claims and change of circumstances
 - Monitoring of subsidy
 - Progress on the new Council Tax Reduction Scheme for 2021/22
 - Test and Trace payments
 - Progress on the Housing Benefit Accuracy Award Initiative
 - Adaption to Covid-19 and agile working.

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

	Priority (see Appendix B)	Section Recommendation number	4
Reconciliations	Medium	1	

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.

Ref.	Priority	Finding	Risk	Recommendation	Management Response:
Issues brought forward from previous audit					
2	M	<p>Reconciliations</p> <p>Ongoing pressures on the Finance team due to the Covid-19 pandemic has meant the finding in the 2019/20 Benefits report has not been adequately addressed. It should be noted progress has been made on ensuring a check is performed that confirms the ledger figures are accurate with all weeks recorded.</p> <p>However, the reconciliation between the BACS documents and the Benefits system in the original finding was still not being undertaken. Discussions have been held and the method of how this reconciliation can be performed has now been identified with an aim to implement by January 2021.</p>	There is the potential for errors, omissions and fraud to go undetected.	Reconciliations are performed for each benefit payment run, reconciling the output report to the BACS payment file to identify any discrepancies.	<p>Management Response: As per the audit findings, the impact of covid, particularly in this area, has had a major impact on the teams ability to implement the recommendation. As the situation is "stabilising" now with the workloads and demands these will be put in place and undertaken.</p> <p>Implementation Date: 30/04/2021</p> <p>Responsible Manager: Customer Support Manager in conjunction with Finance</p>
New matters arising					
No matters to raise from the work undertaken in 2020/21					

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Creditors 2020/21

27th April 2021

Distribution:

- To: Head of Finance and Customer Services
Senior Payments Officer
- Cc: Executive Director of Resources and S151 Officer
Chief Executive

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 for 2020/21 as approved by the Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the creditors system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review does not relate directly to the strategic purposes but does underpin them as it is the system that is used to make payments for goods and services.
- 1.3 There were no risks on the Corporate Risk Register relevant to this review. The following Service Risks that were relevant to this review:
- 117 - Creditor Payments - unable to make payments to creditors due to failure of system or printer.
 - 119 - Failure to manage cash flow for Redditch Borough Council - unable to pay creditors and salaries
 - 189 - Failure to manage budgets
- 1.4 There is a potential risk of fraud in this area in the form of invoice fraud, insider fraud, phishing E-mails.
- 1.5 This review was undertaken during the months of December 2020 and January 2021.

2. Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance that that controls and risk management arrangements are in place and working to mitigate the risks known to exist within any creditor system/process
- 2.2 The scope of the audit was:

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- Due diligence processes for new creditors
- Creditor maintenance (verification of amendments)
- Uptake and avoidance of creditor rewards and penalties
- Purchase order process
- Invoice payment process
- BACS payments
- Creditor reconciliations
- Implementation of Technology One
- Contractor payments made during Covid-19.

2.3 The review covered the period from April 2020 to 31st January 2021

2.4 This review did not cover the tendering of contracts under the Procurement Code.

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 sound system of control in place, but some our testing has identified some 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:

- Setting up of new suppliers and amendments to suppliers' details
- There is a reconciliation with the main ledger at the end of each year
- Invoice payments process

3.4 It should be noted that:

- Authorisation levels are being streamlined within the new Finance system. There will be less levels of authorisation and these will be aligned to an officer's role profile rather than being individually assigned.
- There were no advanced payments made to contractors in relation to the Covid-19 pandemic
- The testing was undertaken on the Efin system which on 8th February 2021 was replaced with the Technology One system. However Internal audit did ascertain that there were controls in place to ensure the accurate transfer of data from the old to the new system.

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	Priority (see Appendix B)	Section 4 Recommendation number
Disputed Invoices and Late Payments/ Raising of orders	Medium	1

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.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Disputed Invoices and Late Payments/ Raising of orders</p> <p>Under the current system invoices can go to services prior to being passed onto the payments team. It is therefore not easy for the date of receipt of the invoice or for disputes dealt with by services to be noted on the system.</p> <p>With relation to raising of orders testing found that:</p> <p>RBC - 6 out of 70 invoices had the order raised after the invoice date.</p> <p>However, the old system would not allow for a purchase order to be amended if it did not match the Invoice and so a new order was created effectively losing the audit trail and the original date the order was raised.</p>	Financial loss and reputational damage if suppliers are paid late.	<p>With the introduction of a new system it is the ideal time to insist that all invoices are sent to a central location e.g. PO Box Number and must be addressed to the payments team.</p> <p>This will allow for tracking of late receipt of invoices, notes on the system on resolution of disputed invoice and monitoring of prompt payment of invoices to ensure that the council does not incur interest penalties for late payments.</p> <p>It is also the ideal time to clearly define those supplies that must have an order raised and those that are exempt.</p> <p>As the process of raising an order commits expenditure against budgets the need for orders to be raised prior to receipt of the goods/service must be monitored to ensure that this happens making budget monitoring much more efficient and meaningful.</p>	<p>Responsible Manager:</p> <p>Senior Payments Officer</p> <p>Agreed. The suggested process is the one that has been built into the new system. Training is being rolled out to managers on this new process to ensure compliance with it moving forwards.</p> <p>Implementation date:</p> <p>August 2021</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Main Ledger 2020/21

27th April 2021

Distribution:

To: Head of Finance and Customer Services

Cc: Executive Director of Resources and S151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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1. Introduction

- 1.1 The audit of the Main Ledger system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of the Main Ledger system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review does not relate directly to the strategic purposes. However, this system records all financial transactions of the Councils and therefore underpins all strategic purposes.
- 1.3 There were no risks on the Corporate Risk register that related to this review. The following Service risk was relevant to this review:
- FIN1 - Fail to provide adequate support to managers to manage their budgets
- 1.4 There is a potential for fraud regarding the management override of controls and classification of Revenue/ Capital expenditure.
- 1.5 This review was undertaken during the month March 2021

2 Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance that the main ledger provides Management with data that is valid, accurate, complete and timely for decision making and that savings and revenue budgets are monitored and that it was accurate to the point of switch over to the new ERP system.
- 2.2 The scope covered:

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- Reconciliations, bank, accounts receivable, payroll, pensions, accounts payable etc. are taking place and on a timely basis
- Suspense accounts are being monitored and cleared
- Journal authorisations, backing papers and reasonableness
- Savings and Revenue Budget Monitoring

2.3 This reviewed covered the period from 1st April 2020 to 28th February 2021

2.4 This review did not cover the new finance system and does not look at the process for compiling the Statement of Accounts as this is an External Audit function.

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.

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

- There is a budget setting timetable and budgets are sent to Members for challenge
- There is a clearly identified savings programme
- Budgets are monitored and quarterly monitoring reports are presented to Members
- There was a check in place to ensure that data had been transferred from the old to the new finance system accurately

3.4 The new system can provide the opportunity to improve the process around journals. Whereas the supporting documents have been retained by the individual raising the journal there is now the opportunity to either attach these to the system or for them to be held centrally.

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

	Priority (see Appendix B)	Section 4 Recommendation number
Reconciliations	Medium	1
Suspense Accounts	Medium	2

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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.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Reconciliations</p> <p>At the time of the audit reconciliations were not all up to date and some had not been completed at all e.g. Payroll.</p> <p>This means that any miscoding's or items not posted to the ledger are not identified at an early stage.</p> <p>IA acknowledges that with the introduction of the new integrated Finance system that this should improve however the reconciliations within the old system need to be finalised first to ensure that the year-end Statement of Accounts data is correctly stated.</p>	Challenge, reputation damage and financial loss if decisions are being made on inaccurate and poor quality data.	<p>Reconciliations are be kept up to date and produced on a monthly basis.</p> <p>This will ensure the quality of the data within the main ledger which is used for management decision making.</p> <p>It will also help with the Year-end compilation of the Statement of Accounts and provide better working papers for External Audit.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Implementation date:</p> <p>The reconciliations are now up to date. Going forwards, the new system will enable the reconciliations to be done on a regular basis. This will be fully functional going forwards by August 2021</p>
2	M	<p>Suspense Accounts</p> <p>Testing of suspense accounts found that these are not regularly monitored and cleared and therefore it is hard to ascertain exactly what the remaining balance on the account relates to.</p>	Challenge and reputational damage if debts are being chased that are not due balances on accounts are inaccurate.	<p>Suspense accounts should be regularly monitored and cleared. Where items need to remain in the suspense account they should be clearly marked so that the balance can be identified back to individual postings.</p> <p>The suspense account to be used to identify system/user issues which can help to improve processes and reduce resource requirements.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Implementation date:</p> <p>Agreed. These are now up to date. Moving forwards the new system will automatically be reconciling a lot of the transactions reducing the volume of suspense items. This will be fully functional by August 2021.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Health and Safety Training Records 2020/21

15th March 2021

Distribution:

To: Senior Health and Safety Advisor
Human Resources and Development Manager
Head of Transformation and Organisational Development

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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1. Introduction

The audit of Health and Safety Training Records was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of Health and Safety Training Records as operated by Redditch Borough Council and Bromsgrove District Council.

1.1. This area of review is fundamental to all areas within the Corporate priorities as corporate health and safety and well-being is a statutory requirement.

1.2. The following Corporate risks were relevant to this review:

- Non-compliance with Health and Safety Legislation

The following Service Risks were relevant to this review:

- Failure to be pro-active on Health and Safety Matters
- Failure to adequately manage health & safety
- Failure to ensure the health & safety of the Public / Staff and visitors using services

1.3. This review was undertaken during the months of October – January 2021.

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2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the policy and process surrounding health and safety, specifically health and safety training, including identification of required training, deployment of training for both new and existing employees and the maintenance of training records. In addition, an assessment of the impact of Covid-19 on the recommendations still outstanding from the 2018-19 Health and Safety report along with the remaining risks was considered.
- 2.2. The scope covered:
- Health and safety training policies and adherence thereto
 - Identification and monitoring of training (including where staff have been redeployed)
 - Deployment of training
 - Maintenance of records.
 - Remaining recommendations from the 2018-19 Health and Safety report.
- 2.3. This reviewed covered policies and procedures in place at the time of the audit.
- 2.4. This review did not cover:
- Risk assessment and risk management in relation to Health and Safety.

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 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.
- 3.3. The review found the following areas of the system were working well:
- Progress on the recommendations included in the 2018/19 Health and Safety Report
 - Management Review of Health and Safety Policies
 - Budget management via Bid System
 - Progress towards defining management responsibilities for identifying training
 - Delivery of training via expected means e.g. face to face, E-learning etc.

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

	Priority (see Appendix B)	Section Recommendation number	4
Training Records and subsequent limitations	High	1	

3.5. One area to also note was the collation and monitoring of information relating to temporary redeployment. The audit confirmed that there was no corporate understanding of the number of Officers redeployed at any one time during the pandemic. A lessons learned would be that the collation of this information would allow in future times of redeployment to monitor services that are the most deeply affected, if there is a continual resourcing issue, and if the staff redeployed are the most suitable for the role.

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.

Ref.	Priority	Finding	Risk	Recommendation	Management Response
New matters arising from 2020/21 audit testing					
1	H	<p>Training Records and subsequent limitations</p> <p>The diverse nature of the information repositories used to store training records are creating inefficiencies and leading to unmitigated risk in relation to the effective, purposeful, monitoring and tracking of the Authorities training in relation to Health and Safety (and other training areas).</p> <p>Positive assurance could not be given over the timely deployment of training courses. This is due to the lack of a centrally held training records system that can provide accurate reporting on any individuals training record, the frequency of delivery of training and</p>	<p>Failure to identify and monitor training and training needs for officers throughout the authority leading to;</p> <p>Failure to evidence conformance with health and safety legislation and;</p> <p>Lack of efficiency when delivering training courses (e.g. grouping training possibilities)</p> <p>Leading to reputational risk and possible financial loss through fines.</p>	<p>In addition to the abilities afforded following the implementation of the new system, a designated responsibility for training records should be established to allow the centralisation of training records, to allow reporting abilities to be utilised.</p> <p>Furthermore, a forum/communication line between service managers, training records teams and Health and Safety should be established to allow the updating</p>	<p>Responsible Manager:</p> <p>Human Resources Manager</p> <p>Implementation Date:</p> <p>November 2021</p> <p>Management Response:</p> <p>Following the implementation of the new system, it will be a requirement that all training will be recorded on the system to include training coordinated corporately and at service levels.</p>

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	<p>the percentage completion of training of applicable candidates.</p> <p>A training system does exist, but the reporting functionalities seen during the audit are limited in scope and do not provide useable reports to achieve the metrics expected as outlined above. It also provides limited confidence in the accuracy of the information contained with varying numbers of officers recorded as completing what is deemed mandatory training, for example recording 18 officers only completing the Display Screen Equipment training, despite an obviously larger number of officers regularly accessing laptops and/or desktop PC's.</p> <p>Testing did also identify a number of locally held records for Environmental Services and Housing Repair and Maintenance, these again held no consistent data and could not be used to identify any individuals training records accurately with large gaps in fundamental training courses and outdated training records.</p>		<p>of any training completed to be promptly recorded on the sole, centrally held training record system. This would also allow the frequency of training to be set within the system to prompt the delivery of refresher courses.</p>	<p>Training will be required in service areas, if they are the training administrators for their specific area.</p> <p>The system will generate reminders to Managers, Employees and HR when renewal dates are approaching.</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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Critical Review – Use of Agency staff and consultants 2020-21

4th March 2021

Distribution:

To: Head of Finance and Interim Section 151 Officer
Team Leader – Contracts and Commercial
Procurement Officer
Senior Business Support Accounting Technician
Head of Business Transformation, Organisational Development and Digital Strategy
Human Resources & Development Manager

CC: Chief Executive
Deputy Chief Executive.

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1. Introduction

- 1.1 The Critical Review of the use of agency staff and consultants was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020. The review was a critical review to analyse, evaluate and challenge the use of agency staff and consultants as operated by Redditch Borough Council.
- 1.2 This review relates to all corporate priorities and objectives.
- 1.3 The following corporate risk register entries were relevant to this review: -
- COR 10 – Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
- The following service risk register entries were relevant to this review: -
- Fin 4 - Fail to effectively manage high value procurements resulting in breach of EU procurement rules.
- 1.4 This review was undertaken during the months of July, August and September 2020.

2. Critical Review Scope

- 2.1. This review has been undertaken to evaluate, analyse and challenge:
- The use of and adherence to procurement rules bringing in consultants.
 - The use of Matrix for the hiring of agency workers and if not then the correct procurement procedures and frameworks are being used.

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- Agency workers and consultants used since the Section 24 notice was given and during the pandemic to ensure these were used as part of critical service requirements.

2.2. The scope covered:

- Process of bringing in agency workers and consultants.
- Monitoring of procurement projects around the hiring of agency staff and use of consultants.
- Service Requirements
- Budget analysis and monitoring

2.3. This review did not cover:

- Other types of procurement projects
- The Due North - Pro-actis system functionality

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 had meetings with multiple officers involved in the services across both Redditch Borough Council and Bromsgrove District Council to gain an understanding on the processes that are undertaken when bringing in agency workers or using consultants. Also, to gain an insight into what barriers may exist to prevent services following any procedure rules or processes. **(See Section 4 below)**

3.3 As part of the review the auditor also had meetings with multiple services to gain an understanding on what agency staff and consultants have been used since the Section 24 notice and what controls/monitoring are in place to ensure that the Councils are only working under business critical requirements.

3.4 It Should be noted that although there was a section 24 notice in place that due to Covid-19 the authority needed to use additional agency staff to help support the services including Environmental Services, Customer Services, Housing and Repairs and Maintenance as these service are front facing and were serving the needs of the public during this time.

3.5 The review found the following areas were working well:

- Procurement training – there has been training sessions carried out in carrying out procurement exercises.
- Service assessment of the requirement to fill the positions for both authorities prior to engaging agency staff includes: -
 - regulation requirement.
 - Risk assessment outcomes
 - how feasible it is for current staff to be able to carry out the work or if additional support is needed.
 - how feasible it is for current staff to do the work, based on current skill sets or if they require to bring in a specialist to aid the authority.
 - workflow and if it will meet the strategy for the authority and service plan.
 - On funds available to bring in additional resource.
 - Staffing resources are low and require fillers to ensure that business continuity is in place.

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- Adherence to the procurement rules and process of consultants -
 - Out of the five service areas that were spoken with, only 3 out of the 5 have used consultants in the last 5years, of which all three services, environmental services, legal services and planning have existing frameworks in place where they were able to find the necessary consultants to assist.
 - Service areas were aware of the procurement rules and understood that if they required a consultant that was outside of the existing frameworks, that they would be liaising with the procurement team and would carry out a procurement exercise using the procurement rules and guidelines, however this has not yet needed to happen.

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

Challenge	Section 4 Challenge number
Use of Matrix	1
Compliance with legislation	2
Budgetary and actual spends on agency and consultancy workers	3

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.

Ref.	Current Position	Challenge	Risk	Management Responses
1	<p>Use of Matrix</p> <p>Redditch Borough Council and Bromsgrove District Council have an exclusive contract with Matrix. This means that under the current terms of the contract, service areas should only be bringing in agency staff via agencies that fall under the Matrix umbrella.</p> <p>The correct process for hiring agency staff through MATRIX should be that, service areas speak with their service manager for approval and liaise with HR for advice on the agency staff and skillset required and then once agreed, officers should then log a job on Matrix, this is done via a portal. Service areas should only be using</p>	<p>1.) During the review it was found that not all processes are being adhered to, so can both Redditch Borough Council and Bromsgrove District Council provide assurance that there is a robust control in place to monitor the in-take of agency staff through Matrix, as well as the in-take of agency staff from agencies outside of Matrix including the use of exemption forms?</p> <p>2.) Is enough being done to assess if Matrix is fit for purpose and fits the needs of the Council to find and bring in agency staff who are skilled and qualified in the job</p>	<p>Reputational damage and financial loss if the council is not compliant with contract terms and conditions requirements when using Agencies outside of Matrix.</p> <p>The Council can be bound by Agency terms and conditions for a number of years and finders' fees and penalty payments can be triggered inadvertently. Need</p>	<p>HR & OD Manager Comments</p> <p>The decision to continue with Matrix was taken at a Corporate level with a commitment from services to reduce their reliance on agency staff. The contract was extended on a plus 1 to allow the flexibility to review once the use and spend of agency staff is reflective of the requirement moving forward thus enabling a review of the actual requirements and not on a like for like basis.</p> <p>HR are clear with Managers that only Matrix can be used for agency staff</p>

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<p>agencies that are under their umbrella to seek the correct candidate to fill the roll on the terms set out by the authority for the period required.</p> <p>Matrix do look at the councils spend on the website to see if we are using other agencies.</p> <p>However, the Councils face several barriers to using this agreement.</p> <p>1.) Specialist skills - all tested service mentioned that Matrix do not tend to have officers with specialist skillsets on their books and therefore the authority have to find these officers themselves.</p> <p>2.) Time - All tested service areas mentioned that although Matrix are paid to bring in the agencies and do the leg work, the service areas are finding that they have to do the leg work to find the correct agency staff and are also having to upload data on to the Matrix portal themselves.</p> <p>3.) Qualification / skillset - 3 out of the 6 tested services mentioned that when using matrix, candidates could be individuals who do not have the correct skillset stated in the requirements.</p> <p>4.) Agencies - 2 out of the 6 services reviewed mentioned that Matrix will not contact agencies outside of their umbrella and it is the authority that has to ask other agencies/candidates to sign up through Matrix.</p> <p>5.) Not engaging - 1 out of the 6 services mentioned that Matrix is not engaging enough with the service throughout the process.</p> <p>6.) Communication - It was learnt during the review that service areas are not</p>	<p>role advertised?</p> <p>3.) Is there value for money within this contract especially considering the additional resources used by the Services to undertake their own groundwork in the identifying, and engaging of agency staff themselves? If not then is there evidence that the council is proactively challenging matrix on its provision under the contract.</p> <p>4.) Have the Council considered the benefit of providing feedback surveys to staff on the use of Matrix to help the authority form a better working relationship with Matrix for future agency work hire and also to aid the authority with future contract specifications for the use of agency workers?</p> <p>5.) Has the authority looked at other avenues to support service areas with bringing in specialists especially when the Matrix contract ends?</p> <p>6.) As service areas need to bring in specialists from outside of Matrix, are both authorities able to provide assurance that there is the correct level of support in place to support services to go to other agencies if it provides value to the authority in enabling it to reach its goals?</p> <p>7.) As discussions with several service areas has raised concerns around Matrix not having specialists on their books, is the authority able to provide assurance that Matrix can find and provide specialists to</p>	<p>whole organisation visibility of potential employees subject to historic agency T&Cs</p> <p>Reputational damage and possible compensation claims if the agency workers and consultants are not qualified to undertake the role they are employed for.</p>	<p>There is a clear agreement with Matrix that if the contract is not providing the level or specialist staff required that they will source the required companies to extend the agencies available to us on Matrix. Issues need to be reported to HR to ensure this can be picked up with our account managers.</p> <p>Procurement Responses</p> <p>The Matrix contract needs to be managed to ensure they are fulfilling the requirements. Officers need to speak to Matrix if they are not getting the correct candidates through so they have the opportunity to resolve this, HR as contract managers should be involved also.</p> <p>There are other compliant contracts with other neutral vendors similar to Matrix available.</p> <p>Some agencies will not sign up to Matrix as they do not want to lose the large margins they achieve by signing up direct with the council. Matrix protects the council from this.</p> <p>Matrix provides candidates but it is ultimately for service areas to assess skills and qualifications before offering a placement.</p> <p>No whole organisation oversight of staff who have worked on temporary contracts outside of Matrix and may therefore trigger fees if re-employed.</p>
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	reporting issues to HR about issues with Matrix which means that the barriers are not be resolved.	aid the services deliver their service strategy?		
2	<p>Compliance with Legislation</p> <p>Adherence to the procurement rules and process of agency staff</p> <p>As part of the review a sample testing was carried out on various service areas to ensure that any agency staff being brought in for use falls in line and adheres to the procurement process of the terms and conditions of the contract set up with MATRIX.</p> <p>Although all services are set up on MATRIX there have been occasions where agency staff were brought in via other agencies directly and not through MATRIX. This occurred mainly where a specialist was required that could not be found via MATRIX. In these cases, the service found that they had to do the leg work. Also, if they happened to use another means to the company MATRIX, an exemption was not always signed or put in place and that legal and procurement were unaware until an issue presented itself.</p> <p>It is acknowledged that over the last 5 years things have improved across the authority as now if the authority requires a specialist, they would ask the agency to communicate with Matrix directly. However there have been instances where staff were brought in outside of Matrix in the last year.</p>	<p>1.) Following discussions with service areas there were instances learnt where services over the last 5 years have not been adhering to the procurement process. Therefore, can the authority provide assurance that there is a sound control in place to investigate weaknesses in the system?</p> <p>2.) Are both authorities able to provide assurance that if service areas are not following the correct procedure rules for using agency staff and consultants that there are sanctions set up and in place to mitigate the risks to the authority?</p> <p>3.) Is the Council undertaking enough monitoring of the length of service of agency workers to ensure that they do not breach Council and government (HMRC) rules.</p> <p>Challenges around Section 24 notice</p> <p>4.) Since the section 24 notice was given, there was an employment freeze unless it is business critical, is the authority able to give assurance that it is confident that all services would have a full understanding of what business critical entails especially in the current times with COVID-19.</p>	<p>Reputational damage and financial loss if the council is not compliant with procurement and legislative requirements when using Agency workers and consultants.</p>	<p>HR & OD Comments</p> <p>HR are clear that we will not support Managers accessing agencies outside of Matrix</p> <p>HR have no knowledge if Managers go to other agencies, this block needs to be in place and service and HOS level to ensure order / invoices are not approved.</p> <p>Procurement Comments</p> <p>Any staff used outside of Matrix is a breach of the contract procedure rules and a breach of the Matrix contract.</p> <p>No process for legal review of agency terms and conditions outside of Matrix</p> <p>All relevant staff should have attended Procurement Training in the past year and should be aware of the Procurement Rules. Future procurement training should directly address the issue of temporary staff.</p>

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<p>Currently there are several members of staff who work for the council as an agency worker, however in line with Government legislation if a temp is not provided a contract at the end of their existing contract of 1 or 2 years, then the authority needs to show that there is a fair reason for not renewing the contract. If staff have worked for more than 4 years then they should automatically become a permanent employee.</p> <p>The review found that contracts have been rolled forwards consistently and contracts have not been offered to make staff full time employees.</p> <p>Procurement process for use of agency staff</p> <p>Currently both Redditch Borough Council and Bromsgrove District Council are under an exclusive contract with the company MATRIX who are responsible for providing the authority all agency staff. Under the current procurement rules and as part of the terms and conditions of the existing contract service areas should follow the procurement process of the contract with MATRIX and should not be signing any new agency staff via anyone other than MATRIX.</p> <p>If another agency signed up to Matrix and then was used by the authority, then it would be deemed as appropriate as the authority would still be using Matrix. Under the current procured contract, exemptions should not be given in any circumstance and all other 3rd party agencies must be set up via Matrix before being used. This</p>			
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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	would mean that the 3rd party agency is required to have a contract set up with Matrix directly and not the authority.			
3	<p>Budgetary and actual spends on agency and consultancy workers</p> <p>Monitoring the use of consultants</p> <p>As part of the review discussions were held with several service areas to understand how they would monitor the intake and use of consultants and monitor the budget spent.</p> <p>During the review conversations were held with procurement and six service areas including Legal, Planning, Customer services, Environmental Services, Repairs and Maintenance and Housing.</p> <p>The review found that: -</p> <p>1.) 4 out of the 6 tested service areas are using consultants.</p> <p>2.) All services which are using consultants or specialists are currently part of existing frameworks.</p> <p>3 All call offs from frameworks and contracts must be registered on the proactis (Due north) system. There are also two copies of the contract. One is held by procurement for monitoring and the other is held by the service area.</p> <p>4.) 2 out of the 4 service areas which use consultants have a budget in place to forecast how much will be spent for consultant usage.</p> <p>5.) The remaining 2 service areas (Planning and Legal) have a budget designated for consultants, but do not have a fixed yearly budget as they may require specialists on an ad-hoc basis. To</p>	<p>Challenges</p> <p>1.) If there is no consistency in the recording of actual expenditure on agency workers and consultants how is the Council ensuring that it is being fully transparent with its expenditure for these cost areas? Would it not be better to have a cost code for these areas even if there is no budget allocation so that there could be full monitoring and transparency especially with the current S24 and the need to reduce the costs of the council now and in the coming years. As there have been limitations within the current financial system is this something that is being considered and implemented for the new financial system?</p> <p>2.) How is the Council able to fully monitor its reliance on the provision of agency workers and the use of consultants in order to review this expenditure with the aim to reduce future costs.</p> <p>3.) Can the authority provide assurance that if they are using an incorrect cost code that there is a clear audit trail in place in case of challenge?</p> <p>4.) As consultants and agency staff are paid a higher rate to work in comparison to full time staff, is the authority able to provide assurance under the Section 24 notice, that agency staff and consultants are only brought in as an absolute last resort</p>	<p>Reputational damage and financial loss with savings under S24 not being achieved if the council is unable to effectively monitor the costs of using agency workers and consultants.</p>	<p>Finance Comments: -</p> <p>The finance team will encourage with budget holders on monthly and quarterly budget monitoring that the dedicated account code for agency workers is monitored and reviewed along with the relevant budget manager. It is also expected when the new ERP finance system is implemented budget holders will be able to see live expenditure and therefore able to monitor more efficiently any mis coded and/or expected agency expenditure immediately rather than relying on current spreadsheets sent monthly.</p> <p>Procurement comments: -</p> <p>There is a cost code for agency staff, but query whether it is used consistently or appropriately?</p>

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<p>reduce the risk, they have regular discussions with the designated accountant for the service area.</p> <p>Monitoring of in-take of agency staff As part of the review discussions were held around how in general the council and service areas within the council are monitoring the in-take of agency staff and how the contracts of agency workers are monitored to ensure that the council is compliant.</p> <p>It was learnt that corporately: -</p> <p>1.) Business cases are taken forward as an agenda item for in-takes of agency staff in front of CMT and agreed or agreed in committee if there is a bigger purpose to bring in a higher volume of agency workers.</p> <p>2.) If agency staff are hired through MATRIX then HR would be able to monitor the in-take of staff through agencies that come under MATRIX umbrella.</p> <p>3.) If service areas bring in agency staff from places other than MATRIX then there is more risk associated as the HR team are not able to monitor the contract and often it is too late by the time procurement are aware to prevent any legal/financial implications to the authority.</p> <p>During the review audit carried out discussions with 6 different service areas including Legal, Planning, Customer services, Housing, Repairs and Maintenance and Environmental services. From the review it was found that out of 6 tested services: -</p> <p>1.) 5 out of 6 service areas have used agency staff in the last 5 years.</p>	<p>when other avenues have been explored?</p> <p>5.) With certain service areas requiring specialists to be able to do the job role this has caused some issues with employing permanent employees into the role. Is the council confident that it has explored all avenues e.g. market supplements, benefits packages etc while still complying with the councils current pay model and terms and conditions of employment, in order to address this and ensure that the Council is using the most cost effective method of providing a service to the Public.</p> <p>6.) During the review it was found that the controls for bringing in agency staff should be that the head of service signs it off and then it goes to CMT for approval. However, as it was learnt during the review that some services have gone to agencies outside of Matrix, can the authority provide the assurance that CMT are aware of services going to other agencies outside of Matrix?</p>		
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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>2.) Out of those 5 services, all 5 would hold conversations with HR to gain advice and make them aware of any new agency recruits signed through MATRIX.</p> <p>3.) 3 out of the 5 services tend to talk to procurement about using agency staff and gain advice.</p> <p>4.) All of the service areas would look at the service requirements and present a business case to their head of service, where they would then sit with head of finance to see if there can be a budget in place to bring in an agency member.</p> <p>5.) 4 out of the 5 services that use agency staff have a dedicated cost codes for using agency staff, whilst the remaining service uses staff salary cost code, which means that there is a gap in the audit trail of tracking financial analysis.</p> <p>6.) It was admitted that some agency staff have been working for the council for more than 12 months (12 weeks without a finder's fee) and not offered a full-time contract, so there is a weakness in the monitoring of staff from a service perspective. As well as this there is risk that the authority is breaching IR35 and is at risk of repaying the tax savings that the authority made.</p> <p>7.) All service stated that if they were to take up new consultants they would liaise and sit with procurement to set up a new consultant through procurement rules. Each service also stated that they have received training on how to conduct appropriate procurement projects.</p> <p>Section 24 notice – intake of consultants and agency workers</p> <p>Since the Section 24 notice was given, there has been an in-take of agency staff</p>			
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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	<p>and consultants to help support the services within the authority to carry out day-to-day duties and give professional advice.</p> <p>Currently Agency staff and consultants that are brought in have to be both signed off by the head of service and also agreed at CMT prior to being used.</p> <p>Budget monitoring is down to the individual service areas to monitor and all services have been given their own unique cost code for agency staff and consultants to be put on.</p> <p>However, not all service areas are using the correct budget code when using agency staff and are posting agency staff costs to the same cost codes as full-time staff, which means there is no clear audit trail. (clear to budget case)</p> <p>During the review the authorities were going through a difficult time with the COVID-19 pandemic and front-line services have needed to bring in agency staff to support those services deemed as business critical.</p>			
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5. Overall Conclusion

The Critical review looked at the process of bringing in agency workers and consultants and monitoring of procurement projects at both Redditch Borough Council and Bromsgrove District Council. The review also looked at the Matrix contract and the barriers that are preventing service areas from hiring agency staff through Matrix.

Although it can be noted that in the last 5 years since the last internal audit report was carried out there have been improvements to the procurement process in using agency staff and consultants and service areas are aware of the correct processes that needs to be undertaken after procurement training was carried out to help services understand the correct procedures that they should be adhering to.

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However the review has identified some risks still remain for example when a specialist is required Matrix has not always been able to provide a satisfactory candidate therefore service areas have had to go to other agencies to find the required agency worker with the specialist skillsets. and that Procurement have not always been aware of this unless an issue presented itself. Therefore, challenges have been made on how fit for purpose and value for money the Matrix contract is and going forward if this is the best solution for the Council's when hiring Agency Workers.

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 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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Payroll 2020-21

27th April 2021

Distribution:

- To: Head of Finance and Customer Services
Payroll and Project Team Leader
- Cc: Executive Director of Resources and S151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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APPENDIX B	Error! Bookmark not defined.

5. Introduction

- 5.1. The audit of the Payroll system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020. The audit was a risk based systems audit of the Payroll System as operated by Redditch Borough Council.
- 5.2. This area of review does not relate directly to the strategic purposes but does underpin them all as it is the system used for the paying of salaries to the workforce with out whom the strategic purposes could not be achieved.
- 1.3 There were no risks on the corporate risk register relevant to this review. The service risk relevant to this review was:
- FIN 3 - Unable to provide payroll service at key times
- 1.4 This area is a high risk for fraud with the potential for payments to ghost employees/ enhanced unauthorised increases in pay or for payments to non-employee bank accounts if controls are not in place and working effectively.
- 1.5 This review was undertaken by Helen Tiffney during the month of March 2021

2 Audit Scope and objective

- 2.1 This review was undertaken to provide assurance that only Bona Fide employees were paid, that payments are made in a timely manner are accurate and all adjustments to pay are only actioned upon authorisation.
- 2.2 The scope of the audit covered:

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- Starters and Leavers processes
- Bona fide employees – Checking of payslips, PAYE, NIC and Pensions
- Third party payments – Union Subs, charity, SAYE, Pension and HMRC payments.
- Payroll Reconciliation
- Follow up of the 2019-20 recommendations

2.3 The review covered the period 1st April 2020 to 28th February 2021

2.4 This review did not cover:

- The new payroll system which will be fully audited as part of the 2021/22 audit plan
- The setting of pay rates
- The correct treatment of pensions as this is an area of specialism
- 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. 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.
- 3.3 The review found the following areas of the system were working well:
- Employees are bona fide and NIC, PAYE and Pensions have been correctly calculated.
 - Authorisation was available for starters and information was correctly entered on the payroll system
 - Those recommendations from the 12019/20 report that could be implemented have been and the others will be implemented with the introduction of the new payroll system. The only one outstanding was in relation to GDPR and hard copy information that could not be reviewed at this time but will be included in the 2021/22 review

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

	Priority (see Appendix B)	Section 4 Recommendation number
Payroll Reconciliations	High	1
Deduction form Salary Third Party Payments	Medium	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.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	H	Payroll Reconciliations Payroll to main ledger reconciliations at the time of the audit had not been fully completed.	Poor information for decision making leading to financial loss.	Payroll reconciliations to the main ledger to be completed on a monthly basis. To ensure that the information within the main ledger has been correctly coded and agrees with the information in the payroll system. However, going forward this should be a much simpler process as the introduction of a new HR/Payroll and Finance system means that the payroll and finance system will be integrated.	Responsible Manager: Head of Finance and Customer Services Payroll is due to go live within the next few months on the new Tech One ERP system and therefore this will no longer be an issue, as payroll will be immediately posted to the finance system once it is run. Implementation date: anticipated July 2021

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2	H	<p>Deduction from Salary Third Party Payments</p> <p>All Salary Third Party payments have individual cost centres.</p> <p>Testing of these codes found that:</p> <ul style="list-style-type: none"> There is no regular review of these codes as payments are not always altered in line with the salary deductions, payments are made over to third parties without showing the corresponding deduction and in one case Rubicon salary deductions had been posted to an RBC account. The brought forward balance does not represent an amount owed and does not correspond to the next payment made. There is no consistency in posting to these codes for example Student loan payments were made against the student loan cost code for part of the year and then they were included in the PAYE code. Overpayments returned from HMRC against NIC were posted to the Student Loan code. 	<p>Inefficient working practices and financial loss from penalties and reputational damage if salary deductions are not correctly paid over to the third party in a timely manner.</p>	<p>That all balances on salary deduction third party codes are reviewed to ensure that the balance is meaningful and can be reconciled back to amounts actually owed by the Council.</p> <p>Going forward that the Salary Deduction Third Party Codes are reviewed as part of the Payroll reconciliation process and in the case of PAYE/NIC and Pension codes fully reconciled to ensure that payments due are made in a timely manner and for the correct amount.</p> <p>Codes to be used consistently to ensure that the process is efficient and does not become resource heavy.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Payroll codes have been reviewed as part of the new system implementation and going forward as all the information is held in one place in the ERP system, this should result in more efficient payroll reconciliations. Codes used in the new system have to pass validation checks set up by finance to be used.</p> <p>Implementation date:</p> <p>anticipated July 2021</p>
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5.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



**St David's House - Collection of income in relation to additional services during the Coronavirus
Pandemic
2020/21**

Final - Initial Assessment for Quarter 4 Audit - 28th September 2020

Distribution:

To: Head of Community and Housing Services
Business Manager

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Section A - Justification of Audit

The 2019/20 audit of St David's financial controls provided an assurance level of **no assurance** due to the lack of effective controls. As a result of this review the Council implemented controls to reduce the risks within the identified areas. The purpose of this initial assessment was to identify if there had been any removal/changes to the financial controls as a result of the Coronavirus Pandemic in addition to identifying other potential risks to the service before carrying out a full audit with testing in quarter 4 (January – March 2021).

Section B - Conclusion - Current Position statement

The financial controls that were put in place prior to Covid-19 have remained in place and have mitigated any risk due to the fact that there has not be any cash handling and all tenants are now being invoiced for additional services such as lunch and laundry.

During the initial assessment an emerging risk has been identified due to the Community Services Manager having left the authority but contracted to remain for a minimal number of hours per week until the end of December 2020 in addition to the Registered Manager retiring in November 2020. However, plans have been put in place to replace the Registered Manager with a Care Manager under an external contract.

The Council is therefore going to prepare a business case, including a financial assessment to consider a new business model for St David's House.

The Council should ensure this risk is entered onto the service risk register.

This initial assessment was undertaken during the month of September 2020.

Section C – Follow- up

Internal Audit can confirm that a risk was added to the 4Risk system - Housing Service Risk Register on 1st October 2020 in relation to the risk identified during this review. The risk was recorded as a high risk and has a review date at the end of October 2020.

Team Leader
2nd October 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

FOLLOW-UP REPORTS:

Since the previous progress report reported to Committee there have been two finalised 'Follow-Up' reports.

Worcestershire Internal Audit Shared Service



Planning Applications Including Sec 106 agreements 2019/20

2nd Follow-up Report - 8th June 2021

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

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 04/02/2020 with the first follow up report on 27/10/2020 and is being followed up again because:

- 1 medium priority recommendation was still outstanding: and
- At least three months have passed since the previous follow-up:

Please note that recommendation implemented from the previous follow up have not been included in this report

The following audit approach has therefore been applied:

- The 1 medium priority recommendations still outstanding from the first follow up have been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Moderate Assurance** over the control environment and this is the second follow-up. The first follow up report found that one recommendation had not been implemented.

The 2nd follow-up found that the 1 'medium' priority recommendation detailed in the table in Section C has now been fully implemented and Internal Audit are satisfied that as the recommendations has now been fully implemented, no further follow ups will be required.

This follow up was undertaken during the month of June 2021.

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Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 23/10/2020</u>	<u>2nd Follow up Position as at 08/10/2020</u>
1 Medium	<p>Section 106 agreements Monitoring</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>Responsible Manager: Strategic Planning and Conservation Manager</p> <p>Implementation date: June 2020</p> <p>Agreed Strategic Planning and Conservation Manager will lead on this</p>	<p>Not Implemented</p> <p>The service appointed an officer responsible for the Section 106 agreements, however due to unforeseen circumstances (Covid-19 pandemic) and staffing issues, this has meant that the date of implementation became unrealistic.</p> <p>In addition to this the implementation of the new finance system has also been delayed due to the impact of Covid-19.</p>	<p>Implemented</p> <p>Since the first follow up; the service has appointed an officer with responsibility for the Section 106 agreements, This role will be responsible for S106 monitoring and in particular keeping the spreadsheet used for recording all S106 agreements up to date.</p>

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Worcestershire Internal Audit Shared Service



Shop Mobility 208/19

3rd Follow-up Report - 27th April 2021

Distribution:

To: Dial-A Ride - Community Transport and Shop Mobility Manager
Head of Community and Housing Services

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Section A - Justification of Audit Follow-up Approach

The date of the final audit report was 25/01/2019, the date of the first follow up audit report was 17/09/2019 with the second follow up report on 29/07/2020 and is being followed up again because:

- 1 medium priority recommendation was still outstanding: and
- At least three months have passed since the previous follow-up:

Please note that recommendation implemented from previous follow ups have not been included in this report

The following audit approach has therefore been applied:

- The 1 medium priority recommendation still outstanding from the previous follow up has been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Significant Assurance** over the control environment and this is the third follow-up. The first and second follow-up reports found that one medium priority recommendation had been partially implemented.

The completion of the final medium priority recommendation required the tendering for a Shopmobility maintenance contract. Unfortunately, due to the Covid-19 pandemic this exercise was delayed.

This contract has now been successfully awarded and therefore Internal Audit is satisfied that all recommendations have been fully implemented reducing the risk to the Council.

No further follow ups are required.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

This follow up was undertaken during the month of April 2021.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>2nd Follow up Position as at 29/07/2020</u>	<u>3rd Follow up Position as at 27th April 2021</u>
1 Medium	Maintenance Contract Ensure the Shopmobility maintenance contract is re-tendered in accordance with the Procurement Code, to ensure the Council is achieving best value.	Management Response: A new maintenance contract will be entered into following RBC procurement rules. The current contract expires 27 th June 2019 Responsible Manager: Head of Community Services. Service Manager responsibility to be determined following a service review. Implementation date: 31 st March 2019	Partially Implemented This has been delayed due to Covid-19. However, the draft specification has been written and this will be added to the Council's etendering portal in August 2020.	Implemented There is now a contract for the Shopmobility maintenance which was procured using the Councils Procurement Code and etendering portal. The contract has a start date of April 2021 and runs for three years.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 5

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	September 2021	September 2021 Charter provided to all Partner Committees as part of the Annual Report reporting cycle. Action completed.
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	June 2021: Auditor enrolled with IIA and continuing training to obtain further professional qualifications. Progressing.
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Ongoing	June 2021: Being monitored Progressing.
4	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-22	Ongoing	June 2021: Included in Auditors work plan for the year. Being monitored and tracked and discussed at 1:2:1s Progressing.

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Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

INTERNAL AUDIT REPORT - HOUSING CAPITAL PROGRAMME POSITION STATEMENT OCTOBER 2021.

Relevant Portfolio Holder	Councillor David Thain
Portfolio Holder Consulted	No
Relevant Head of Service	Guy Revans – Head of Environmental and Property 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:

- an updated position regarding the Redditch Borough Council Housing Capital Programme follow up review.

2. RECOMMENDATIONS

2.1 **The Committee is asked to note the report.**

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”.

Date: 28th October 2021**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Service / Operational Implications**3.3 Housing Capital Programme Review.**

The Housing Capital Programme review was originally undertaken during 2016/17. The outcome of the review identified several areas of the business which required a more substantial control environment to better protect Redditch Borough Council. The review was reported as 'limited' assurance.

There were several recommendations made with 'high' priority allocation due to the nature of the potential risk identified. Within each of the recommendations there was more than one aspect that required addressing so it was a very complex position that the Housing Management faced to enhance the control environment as one element was reliant on another and intrinsically linked.

In response to the original report a substantial action plan was drawn up and agreed with the then Head of Community Services and Deputy Chief Executive presenting the framework before the Audit and Governance Committee to address the various control weaknesses and potential risks the review had highlighted.

The action plan and work identified was far reaching and has touched on many aspects of the work the housing capital programme covers. It has taken time and there has been a natural churn of Officers over time which has impacted progress. Along with the pandemic and a combination of all these factors there has been an impact on the ability to implement all of the requirements.

Due to the nature of the service and the requirements the recovery was always going to take time and resource. The first formal internal audit 'Follow Up' took place on the 15th February 2018. A watching brief has been kept on the progress since and verbal reports were given before Committee by the s151 Officer on a regular basis until there was a change of post holder towards the latter end of 2020.

After a very short time in post the current Executive Director of Resources required a better understanding of the risk profile associated with this area and requested that a piece of work was undertaken to provide an evidenced based assurance of progress. It was agreed to achieve this Internal Audit would work closely with the

Date: 28th October 2021**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Housing Property Services Manager to pull together a dossier of evidence proving the progress that has been made by the Housing Team. There was agreement what evidence was required, and the Housing Property Services Manager obtained information and data to prove that recommendations and service improvements have been achieved. The evidence has been provided to Internal Audit who have considered and related it to the action plan and reported back to the Executive Director of Resource on the 23rd September 2021. Appendix 1 sets out the position as at September 2021 but includes information from the three follow ups (where applicable) thus showing the progression.

The resulting evidence has indicated:

- that a large proportion of the actions have been completed and a sound control environment has been re-established in many areas of the business.
- Having re-established a much better control environment this can now be used as a foundation from which to continue to improve the service.
- The Housing Property Services Manager continues to drive the improvement programme and although a huge amount of progress has already been achieved it is acknowledged by all several recommendations remain and further actions are required to address the associated risks.
- It is evident the direction of travel remains positive and there are clear plans in place to address the remaining points.

Conclusion:

In conclusion:

- 88% of the recommendations have been addressed;
- 12% remain ongoing with action plans in place;
- There is better oversight of contracts, and, available data is more meaningful;
- The overall potential risk in this area has been reduced;
- There remain several pockets of risk, but these are known and will be mitigated with the planned actions;
- Further follow up will continue to take place until all the points have been satisfied.

Date: 28th October 2021

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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 action plan leaving the Borough open to potential unacceptable risk.

5. APPENDICES

Appendix 1 ~ Overview of Housing Capital Programme Progress Matrix

6. BACKGROUND PAPERS

None

7. KEY

N/a

AUTHOR OF REPORT

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX A

**Housing Capital Programme – 2016/17
Worcestershire Internal Audit Shared Service**

KEY:

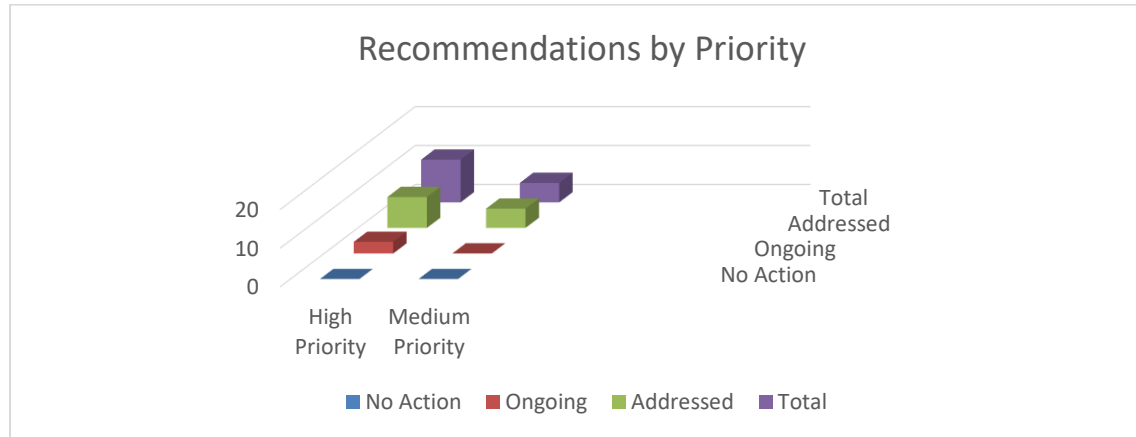
✓ = complete and evidence provided

P = ongoing with a defined plan agreed

In Summary - September 2021:

1.1 Mostly complete with agreed action Plan	1.7 Addressed	1.12 Addressed
1.2 Addressed	1.8 Mostly complete with agreed action Plan	1.13 Addressed
1.3 Addressed	1.9 Addressed	1.14 Addressed
1.4 Addressed	1.10 Addressed	1.15 Addressed
1.5 Addressed	1.11 Addressed	1.16 Addressed
1.6 Addressed		

AUDIT, GOVERNANCE & STANDARDS COMMITTEE



Ref./ Priority	Recommendation	Management Response and Action Plan	Position as at 15 th February 2018 1 st Follow up	Update March & September 2021	Housing Property Services Manager	Head of Internal Audit
1.1 H	Housing Capital Programme Original records must be obtained and reviewed in conjunction with major	No response was expected from this audit	In progress A review was carried out on previous stock condition data held by the Capital Team. There was very little data held on component replacements with no robust strategy to replace major	Update March 2021 RIDGE LLP were procured to carry out a Stock Condition Survey in January 19.	✓	✓

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	works that have been completed to date to determine: *• works that have been completed • properties that require upgrades/improvements • the required budget to be included in the current 5 year programme (i.e. 2017 – 2021) and going forward to the 30 year plan ending 2041.		components with the housing stock that were either at their remailing life or in a very poor condition. The last meaningful stock condition survey was carried out by Savills in 2001. Savills were contacted and provided a copy of the document that they had compiled, However, they did express concerns if this document was still being used as it was only initially intended for budgetary purposes only. The survey data did not hold data against individual properties and schemes that required improvement works. The Stock survey will collect a minimum of 20% data on the housing stock. This will provide a more accurate and meaningful picture of the housing stock and to	Phase 1 was been complete with 1272 surveys being completed. These consisted of blocks and independent assets. This represents a sample size of approximately 21%. Phase 2 of the project commenced on the 1 st Oct 2019. We have currently surveyed the following stock including blocks as shown in the table below <table><tr><th>Asset Type</th><th>Surve yed</th></tr><tr><td>Block</td><td>601</td></tr><tr><td>Bungalow</td><td>521</td></tr></table>	Asset Type	Surve yed	Block	601	Bungalow	521	✓	✓
Asset Type	Surve yed											
Block	601											
Bungalow	521											

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			<p>reflect changes that have occurred e.g. end of decent homes standard and compliance with the Housing Health & Safety Rating Standards. Members have agreed funding of £150k from HRA capital to fund the stock condition survey.</p> <p>The stock condition will initially be completed on 20% of the housing stock ensuring a good representative sample of all archetypes has been surveyed and then will continue focusing on high risk properties.</p> <p>Reviews are being conducted on previous projects that have been completed to ensure that work has been completed to a satisfactory standard and that all necessary</p>	<table><tr><td>Flat</td><td>1023</td></tr><tr><td>House</td><td>1557</td></tr><tr><td>Maisonette</td><td>11</td></tr><tr><td>Grand Total</td><td>3713</td></tr></table> <p>This represents a sample size of approximately 63%</p> <p>Garages are currently being surveyed and a revised asset register has been compiled. The garages will be completed by the 21/2/20.</p> <p>Procurement requires early sight of planned works programme will ensure complaint contracts available for implementation.</p>	Flat	1023	House	1557	Maisonette	11	Grand Total	3713	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>
Flat	1023													
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			<p>documentation in in place. Once this review is completed the data will be uploaded into the new Asset Management system.</p> <p>We envisage the following to be completed on data collection</p> <p>20% to be surveyed by 31st March 2019</p> <p>70% to be surveyed by 31st March 2020</p> <p>100% to be surveyed by 31st March 2021</p> <p>Until such time that we have robust plans to carry out planned capital works we will be reducing the spend on capital works and</p>	<p>Update Sept 2021.</p> <p>The stock condition survey is now complete; other properties will be surveyed when properties are void.</p> <p>All data on the blocks and properties has been validated and uploaded into the Asprey Test system</p> <p>We are now analysing and validating the data on the garages and car park sites</p> <p>Revised cost forecast reports have been completed for 30 years and passed to finance</p>	<p>P</p> <p>✓</p> <p>P</p> <p>P</p>	<p>✓</p>

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			<p>only carrying out necessary works following detailed surveys at properties and only where issues have been identified with meeting statutory legislation e.g. The Regulatory Reform (Fire Safety) Order 2005 and Control of Asbestos Regulations 2012.</p> <p>.</p>	<p>for review and budget planning.</p> <p>The remaining assets that were not surveyed will be completed by the in-house surveyors. This will be done as and when new projects are started and when we have void properties passed to the Capital Team. Delays due to COVID 19 and we are hoping that this will be completed in full during financial year 21/22</p> <p>A new investment programme based on the data is being developed ready for procurement and commencement in 2021/22.</p>	<p>P</p> <p>✓</p>	<p>✓</p>

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1.2 H	<p>Budget Monitoring</p> <p>Consideration should be given to:</p> <ul style="list-style-type: none"> Creating annual orders to commit expenditure. Routinely incorporating work in progress into the budget monitoring process to minimise the scope for overspends 	<p>No response was expected from this audit</p>	<p>The Senior Contract Manager confirmed that he had met with the Housing Accountant and a revised process for monitoring capital spend agreed</p> <p>Expenditure on capital projects is committed and provisions have been made to take account of work:</p> <ul style="list-style-type: none"> Ordered In progress (WIP) Completed but not yet invoiced Completed and Invoiced Paid 	<p>For financial year 18/19 and going forward orders for capital works were placed using the Councils eProc financial system.</p> <p>This allowed better monitoring of budgets and expenditure.</p>		

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			<p>The Senior Contracts Manager will be responsible for monitoring all capital works expenditure. In the interim whilst the new Housing Management System is being procured and mobilised, the Senior Contracts Manager will be using the financial system eProc and eFin to raise works orders which initially will be for multiple works against one project and contractor to better manage budgets and expenditure.</p> <p>Furthermore, a new process of closing accounts on a quarterly basis is being developed by the Senior Contracts Manager and Finance. This will allow potential overspends to be better managed and also ensure that end of year accruals are minimised.</p>	<p>New contracts were also procured through frameworks to ensure that all works ordered complied with the Councils Procurement rules.</p> <p>Meetings were held with finance to ensure that expenditure was controlled and managed as per the budgets.</p> <p>No overspend on the budgets is envisaged for financial year 18/19.</p> <p>Procurement needs a full list of contracts for the contracts register; we still do not have this complete. Also housing need to ensure all orders</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>

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			<p>This should ensure a more robust approach is followed.</p> <p>Changes to revenue spend is reliant on new Housing Management System.</p>	<p>detail which framework we are utilising.</p> <p>A new finance system was introduced in February 2021. New annual orders are being raised for 21/22.</p>	✓	✓
1.3 H	<p>Budget Overspends</p> <p>When the budget has been reached it is practice to stop the works.</p> <p>However, it is not common practice to review the contract management arrangements. Failure to routinely do this will not</p>	<p>Where expenditure levels are at or exceeded the budget, then it would be prudent to confirm the reasons for this as opposed to just slowing or halting the works.</p>	<p>Regular budget monitoring reports (are produced, circulated and monitored by senior managers and the Portfolio Holder.</p>	<p>Capital Monitoring Meetings have been diarised monthly to monitor spend as well as using spend profiles based on historical and or estimated monthly expenditure.</p>	✓	✓

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	determine if poor contract management was contributory factor in the budget level being prematurely reached/ exceeded.					
1.4 H	Property Database For the purposes of accuracy and to ensure that the housing stock is maintained in accordance with the Decent Homes Standard, it is recommended that a central database is established.	No response was expected from this audit	A new asset management system has been procured from Asprey Management Solutions Ltd. The asset management system will hold all relevant property information such as property archetype, ownership, status (i.e. sold or RTB) plus survey condition	Update March 2021 The new asset management system was procured in 2018 and is currently being developed in line with RBC requirements. The asset register is complete, and a physical survey was carried out of all blocks to ensure we had the correct independent assets	✓ ✓	✓ ✓

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	<p>SAFFRON would be the obvious choice for storing property related data. However, it is accepted that this is an old version of the application and has limitations.</p> <p>It may be appropriate to consider an alternative solution which will provide a 'fit for purpose' system that can be relied on and provide the requisite management information that will assist good decision making and justifiable actions.</p>		<p>data, Decent Homes and Housing Quality Standard rules, local rules, installation dates, suggested replacement dates (based on survey data), planned replacement dates etc. This module allows an analysis of current and future positions in terms of Housing Quality standards, along with associated cost information, and via scenario planning, allows the user to determine the optimum route to reaching and maintaining the target level of decency/housing quality.</p> <p>The new system will also allow robust cost forecasting and budgeting for capital works, this can be done on a yearly basis or up to 30 years.</p>	<p>were attributed to the correct blocks.</p> <p>The component register has also been completed detailing all the major components that will be collected during the stock condition surveys.</p> <p>We have also completed the component accounting schedule of rates which will inform RBC of the 30 year expenditure on the assets. The component accounting costs have also been verified externally and internally to ensure they are in line with industry costs.</p>	<p>✓</p>	<p>✓</p> <p>✓</p>

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			<p>The Senior Contracts Manager has been tasked with project managing the implementation of the new system. We envisage the system for initial data collection being in operation by Nov 18 and the full system operation from the 1st April 19.</p>	<p>The rules and structures for Decent Homes, Housing health & safety rating standard and reduced data SAP assessment (RdSAP) have also been completed.</p> <p>The system is live in an external environment and will be formally moved over onto RBC servers once the garage surveys are complete.</p> <p>Work has also commenced on the other modules that we have procured, namely;</p> <p>Fire Risk Assessments</p> <p>Legionella</p>	<p>✓</p>	<p>✓</p>

Date: 28th October 2021

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				<p>Asbestos</p> <p>Electrics</p> <p>Gas Servicing</p> <p>Inspection & Testing.</p> <p>The Senior Contracts Manager has been assigned as the Super User on the project and a team established to support the implementation of the modules.</p> <p>With the procurement of the new housing system this project has now been linked to the wider housing system project board to ensure that the project is managed in line</p>	<p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p>

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				<p>with other business critical areas.</p> <p>Update September 2021</p> <p>Stock condition Information has now been loaded in to the Asprey System, this was delayed due to the COVID pandemic.</p> <p>A phased approach to implementing the key modules is contained within an overarching Project Plan.</p> <p>Initial training has now been completed for the Super Users on System Administration and further training is being booked for other modules. A live system</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p> <p>✓</p> <p>✓</p>

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				is in operation for stock condition.		
1.5 H	Contract extensions Contracts should only be extended in accordance with the Standard Terms and Conditions of the Contract and value for key must be a key driving factor.	No response was expected from this audit	Following the review of existing contracts and the suspension of all existing contracts subject to a full review a new process has been implemented to manage contract extensions. No contracts will be extended on the expiration date of existing contracts. All new procurement contracts have been procured in line with the Councils Corporate	Update March 2021 All new contracts have been procured in line with the Councils Corporate Procurement Procedure Rules via a number of frameworks. The contracts procured have been as follows Voids works. R&M Works.		

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

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			<p>Procurement Procedure rules. Upon the anniversary of the contract expiration new contracts will have been procured ensuring that adequate time and resources are tasked prior to the contract end date allowing enough time to procure any new contracts.</p> <p>The Senior contracts Manager has been tasked with responsibility to procure all new contracts and keep an up to dated register of contracts with start and end dates which are regularly reviewed with the Procurement Officer.</p> <p>If for any reason a contract cannot be sought in line with Corporate Procedure Rules a report will be compiled by the Senior Contracts</p>	<p>Asbestos removals.</p> <p>Asbestos surveying.</p> <p>Fire Stoppage Works.</p> <p>Stock condition surveys.</p> <p>Structural Surveys.</p> <p>Fire Risk assessments.</p> <p>The following tenders are in the process of being procured</p> <p>Electrical works</p> <p>Electrical compliance</p> <p>Electrical Upgrades</p>	✓	✓

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			Manager and Procurement Officer which will then only be approved by the Head of Service and the Management Team. This process will only be used in exceptional circumstances.	<p>Equipment & Adaptation</p> <p>Drains & Sewers</p> <p>Whole House Works</p> <p>Cyclical Painting</p> <p>Cleaning</p> <p>Regular meetings are held between the Senior Contracts Manager and Procurement officer to review contracts.</p> <p>Contracts still out of date (cleaning) or no complaint contracts in places (waste).</p> <p>Update September 2021</p>	✓	✓

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				<p>New contracts that have been procured in line with the Corporate Procurement Procedure rules are as follows</p> <p>Asbestos Surveys</p> <p>Asbestos Removal</p> <p>EICR Compliance</p> <p>Cyclical painting</p> <p>Communal Painting</p> <p>Fire Safety Works</p> <p>Damp & Mould Growth</p> <p>Warden call Systems</p> <p>The following contracts are being drawn up and will be</p>	✓	✓

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				procured over the coming months Major Works Major Voids Kitchen & Bathrooms Communal Doors Door Access Solutions Electrical Heating Gas Heating Upgrades Aids & Adaptations		

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1.6 H	<p>Work not exposed to competition</p> <p>This work should be exposed to competition without delay.</p>	No response was expected from this audit	<p>During the initial audit it had been confirmed that work carried out in connection with aerial repairs had not been exposed to tender and there were questions being raised regarding the current providers qualification to do this work.</p> <ul style="list-style-type: none"> This work has not been tendered but is being examined with a view to including the works within the electrical contract procurement as a separate Lot. <p>Electrical contracts will be out for tender in November/December 2018. Industry standard specifications (NATFED) will be used (amended as necessary) for this purpose. These specifications</p>	<p>All new contracts procured have select questions that are completed by the relevant tenderers which specifically look at competency of the contractor. These will involve qualifications, professional accreditations, references and industry experience and quality assurance systems. This will ensure only competent contractors bid for any works</p> <p>Robust procurement process for all new contracts. Use of frameworks where possible for full transparency.</p>	✓	<p>✓</p> <p>✓</p>

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			<p>are available under a subscription service and are updated to ensure all appropriate legislation, health & safety requirements etc. In future all contract specifications will follow this format starting with the Electrical contract.</p> <p>All future tenders will ensure that appropriate trade qualifications or membership of a professional body will be requested and confirmed as part of the tender/evaluation process.</p>			
1.7 H	<p>Contract Register</p> <p>Expired contracts must be tendered as a matter of urgency. Records held by both Procurement & Housing should be</p>	<p>No response was expected from this audit</p>	<p>All contracts have now been reviewed and the Senior Contracts Manager along with the Procurement Officer will be</p>	<p>Training has been provided on the Corporate Procedure Rules and Financial</p>	✓	✓

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	reviewed to ensure information is consistent and appropriate action is taken to prepare for letting the contract.		<p>updating and reviewing the register on a regular basis.</p> <p>The contracts register will also be uploaded onto the Corporate procurement system Due North which will ensure that automatic updates will be sent to robustly manage the process.</p>	<p>Regulations to the Housing capital team</p> <p>Training was also delivered by Anthony Collins Solicitors on Contract Management.</p> <p>Contracts register is still not up to date with all contracts.</p>	✓	✓
1.8 H	<p>Procurement training</p> <p>All staff engaged in the procurement process should be adequately trained.</p>		<p>Training was provided to members of the Housing Capital team in May 2017 by the SCM.</p>	<p>All training now undertaken and continue sessions to maintain knowledge.</p> <p>Training is taking place on Specifications and Scoring and Evaluation. Also, we</p>		

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		Inexperience d staff should not be preparing specification s unless there is an adequate level of supervision.	<p>The Contract Group has identified council wide training to be delivered:</p> <ul style="list-style-type: none"> • Contract Procedure Rules & Fin Regulations – delivered with mop up sessions available • Contract Management Training – to be provided by HR • Mandatory Procurement Training has now been undertaken and lists of all who attended has been issued to HOS. 	<p>have Crown Commercial Services coming in February 20 to discuss Frameworks</p> <p>Further mop up general training provided to new starters/those who have not attended. Further sessions will be made available.</p> <p>New general training will be rolled out Autumn 2020 following process mapping work with Black Radley.</p> <p>New 2021 sessions planned</p> <p>Specification template now available.</p>	<p>✓</p> <p>P</p> <p>✓</p>	<p>✓</p> <p>✓</p>

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1.9 H	Contract Specifications There is no formal process in place that identifies key contract stages/requirements in the contract letting process e.g. <ul style="list-style-type: none"> • Specification • Advertising • Method of evaluation • Impact on other contracts 	No response was expected from this audit	New processes have been developed to ensure that any procurement of contracts has fit for purpose specifications for the work required. All procurement for contracts has detailed timelines which identify key milestones along with named officers who are required in the process. As all procurement is now being viewed across the	Contracts specifications have been re-done to ensure they are fit for purpose. Procurement of contracts now also includes Public Buildings to ensure that duplication of works is avoided.	✓ ✓	✓ ✓

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	<ul style="list-style-type: none"> Liaison with procurement Performance measures <p>It is recommended for each contract a standard checklist is introduced that will help ensure that a disciplined approach is followed and, key elements have been identified.</p> <p>The checklist should also provide for management/senior officer review/sign off to provide assurance that key areas have been adequately addressed.</p>		<p>council this in turn will allow other departments who may use similar services to be part of the contract tender documentation. This negates the need to do multiple procurements for similar works ensuring a better streamlined process and value for money is being achieved.</p> <p>The Senior Contracts Manager is leading on this with support from the Procurement Officer to identify where procurement may overlap between different teams and departments.</p> <p>As mentioned in 4.7, contract specifications to be used in the future will now be standardised</p>	We are currently holding training courses on Specification writing.		✓

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			and up to date and available via a subscription service.			
1.10 H	Performance measures All contracts must include meaningful performance measures as indicated in the Contract Procedure Rules and be closely monitored as part of the overall contract management throughout the term of the contract.	No response was expected from this audit	A new suite of performance measures are in the process of being introduced on all new contracts	Use of frameworks provides robust performance measures mechanisms – checks needed to ensure these are appropriately monitored and used. No one is using the portal for contract management purposes.		✓ ✓

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>Position as at 15th February 2018</u> <u>1st Follow up</u>	<u>Update March & September 2021</u>	<u>Housing Property Services Manager</u>	<u>Head of Internal Audit</u>
1.11 H	Record retention/disposal Records must be retained as outlined in the procedure rules	No response was expected from this audit	This is an area that has yet to be addressed by the Contracts Group and is now council wide and not restricted to Housing. A 'contract amnesty' was declared for the purpose of determining what contracts existed within the council which are not recorded anywhere & to establish an accurate position. This piece of work has been carried out by the Contract W and contracts have been identified. This is still an ongoing piece of work	March 2021 The portal is still not up to date with contracts and documentation September 2021 Update The final 5 signed contracts have now been sent to procurement and once loaded this action is complete.		✓

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			In the medium term council wide use of the procurement application DUENORTH will enable all records to be held both electronically and centrally.			
1.12 M	Resilience It is recommended that the issue of resilience is factored into the process when these contracts are let.	No response was expected from this audit	The contracts specifically electrical are go to be let in lots i.e. specific type of work. This will allow specialists, small, and multi skilled suppliers to tender. This will also help to provide resilience in this area.	The electrical contract was procured though LOTs.		✓

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1.13 M	Contract / Procurement Guidance Procurement documents should be reviewed to ensure that guidance is; sufficient, consistent and that responsibilities are clearly defined	No response was expected from this audit	<p>The Contract Procedure Rules (CPR) & the Financial Procedure Rules have been reviewed and came into force wef 1st April 2018.</p> <p>The audit report made specific reference to 'contract extensions' & 'novations' but neither appear in the revised CPR. However, it is intended for these areas to be covered in the contract management training.</p> <p>Consideration was given to centrally locating all contract/procurement advice/documents etc. However, it was felt that staff wishing to</p>	<p>We are looking at updating the orb and website with further helpful information and documents.</p> <p>New specification template and outcome of Black Radley process mapping</p>		<p>✓</p> <p>✓</p>

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			procure services should be encouraged to deal directly with the Procurement Officer that way there is a greater degree of certainty that advice given will be consistent and the scope for error minimised.			
1.14 M	Procurement Unit It is recommended that the Procurement Officer liaises with Heads Of Service & staff involved with contracts to gauge views and ideas to determine an effective partnership going forward	No response was expected from this audit	The Procurement Unit is now within Legal Service's and forms part of the new Commercial Team that includes solicitors. The Procurement profile has now been raised by this move. The Business Plan Template also	Process mapping work with Black Radley and procurements champions outcome now going to CMT to be signed off before roll out through new procurement training and suite of template documents.		✓

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			requires that Procurement is involved at an early stage. Other Services (e.g. Environmental Services) are ensuring that advice is sought from Procurement prior to tendering.			
1.15 M	Contract Conditions It should not be accepted that the Council will meet these costs and as such these clauses should not be routinely incorporated into contracts. Consideration should also be given to having shorter	No response was expected from this audit	Confirmed with both HOLM & SCM that future contracts will not provide for rpi increases. Again, the use of a report will reinforce this requirement.	No RPI increases as per previous contracts have been provided in new contracts that have been procured.		✓

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	contracts as opposed to the five year contracts that have been let.					
1.16 M	Whistleblowing Policy It is recommended that at the time contracts are exposed to tender, prospective tenderers are given an extract of the policy along with all other documents and the Policy is made easily available on the Council's website to encourage action if wrong doing is considered present.	No response was expected from this audit	The Whistleblowing Policy (Confidential Reporting Policy) was reviewed and approved by Council in July 2016. The Policy appears in the staff handbook which is also part of the Constitution which can be found from the web site. Due to the suspension of contracts this recommendation has yet to be fully implemented.	Use of frameworks means procurement conducted by independent 3 rd party organisations		✓

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			Though this should occur with the tendering for the Minor Civils contract which is due for tender imminently.			

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Definition of Priority of Recommendations

Priority	Definition
H	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.
M	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.
L	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

AUDIT, GOVERNANCE AND STANDARDS COMMITTEE

Work Programme 2021-22

28th October 2021

- Monitoring Officer's Report
- Internal Audit Progress Report
- Grant Thornton External Audit Progress Report and Sector Update
- Internal Audit Progress Report
- HRA S151 Update
- Treasury Report Update
- Corporate Risk Register
- Review of the Role of Independent Member
- Risk Champion Update
- Committee Work Programme

January 2022

- Monitoring Officer's Report
- External Audit Plan 2021/22
- Grant Thornton External Audit Progress Report and Sector Update
- Internal Audit Progress Report
- Financial Savings Monitoring Report
- Treasury, Capital, and Investments reports
- Corporate Risk Register
- Risk Champion Update
- Committee Work Programme

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