REDDITCH BOROUGH COUNCIL

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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

1.   SUMMARY OF PROPOSALS

1.1 To present:

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

2.   RECOMMENDATIONS

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

3.   KEY ISSUES

Financial Implications

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

Legal Implications

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

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Service / Operational Implications

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

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2014to 31st March2015 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (24thApril2014):

2012/2013 Audits

Corporate Governance ~ Shared Service

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

Current Status: Final Report issued 9th May 2014
Assurance: N/a ~ Critical review

2013/2014 Audits:

Mutual Exchanges and Transfers

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

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

Current Status: Final Report issued 12th June 2014
Assurance: Significant

Treasury Management

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

Current Status: Final Report issued 16th April 2014
Assurance: Significant

Rent Verification Statements

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

Current Status: Final Report issued 30th April 2014
Assurance: Significant

Date: 25th September 2014

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Arts Development

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

Current Status: Final Report issued 30th April 2014
Assurance: Significant

Miscellaneous Income ~ Woodland Management

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

Current Status: Final Report issued 1st May 2014
Assurance: Significant

Payroll

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

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

Current Status: Final Report issued 20th May 2014
Assurance: Moderate

Shared Service (Worcester Regulatory Services) Client Side

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

Current Status: Final Report issued 30th May 2014
Assurance: Moderate

Risk Management

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

Current Status: Final Report issued 30th April 2014
Assurance: Limited

Date: 25th September 2014

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Sports Development

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

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

ICT

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

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

Corporate Governance ~ Protecting the Public Purse

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

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

Date: 25th September 2014

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2014/2015 Audits:

Land Charges

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

Current Status: Final Report issued 18th July 2014
Assurance: Moderate

Planning Fees

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

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

Data Security, Storage, Publication and Disposal

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

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

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

Planning Enforcement

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

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

Summary of assurance levels:

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

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

2012/13 AUDITS NEARING FINAL COMPLETION

Rent Arrears, Payment and Collection

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

Current Status: Draft Report Stage

2013/14 AUDITS NEARING FINAL COMPLETION

Corporate Anti Fraud

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

Current Status: Report issued 6th June 2014
Assurance: To be confirmed when finalised

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S106's

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

Current Status: Draft Report issued 8th August 2014
Assurance: To be confirmed when finalised

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

2014/15 AUDIT WORK WHICH IS ONGOING

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

3.4   AUDIT DAYS

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

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

Appendix 3 shows the tracking of completed audits.

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

3.5   OTHER KEY AUDIT WORK

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

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

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

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

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

Customer / Equalities and Diversity Implications

3.6   There are no implications arising out of this report.

4.   RISK MANAGEMENT

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

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

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

5. **APPENDICES**

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

6. **BACKGROUND PAPERS**

Individual internal audit reports.

7. **KEY**

N/a

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APPENDIX 1

Delivery against Internal Audit Plan for 2014/15
1st April 2014 to 31[st]August2014

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

Note 1
Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for the Annual Governance Statement and Statement of Accounts.

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

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APPENDIX 2

Key Performance Indicators (KPIs) for 01st April 2014 to 31st March 2015.

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

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

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

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

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APPENDIX 3

Planned Follow Ups:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

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

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

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
2	Medium	**Security** Insecure compound used for logs awaiting sale	Loss of stock resulting in loss of income	Whilst current stock values are relatively low, it is understood that options are being considered that will generate increased log sales income and this could result in increased stock values. Should this be the case then a review of compound security would be appropriate.	**Responsible Manager:** Environmental Services Manager: The current compound is insecure and as a result of the recent Member lead review of services via the Overview and Scrutiny Committee officers have been asked to investigate the feasibility of creating a bespoke timber yard that could potentially operate on a more commercial basis **Implementation date:** Commenced as of April 2014 and will be on going
Payroll 2013/14					
Assurance: Moderate					
Summary: The review was a full systems audit concentrating on the controls over the Payroll System with regard to ensuring only current bona fide employees of Redditch Borough Council are paid through the payroll system.					
Issues brought forward from previous audit					
1	Medium	**Segregation of Duties** Two employees from within the Payroll team have the ability to change their own payroll data, run the Payroll and process/send the BACS payment. Following enquires it was noted it is	Potential risk of ghost employees and possible financial loss.	Although there are budgetary control checks in place there is still some risk to the Council. Therefore, it is recommended that the audit log is independently reviewed by Human Resources	**Responsible Manager:** Human Resources and Organisational Manager **Implementation date**: August 2014

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		not possible to restrict Chris21from enabling Payroll officers from changing their own payroll data. Human Resources Checks Discussion highlighted that there are no independent checks carried out by Human Resources on the integrity of the Payroll New Starters Payroll assigns new starters to vacant posts on Chris21. There is only one person assigned per job /job ref. There is no check in place to prevent Payroll entering someone against a vacant post.		on an ongoing basis to monitor all changes made to the Payroll system. Human Resources to institute a series of quality checks into the Payroll process to agree the accuracy of data. Human Resources to implement the regular monitoring of new starters against the Chris21 system.	
2	Medium	Formal Written Procedures A substantial amount of work has been carried out on the formal written procedures for the Payroll system to date however, these need to be finalised within a given timescale. This includes both establishment control within Human Resources and the employee details controlled from within the Payroll team.	Inconsistency in the application of procedures leading to incorrect information and payments made.	Formal written procedures are produced for the Payroll process including establishment control. These are departmentally approved with a version control.	**Responsible Manager:** Financial Services Manager **Implementation date:** These are being worked on and will be implemented, 1st November 2014

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

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

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

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

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

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

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		requires officers to assess and mitigate against project risks. However, this assessment process is not in accordance with the assessment criteria as defined in the Risk Management Strategy.			
6	Medium	**4Risk System Administration** The 4Risk system is not sending reminders to all risk owners, e.g. Environmental Services. This is due to the system holding incorrect contact information for the users.	Lack of timely reviews for implementation of mitigating actions, leading to increased risk to the Authority.	Risk Owner contact information to be regularly reviewed on the 4Risk system to ensure that reminders for reviewing the risk entries are received and addressed in a timely manner.	**Responsible Manager:** Executive Director (Finance & Resources) **Implementation date:** July 2014 Officer responsible for admin of 4Risk to remind relevant officers.
Sports Development 2013/14					
Assurance: Limited					
Summary: The review was a full system audit concentrating on Sports Development to ensure procedures/guidelines exist for the recording, receipting and banking of income for all Sports Development activities.					
1	High	**Self-Employed Coaches** The Sports Development team are currently undertaking some checks on the employment status of self-employed coaches to ensure arrangements are not in breach of Her Majesty's Customs and Excise regulations. During this review Internal Audit identified instances where current employment arrangements indicate that some of these self-employed coaches may be deemed by Her Majesty's Customs and Excise as	Breach of Her Majesty's Customs and Excise regulations re Self-Employed leading to fines/penalties to the Council.	The Sports Development team to continue to liaise with the Legal and Finance department as a matter of urgency to seek appropriate advice on whether the Council can continue to employ these coaches or any others on a self-employed basis.	Agreed. • Devise a detailed spread sheet report to establish the status of each Self-Employed employee. • Managers to attend seminars on employing Self-Employed staff. • Working Group to be set up to establish risk and agreed approach to mitigate risk. **Responsible Manager:** Leisure Services Manager.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		employees, therefore should be paid through the payroll. For example: self-employed coaches do not pay for hire of the room, they use Council owned/hired premises, collect income on behalf of the Council, have agreed hours and on occasions have used Council owned equipment. This is no different to coaches who are paid through the payroll and who are on the establishment.			**Implementation date:** 31st May 2014.
2	High	**Bankings** Under normal circumstance income is collected by the coaches and handed to the Sports Development Officers for banking. However following an Internal Audit walkthrough of the system instances were noted where the Sports Development Officer had taken the class and also received and banked the income. As there is no overall reconciliation undertaken by the Sports Development Officers to ensure all income received is banked there is no clear separation of duties. Because there are no proper independent checks to income banked, overs and under bankings are not recorded and monitored. Audit testing also highlighted instances where cash is handed from	Risk of theft and financial loss to the Council.	The Sports Development team must ensure that there is adequate separation of duties in the cash collection procedures at all times with sufficient evidence to support this retained in their files. A reconciliation of income collected/monies due to that banked should be undertaken by the Sports Development team on a monthly basis. This should include the recording and monitoring of unders and overs for individual officers. A signature (discharge of liability) to be obtained when takings are handed from one officer to another prior to banking.	Agreed. • Normal Operating Procedure to be written and issued to staff. Procedure to include obtaining a signature when takings are handed to the Business Support Officer for banking. • Management to carry out regular checks to ensure compliance. • List of sessions identified on a spreadsheet and reviewed weekly to ensure monies received. **Responsible Manager:** Sports and Physical Activity Development Manager. **Implementation date:** 31st May 2014.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		one officer to another prior to banking without discharge of liability being obtained i.e. signature confirming receipt.			
3	High	**Incomplete records – recording of income received** The cash collection paying in sheet was not completed in full i.e. the date of the class and the number of people attending the class was not always recorded. The cash collection paying in sheet is the only record maintained of the total number of attendees and the total income received for each class. A register is not usually compiled at the start of each class providing names of all attendees and individual amounts paid other than the Disability and Minority classes. Monies are paid direct to the coach running each session and receipts are not given. It was also identified following testing of 25 classes that the amount banked for 12 of them did not agree to the number of attendees multiplied by the class fee.	Risk of financial loss and theft to the Council.	Class attendees to pay in any income due for classes that take place at Council owned Leisure Centres direct to the centre's cash desk. Cash collection paying in sheets to be completed in full to ensure a reconciliation of income received to banking can be performed. To also include the date the income was banked to provide a clear audit trail. A register to be compiled of names of attendees and individual amounts paid for each class where income is being taken direct by coaches. This needs to be attached to the cash collection paying in sheets.	Agreed. • Normal Operating Procedure to be written and issued to staff. Management to carry out regular checks to ensure compliance. • Procedure to include a requirement for all attendees to pay fees direct to the cash desk when classes take place at Council owned Leisure Centres. • Cash collection paying in sheets will be completed in full to ensure a reconciliation of income received to banking is performed andthis will also include the date the income was banked to provide a clear audit trail. • A register will be compiled of names of attendees and individual amounts paid for each class where income is being taken direct by coaches. This will be attached to the cash collection paying in sheets. **Responsible Manager:** Sports and Physical Activity Development Manager.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: 31st May 2014.
4	Medium	**Written Procedures** There are no up to date written procedures for the collection of income, maintenance of registers and the banking process for Sports Development Staff.	Risk of theft and financial loss to the Council.	Written procedures to be put in place for the collection of income process and procedures for both staff and third parties. These procedures to be reviewed on an annual basis or as soon as there has been changes to the process.	Agreed. • Normal Operating Procedure to be written and issued to staff. Management to carry out regular checks to ensure compliance. **Responsible Manager:** Sports and Physical Activity Development Manager. **Implementation date**: 30th June 2014
5	Medium	**Asset Inventory** Inventory checks are not performed by the Sports Development team on a regular basis. There are also no formal procedure/guidance notes covering the maintenance of Inventory used by Sports Development staff and Coaches.	Risk of theft and financial loss to the Council.	An inventory check is performed by the Sports Development team on a six monthly basis. A formal written procedure on inventory maintenance to be produced and put in place.	Agreed. • Normal Operating Procedure to be written and issued to staff. • Six monthly Inventory checks will only include items with a value over £100. **Responsible Manager:** Sports and Physical Activity Development Manager. **Implementation date:**

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

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

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

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

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: December 2014
Land Charges 2014/15					
Assurance: Moderate					
Summary: The review was a full system audit of the controls over the Land Charges system. The setting of fees and charges and the appropriateness of the fees themselves was not covered by this audit.					
1	High	**Reconciliation of Day Book to Financial Ledger** The lack of reconciliation of the Receipts Book to the Financial Management System has resulted in significant financial failures over a period of years. These would have been identified sooner if the reconciliation had taken place. It was found during the 2014/15 audit that reconciliation is still not undertaken. It was also identified that currently it would be difficult to trace some payments in order to undertake a reconciliation because: • Cashiers are not always inputting sufficient information when receipting payments so payments cannot be related back to	There is a risk of financial loss and reputational damage to the Council.	The reconciliation of the income recorded in the Receipts Book against that recorded in the Financial Accounts must be reinstated and carried out on a monthly basis.It is further advised that a full review of opportunities to streamline the reconciliation be undertaken. To ensure cashiers are reminded that when they receipt payments on behalf of Local Land Charges, receipts to be attached to supporting paperwork to include the cost centre code. Secondly the cashiers to ensure sufficient information is input into	**Responsible Manager**: Principal Solicitor **Implementation date:** Reconciliation – October 2014 Review of process – January 2015 **Responsible Manager:** Senior Customer Service Advisor **Implementation date:** End of July 2014

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		individual searches. • Receipts are not always attached to the supporting paperwork following receipt of payment.		the cash receipting system in order to identify payment i.e. name, address and reference number.	
2	High	**Fees and Charges** Testing showed actual Land charges levied to the customer so far for 2014/15 are not in accordance with the Scale of Charges approved by committee for this financial year. Arithmetical errors were noted immediately following submission of the proposed Land Charge fees for approval and as a result it was realised that the approved fees were not the same as those initially calculated An officer decision was made at the time to carry out some small adjustments (max 0.65p per transaction) in order to rectify this and to bring them in line with those originally intended. The adjusted fees are those published on the Council's website.	If charges are incorrect there is a risk of public challenge leading to reputational damage to the Council	All Council's fees and charges must be approved by committee in accordance with the Council's Constitution and delegation of authority. As actual fees and charges currently being levied for 2014/15 are not, management must address this with immediate effect and seek appropriate advice from the committee portfolio holder.	**Responsible Manager:** Principal Solicitor **Implementation date:** End of July 2014

Planning Fees 2014/15
Assurance: Moderate
Summary: The review was a full system audit and concentrated on controls in place for applications processed. The audit did not cover an evaluation of planning decisions for the purpose of determining the suitability of a proposed development.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
1	Medium	**Security of Application Cheques** Once cheque payments have been received by the Planning Services team, they are retained with the planning/ pre-planning applications on an open shelf within the planning office, and not inside a secure container, e.g. a lockable cabinet. The office is not easily accessible by individuals who are not employed by Redditch.	Loss of cheque payments due to theft or negligence, leading to additional cost to the authority for arranging replacement and reputational damage for the Service.	Cheque payments to be secured inside a lockable cabinet, with accessed restricted to only Planning Services employees.	Agreed. **Responsible Manager:** Development Control Manager (Operations) **Implementation date:** October 2014
2	Medium	**Pre-Planning Application Fees** Of a random sample of 10 pre-planning applications, 1 was identified as needing to be charged a fee for the consultation given for new developments. However records show that no fee had been charged.	Lack of income for chargeable activities resulting in financial loss to the authority.	Fees to be charged for all pre-application advice relating to new developments, in accordance with the charge policy. Instances where a decision has been made not to charge a pre-application fee should be clearly documented on the case file and Uniform records.	A charge will be made on all pre-application advice relating to new developments. **Responsible Manager:** Development Manager **Implementation date:** Immediate
Data Security, Storage, Publication and Disposal2014/15					
Assurance: Moderate					
Summary: The review was a full systems audit concentrating on Data Security, Storage, Publication and Disposal					
1	Medium	**Local Government Transparency Code 2014**			**Responsible Manager:**

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