

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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

1. SUMMARY OF PROPOSALS

1.1 To present:

- The progress report of internal audit work with regard to the 2014/15 audit work.

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”.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Service / Operational Implications

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

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

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (22nd JANUARY 2015):

2014/2015 AUDITS FINALISED

Forge Mill Museum

The audit found a reconciliation was carried out to ensure all income received was banked and reflected in the main ledger correctly and appropriate records maintained for the cashing up and banking process. However weaknesses were identified over several areas including the recording and control of museum artefacts, stock control over resalable items, separation of duties in the cashing up process and the security of the cashing up environment. Discussions have taken place with the Leisure Services Manager regarding the need to ensure there is resilience within the team for updating the inventory system however due to the historical nature and expertise required in registering new items this can only be undertaken by the "Keeper of Collections". There were no 'high' priority recommendations reported.

Current Status: Final Report issued 6th February 2015
Assurance: Moderate

Reddicard Fees/Concessions

The audit found there was a sound system of control in place but some of the expected controls could be improved. Procedures were in place and all Reddicard sales were found to have sufficient supporting information recorded on the Haven system however at the time of the audit one Reddicard pricing was still in accordance with the 2013/14 charges and not the current financial year. In addition there were insufficient controls over the supply and stock of Reddicards and no stock reconciliation process was in place. Stock is transferred from one centre to another and records are not maintained of

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

stock held at every centre. There were no 'high' priority recommendations reported.

Current Status: Final Report issued 11th February 2015
Assurance: Moderate

Housing Repairs and Maintenance

The audit found there was a sound system of control in place but some of the expected controls could be improved. There were good arrangements in place for monitoring and improving performance to the customer and trends indicated improving levels. There was also an effective and continuing process to maximise productivity of the workforce. However, the audit identified the need to improve the control of stock held on imprest vans, and, improvements that are required for monitoring contractor performance and to ensure contractual payments are made in accordance with the conditions of contract. There were no 'high' priority recommendations reported.

Current Status: Final Report issued 22nd January 2015
Assurance: Moderate

Council Tax

The audit found generally there was a sound system of control in place with overall controls operating effectively notably in the annual debit raising and the processing of property band amendments. Write offs were found to be regularly processed and properly supported and authorised. Isolated control weaknesses were identified in particular to a lack of reviews on exemptions and discounts. There were no 'high' priority recommendations reported.

Current Status: Final Report issued 6th February 2015
Assurance: Significant

NNDR

The audit found there was a sound system of internal control in place but testing identified some isolated weaknesses. The review confirmed that the processing of property rateable values and the application of discounts and relief was well administered. However, the annual debit raising process could be improved if variances arising were investigated at the time and details recorded as to why any variances occurred. There were no 'high' priority recommendations reported.

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Current Status: Final Report issued 6th February 2015
Assurance: Moderate

Cash Receipting

The audit found there was a sound system of internal control in place over the management of cash receipting, including effective receipting and recording of cash and cheques received. However, some expected controls were not in place in respect of clearing the suspense account, and, ensuring that the authority meets the needs of the Payment Card Industry Security Standards.

Current Status: Final Report issued 29th January 2015
Assurance: Moderate

Housing and Council Tax Benefits

The audit found there was a sound system of internal control in place. Testing identified that claims were processed accurately including claims for Council Tax Hardship, and, that suitable recovery actions were being undertaken. There were some issues with the completion of feeder system reconciliations between Benefits and General Ledger entries, whereby no reconciliations have been completed for the 2014/15 period to date. Responsibility for the reconciliations was passed from the Finance team to the Benefits team for the 2014/15 period. Completion by the end of the financial year is required for submission of the subsidy claim. There were no 'high' priority recommendations reported.

Current Status: Final Report issued 11th February 2015
Assurance: Significant

Summary of assurance levels:

2014/15	
Forge Mill Museum	Moderate
Reddicard Fees/Concessions	Moderate
Housing Repairs and Maintenance	Moderate
Council Tax	Significant
NNDR	Moderate
Cash Receipting	Moderate
Housing and Council Tax Benefits	Significant

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2014/15 AUDIT WORK WHICH IS ONGOING

Although work on the following audits is continuing draft reports have been issued. As soon as a management response is received and the audits finalised notification of their outcome will be brought before committee for consideration. Audits include:

Payroll (inc allowances, starters, leavers)
Creditors
Risk Management
Transformation Arrangements ~ Budget Setting

Audit work is continuing but drawing to a close in respect of the following audits:

Corporate Governance
ICT
Main Ledger inc Budgetary Control & Bank Reconciliation

The outcomes of these audits will be reported to the June 2015 Committee.

3.4 AUDIT DAYS

The table in Appendix 1 shows the progress made towards delivering the 2014/15 Internal Audit Plan and achieving the targets set for the year. As at 28th February 2015 a total of 439 days had been delivered against an overall target of 484 days for 2014/15. The target days to the end of the quarter are in line with the target figure for the year as part of the key performance indicators for the service.

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

Appendix 3 shows the tracking of completed audits.

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

3.5 **OTHER KEY AUDIT WORK**

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

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

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

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

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

Customer / Equalities and Diversity Implications

3.6 There are no implications arising out of this report.

4. **RISK MANAGEMENT**

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

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

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5. APPENDICES

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

6. BACKGROUND PAPERS

Individual internal audit reports.

7. KEY

N/a

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REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2014/15 1st April 2014 to 28th February 2015

Audit Area	DAYS USED TO 28/02/15	Forecasted days to the 31st March 2015	2014/15 PLAN DAYS
Core Financial Systems (see note 1)	104	112	112
Corporate Audits(see note 2)	127	160	160
Other Systems Audits	156	158	158
TOTAL	387	430	430
Audit Management Meetings	20	20	20
Corporate Meetings / Reading	9	9	9
Annual Plans and Reports	11	12	12
Audit Committee support	10	13	13
Other chargeable	2	0	0
TOTAL	52	54	54
GRAND TOTAL	439	484	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

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 2

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

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

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Position (as at February 2015)	Frequency of Reporting
1	No. of high recommendations	Downward	12	21	3	Quarterly
2	No. of moderate or below assurances	Downward	10	12	9	Quarterly
3	No. of customers who assess the service as excellent	Upward	2	5 (8 returns; 5 excellent & 3 good)	4 (7 returns; 4 excellent & 3 good)	Quarterly
4	No. of audits achieved during the year	Per target	Target = 29 Delivered = 29	Target = 29 Delivered = 29	Target = 24 (minimum) Delivered = 20 (and 4 at Draft stage)	Quarterly

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action that is planned going forward in regard to the more recent audits providing assurance that a programme of follow up is operating.

To provide the Audit Board with assurance we are following a comprehensive 'follow up' programme to ensure recommendations and risks have been addressed from previous audits. Commentary has been provided on audits as part of the normal reporting process. Previous audit year updates in regard to 'follow ups' will be provided every six months to avoid duplication of information. Any exceptions will be reported to the Committee immediately.

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

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

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed
2014-15 Audits						
DFGs and HRA grants	12th November 2014	Housing Strategy Manager	Significant	1 "medium" priority recommendation re. the need to ensure documents are stored correctly	May-15	
Rent Guarantee and deposits	5th November 2014	Head of Housing Services	Significant	1 "medium" priority recommendation to ensure a monthly check is carried out to ensure debts are raised where applicable,	May-15	
Golf Course	28th November 2014	Leisure Services Manager	Limited	6 "medium priority recommendations made in relation to income reconciliations, security to systems and takings, the need to clarify procedures in relation to refunds and performance management	Apr-15	

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up</u>	<u>2nd</u>
Procurement	18th November 2014	Financial Services Manager	Significant	3 "medium" priority recommendations made in relation to ensuring value for money is obtained, contracts are re-let at the appropriate times and that there is a clear procurement protocol in relation to procurement rules.	May-15	
Treasury Management	28th November 2014	Financial Services Manager	Significant	1 "medium" priority recommendations to ensure quarterly reconciliations are undertaken in a timely manner	To be followed up as part of the 2015/16 audit.	
Reddicard Fees/Concessions	11th February 2015	Leisure Services Manager	Moderate	2 "medium" priority recommendations made to ensure there is effective stock control of all concession cards and that independent checks are carried out when fees are updated at the start of each financial year.	Aug-15	
Asset Management	20th November 2014	Head of Customer Access and Financial support	Significant	1 "medium" priority re: terms of reference for Joint Asset Management Group	May-15	

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Housing Repairs and Maintenance	22nd January 2015	Head of Housing Services	Moderate	4 "medium" priority recommendations to ensure that sufficient stock control, outstanding jobs are monitored, contractor performance is reviewed and retention is held back where applicable.	Jul-15	
Forge Mill	6th February 2015	Leisure Services Manager	Moderate	7 "medium" priority recommendations made re the need to ensure that stock is controlled, inventories are up to date, there are sufficient controls and separation of duties around receipting of income and access to safes are restricted.	Aug-15	
Debtors	5th January 2015	Head of Customer Access and Financial support	Significant	1 "medium" priority recommendation to ensure arrears reports are supplied to services on a quarterly timely basis.	To be followed up in 2015/16 audit	
Cash Receipting	29th January 2015	Head of Customer Access and Financial support	Moderate	1 "high" and 1 "medium" priority recommendations re the need to ensure a PCIDSS certificate is obtained and that the suspense account is reviewed and cleared.	Jul-15	

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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Council Tax	6th February 2015	Revenue Services Manager	Significant	2 "medium" priority recommendations to ensure new developments are monitored and that there is a clear timetable for review of discounts and exemptions.	To be followed up as part of the 2015/16 audit.	
NNDR	6th February 2015	Revenue Services Manager	Moderate	5 "medium" priority recommendations re the need to monitor empty properties, debit raise variances are investigated and documented, credit balances and grade "2" listed properties are reviewed and information on the website is correct,	To be followed up as part of the 2015/16 audit.	
Benefits	5th February 2015	Revenue Services Manager	Significant	1 "medium" priority recommendations to ensure there are monthly reconciliations between the benefit systems and the financial ledger.	To be followed up as part of the 2015/16 audit.	

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Forge Mill Museum					
Assurance: Moderate					
Summary: The review was a full system audit of the controls over the Forge Mill Museum for areas including stock control, cash handling and inventory.					
1	Medium	<u>Refunds and Voids</u> Refunds and void transactions are not signed off by a manager.	Without management checking of the refunds and the void book, fraudulent payments could be recorded and not managed properly.	All refund and void transactions require sign off by an independent officer.	Responsible Manager: Leisure Services Manager Implementation date: End of February 2015 Reminder to be issued to all staff.
2	Medium	<u>Inventory Control of Museum Artefacts</u> Not all artefacts are recorded on the inventory system including those artefacts which are stored at the council's Crossgates Depot.	Loss of information could result in failure to track all artefacts which in turn could result in loss or theft to the council.	All artefacts to be recorded on an inventory system.	Responsible Manager: Leisure Services Manager Implementation date: The work will be completed within the next 18mths. The materials stored at Crossgates are rock, timber and metal as such they can't be accurately archived via the main inventory system (MODES). A spreadsheet based index has been developed and is nearing 50% completion, this process although required is time consuming and due to operational needs it has not been a priority for the service in recent months. This work has now been built into the services planning for 2015/16 as a priority. Agreed End of March 2015

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Items donated to Forge Mill also require the completion of A Transfer of Title on the Museum Object Entry Form however testing highlighted some instances where this had not been signed.</p> <p>The MODE system is scheduled to be backed up at the end of each day however this sometimes fails and back up is only undertaken every so often.</p>		<p>The Transfer of Title on the Museum Object Entry Form should be completed and signed on every occasion.</p> <p>To review the back up process of the MODES system to ensure it is undertaken in a timely manner resources permitting.</p>	<p>Agreed Now implemented.</p> <p>This is backed up on the services shared drive.</p>
3	Medium	<p><u>Delegation of authority – Fees and charges</u></p> <p>Further clarification is required as to what instances can approved delegation of power be applied to amend leisure fees and charges up to 30%.</p>	<p>Process is open to challenge leading to potential reputational damage.</p>	<p>If delegated powers are applied by the Head of Leisure and Cultural Services to adjust any fees and charges by up to 30% a written rationale should be produced detailing why.</p> <p>To clearly define what instances the delegation of power can be used; a consistent approach to be adopted.</p>	<p>Responsible Manager: Leisure Services Manger</p> <p>Implementation date: End of March 2015</p> <p>Normal Operating Procedure is being developed.</p>
4	Medium	<p><u>Security of Safe and Key Register</u></p> <p>The following control weaknesses were identified:</p> <ul style="list-style-type: none"> The key to the safe situated in the Visitor Centre whilst not in use is retained in an unlocked key cabinet. The key to the safe in the 	<p>Loss or theft of monies also leading to reputational damage.</p>	<p>Security and storage of all safe keys to be reviewed to ensure secure processes are put in place.</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>Implementation date: End of February 2015</p> <p>To review storage to ensure process is secure.</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Needle Museum whilst not in use is retained in a desk drawer in the office which is left unlocked.</p> <ul style="list-style-type: none"> Raffle monies on behalf of outside bodies are being retained in the safe situated in the Needle Museum. 		<p>To review the storage of monies on behalf of outside bodies/organisations.</p>	
5	Medium	<p><u>Cash up process</u></p> <p>The Museum Assistant is the only officer who has the sufficient knowledge of the cashing up and preparation for banking process.</p> <p>There is no separation of duties in the process.</p> <p>Cashing up of daily takings is undertaken in the office however the door isn't always closed or locked and this area is accessible to the general public.</p>	<p>Risk of theft or loss.</p>	<p>To ensure there is resilience within the team and sufficient back up knowledge of the process in the absence of the Museum Assistant.</p> <p>Separation of duties should be implemented to ensure where possible an independent check is undertaken prior to completion of the banking.</p> <p>To review the security of the cashing up environment to ensure access is strictly limited.</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>Implementation date: End of March 2015</p> <p>Operations Officer is to be trained up to support assistant.</p>
6	Medium	<p><u>Stock control of Resalable items</u></p> <p>A stock control record is not in place and neither is a reconciliation undertaken to account for all resalable items including new stock, sales and disposals.</p> <p>There were some items of stock held at the time of the audit which are surplus to requirements however staff</p>	<p>Risk of theft or loss.</p>	<p>A stock control process to be introduced in accordance with the council's Financial Regulations. All stock should be booked in upon purchase and sales deducted. Any disposals should also be clearly recorded.</p> <p>A stock count and reconciliation should be carried out on a minimum of a quarterly basis.</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>Implementation date: End of March 2015</p> <p>System to be developed.</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		were unsure of the disposal policy and procedures.		Staff to be reminded of the disposal of stock process in accordance with the council's Financial Regulations and stock to be disposed of in accordance with these rules.	
7	Medium	<p><u>Manual receipting process in the event of system failure</u></p> <p>There are control weaknesses in the processes adopted in the event of system failure. Under current methods customers are not offered/issued an official receipt and a manual list of monies taken is recorded on a piece of paper and this is disposed of after the event.</p>	Risk of theft or loss.	<p>To review the process for taking payments in the event of system failure.</p> <p>To also consider the use of a remittance control sheet where payments can be recorded and controlled. This should be used to balance monies taken once the system is up and running and should be retained along with the daily cash records.</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>Implementation date: 1st April 2015</p> <p>To review the process and introduce a new system,</p>
Audit: Reddicards Fees/Concessions					
Assurance: Moderate					
Summary: The review was a full system audit that concentrated on the areas of the Reddicard system including, issue, cost and reconciliation.					
1	Medium	<p><u>Stock control of Reddicards</u></p> <p>There was little or no stock control over all Reddicards at the time of the audit.</p> <p>The main stock control centre for the sale of Reddicards is Abbey Stadium. Not only do they sell Reddicards but they are also the central distribution centre to other outlets.</p>	Theft or loss of income.	Full stock control records to be maintained at all centres and a stock reconciliation undertaken on a minimum of a quarterly basis.	<p>Responsible Manager: Sports Services Manager/ Cultural Services Manager</p> <p>Implementation date: February 2015</p> <p>Reddicards to be added to the Stock System at Abbey Stadium and stocks of</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Although they maintain a record of stock sent to other centres, they do not keep a full stock record or undertake a stock reconciliation to balance distribution/sales to remaining stock held.</p> <p>A stock control system is not in place at other centres.</p>			cards reconciled on a monthly basis. Cards should be recorded when they are received by a supplier and then recorded as issued when issued to reception at Abbey and to other sites.
2	Medium	<p><u>Fees and Charges</u></p> <p>At the time of the audit 1 out of 20 Reddicards tested were found to be charged at the 2013/14 approved rate but should have been at the 2014/15 rate.</p>	Potential loss of income.	<p>When fees and charges are amended on the Haven system an independent check is carried out, resources permitting to ensure they have been amended correctly.</p> <p>To ensure there is sufficient resilience within the team to ensure all fees and charges are updated by the 1st April of each financial year.</p>	<p>Responsible Manager:</p> <p>Leisure Services Manager</p> <p>Implementation date:</p> <p>January 2015</p> <p>Charges to be updated by responsible officers as part of the annual price changes exercise. Reddicards and a sample of other prices to be checked independently by nominated Customer Advisor.</p>
Audit: Housing Repairs					
Assurance: Moderate					
Summary: The review was a full system review that concentrated on areas including repair & maintenance requests, performance monitoring, stock and material control, contract letting & monitoring arrangements and budgetary control.					
1	Medium	<p><u>Performance Monitoring</u></p> <p>Whilst acknowledging that with effect from August 2014 'customer satisfaction' surveys are carried out on jobs completed by contractors it may</p>	Performance standards may not be met leading to complaints from tenants resulting in reputational damage.	'Outstanding jobs' be periodically reported and reviewed	<p>Management Response:</p> <p>A new framework General Building and Void contract will ready for tender early next year.</p> <p>A requirement of the contract will be that contractors will be required to regularly</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>also be prudent to monitor 'outstanding' jobs until such time as an appointments system is introduced.</p> <p>There are also other performance measures (e.g. response times) that are included within contracts (e.g. annual service, maintenance and void response of gas fired space and water heating systems) which are not reported and or reviewed.</p>		<p>Where measures are required for contractors to monitor performance then it would be appropriate for these to be reported via the monthly meetings with the supervising officer.</p>	<p>report jobs that are incomplete.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation date: April 2015</p> <p>Management Response: Where there are performance measures within existing contracts, such as response times, these will be reported and recorded together with the making and keeping appointments etc. The information will be reported at the monthly contract meeting and recorded in the minutes.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation date: February 2015</p>
2	Medium	<p><u>Material stocks</u></p> <p>There is limited control over stocks of materials held on imprest vans.</p>	<p>Poor control of materials and the potential for financial loss.</p>	<p>Stock/usage checks need to be implemented to provide assurance that usage / stock levels are within acceptable levels and the scope for loss is minimised.</p>	<p>Management response: A number of the R&M Tradesmen have an imprest van material stock. The process is controlled and maintained manually between the administration team and our stores. The rolling out of the imprest material van stock to all of the Tradesmen and the reviewing of the process will form part of the stores transformation way of working</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>which will be taking place starting January 2015.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager.</p> <p>Implementation date: Transformation starts January 2015.</p>
3	Medium	<p><u>Contractual Requirements</u></p> <p>There are no annual checks to confirm that contractor's insurance cover is provided as required and that staff working on the contract are Disclosure and Barring Service compliant.</p>	<p>The council could be exposed to litigation in the event that the contractor(s) are not meeting contractual obligations.</p>	<p>It would be good practice for contractors to confirm annually, via the monthly meetings with the supervising officer, that contractual requirements continue to be in place particularly with regard to new staff.</p>	<p>Management Response This contractual requirement will form part of the monthly contract meetings.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager.</p> <p>Implementation date: January 2015</p>
4	Medium	<p><u>Contract Payments</u></p> <p>Payments made under the annual service, maintenance and void response of gas fired space and water heating systems contract are not being made in accordance with that stated in the conditions of contract in that no deductions are made for retention</p>	<p>In the absence of a performance bond the Council is exposed to unnecessary financial risks should the contractor cease trading.</p>	<p>Payments to the contractor should be made in accordance with the conditions of contract thereby providing some security to the council in the event that a new contract had to be mobilised</p>	<p>Management Response It is accepted that there is a financial risk to the council in the event that a new contract had to be mobilised at short notice and as such retention will be deducted from future contractual payments.</p> <p>Responsible Manager:Housing Capital & Repairs Maintenance Operations Manager.</p> <p>Implementation date: April 2015</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Council Tax					
Assurance: Significant					
Summary: The review was a full system audit of the Council Tax system concentrating on areas including reconciliations, discounts and exemptions, changes to property bands, write offs and that performance was effectively managed.					
1	Medium	<p><u>New properties</u> Whilst there is liaison with property developers, details of property completions are sometimes difficult to obtain therefore leading to delays in getting them into rating.</p>	<p>Reputational damage due to late billing resulting in lost revenue.</p>	<p>To improve relationships with developers and to develop an in-house process for 'spot' checks on developments.</p>	<p>Management Response: Revised process for creation and monitoring of new developments has been agreed.</p> <p>All new developments are created within core database on commencement and regularly reviewed.</p> <p>Responsible Manager: Revenue Services Manager</p> <p>Implementation date: April 2015</p>
2	Medium	<p><u>Discounts exemptions & relief</u> There is no formal timetable in place for the review of exemptions and discounts.</p>	<p>Changes in circumstances may not be identified leading to the incorrect award of discount, exemption of relief potentially resulting in financial loss to the council.</p>	<p>A formal timetable for review is implemented.</p>	<p>Management Response: Timetable for review of all empty properties to be included in review schedule for 2015/16.</p> <p>Responsible Manager: Revenue Services Manager</p> <p>Implementation date: February 2015</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: NNDR					
Assurance: Moderate					
Summary: The review was a full system audit of the NNDR system concentrating on areas including reconciliations, discounts and exemptions, changes to property valuations, write offs and that performance was effectively managed.					
1	Medium	<p><u>Accounts on Trace</u> During the data sample of 25 Write Off balances an example of an account was found where the Sundry Debtor team had been informed that the person was deceased but did not pass this information onto the Revenues Team who only became aware of the situation when they initiated a trace on the account over two years later. It was explained that this was due to a change in process to bring traces back into the Council from a 3rd party where Council tax had been given priority.</p>	<p>Potential loss of income. Reputational risk of communication breakdown between Council departments.</p>	<p>Traces to be applied to accounts in a timely manner.</p>	<p>Management Response: Reminder issued to staff to share information on deceased payers and to ensure that notification all debts are consolidated when write offs are processed.</p> <p>Responsible Manager: Revenue Services Manager</p> <p>Implementation date: Completed</p>
2	Medium	<p><u>Credit balances</u> Following a review of accounts with credit balances displayed on the Council's website it was found that data currently displayed at the time of the audit was dated January 2013. It states on the site that this data should be updated quarterly.</p>	<p>Outdated information displayed on the website provides potential reputational risk to the council.</p>	<p>Information displayed on the website ought to be relevant and up to date.</p>	<p>Management Response Information is held as part of compliance with FOI – however, this was not sufficient to meet FOI requirements and therefore information is no longer held.</p> <p>Report was to be removed as part of on-going migration to new website.</p> <p>Will request information is taken down.</p> <p>Responsible Manager Revenue Services Manager</p>

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date February 2015
3	Medium	<u>Exemptions</u> During testing of refunds it was noted that a refund had been issued in respect of a Grade 2 listed building that had not been granted the correct exemption. The refund covered four years.	Potential for inaccurate billing leading to financial loss and reputational damage.	Grade 2 listed buildings be periodically reviewed against subsidiary records (e.g. Planning) to ensure consistency.	Management Response Review of listed building exemptions was completed in 2009 and again following identification of this case. Further review will be completed in 2015; and included in timetable for 15/16 reviews. Responsible Manager Revenue Services Manager Implementation date Review to be timetabled February 2015
4	Medium	<u>Debit Raise</u> The 2014/15 debit raise identified a variance of two properties between the system and the valuation office totals. There was no evidence that the difference had been resolved.	Potential for properties not to be billed resulting in loss of income.	Variances arising be investigated at the time and sufficient notes made to record outcomes.	Management Response: There was a variance of the number of props by two which was a result of properties given a zero rateable value by the Valuation Office Agency and for this reason not appearing in the RBC system totals. However the rateable value was balanced correctly and all demands reconciled. Any differences will be investigated and recorded for Annual Billing 2015 Responsible Manager: Revenue Services Manager

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: February 2015
5	Medium	<u>Empty Properties</u> Arrangements are in place to carry out 'desk top' reviews of empty properties. However due to staff shortages, this exercise has not been carried out for a large part of the year.	Changes in circumstances are not identified leading to relief being incorrectly applied resulting in financial loss.	Reviews of empty properties to recommence as soon as possible.	Management Response: Timetable for review of all empty properties to be included in review schedule for 2015/16. Responsible Manager: Revenue Services Manger Implementation date: February 2015
Audit: Cash Receipting					
Assurance: Moderate					
Summary: The review was a full systems audit on the cash receiving system concentrating on areas including income receipt, debit and credit card standards, suspense account, G4S cash collection and staff awareness.					
1	High	<u>Payment Card Industry (PCI) Certification</u> Whilst work has been completed towards the PCI certification the current certification has yet to be official awarded.	Non compliance with the PCI standards may open the council to the potential of incurring penalties.	The PCI Compliance certification must be completed as a matter of urgency.	Awaiting input from IT and Financial Services Manager to complete Responsible Manager: Financial Services Manager Implementation date: 1 st April 2015
2	Medium	<u>Suspense Account</u> Posting of unallocated funds to the Suspense Account have left a large number of transactions and a value of over £600k of items that have not yet been posted to the correct accounts.	Unallocated funds and accounts could mean that account values are inaccurate.	Items that relate to problems with the suspense account when the Civica system was installed must be cleared. All suspense items must be cleared on a timely basis.	Cashiers have taken all possible actions to clear items in suspense. Those now in there cannot be identified. A mechanism for dealing with these must be identified. Responsible Manager: Financial Services Manager and

REDDITCH BOROUGH COUNCIL

Date: 23rd April 2015

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Customer Services Manager Implementation date: 31 st March 2015
Audit: Housing and Council Tax Benefits					
Assurance: Significant					
Summary: The review was a full system audit of the Benefits system concentrating on areas including the local provision of hardship schemes, overpayments, write-offs, HB/ CTS parameters accuracy and reconciliations.					
1	Medium	Reconciliations Monthly reconciliations between the General Ledger and Housing Benefits records have not been completed to date for the 2014/15 financial period. Responsibility was transferred from the Finance team to the Benefits team during 2014/15.	Errors with financial postings may not be identified in a timely manner, resulting in poor integrity of financial information.	Reconciliations between the General Ledger and Benefits records to be brought up to date and future reconciliations to be completed monthly.	Responsible Manager: Revenues Services Manager Implementation date: April 2015 Reconciliations were to be handed over to Quality and Improvement Officer appointed December 2014, we will liaise with Accounts to ensure process is implemented for end of year accounts and monthly reconciliations from April 2015.
end					