

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**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 2015/16 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 the Accounts and Audit Regulations 2015 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

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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 01<sup>st</sup> April 2015 to 29<sup>th</sup> February 2016 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 (28<sup>th</sup> JANUARY 2016):

**Stores Intervention**

This critical review documented, assessed and evaluated the procedures in place and any changes that management may be proposing in relation to:

- Material stocks
- Administrative arrangements
- Purchasing
- Van stock
- Carpenters workshop

The review concentrated on but was not limited to the above areas of the stores at Crossgates Depot and covered controls in place and proposals for change, at the time of the audit.

The outcome of the review confirmed some initiatives have already been taken and/or are planned and these include:

- Reviewing non stock purchases and adding 'frequent' purchases to the stock catalogue
- Implementing min/max/ stock levels and auto generating electronic orders when re order levels are reached
- Identified bulky items that cannot be held in store (e.g. garage doors, kitchen units)
- Identified items where it is more efficient to purchase externally and have delivered to site (e.g. bags of sand, quantities of slabs)
- Regular liaison between Stores and Supplies and Housing Staff  
Delivery driver introduced by Housing to minimise the level of unproductive time amongst tradesmen returning to stores to collect stock
- Implementation of additional stores imprest vans

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Information is reported to budget holders monthly and quarterly by the Finance Department to enable the budget to be monitored on a regular basis. The Accountants are also available should the budget holders require any assistance and provide on going support throughout the year. Many initiatives have already been taken or planned to improve the Service.

Audit Type: Critical Review  
Final Report Issued: 18<sup>th</sup> January 2016  
Assurance: N/a

### **Safeguarding**

The review found a generally sound system of internal control in place.

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

- Overall management and embedding of legislation for the protection of vulnerable children and adults, including suitable policies and procedures that are readily available to staff;
- The nomination of suitable individuals for managing safeguarding cases within both authorities;
- Appropriate and proactive training sessions provided for essential staff who engage with vulnerable people;
- Engaging with other local organisations to ensure a robust safeguarding process across both districts and county.

and, the following areas of the system where controls could be strengthened:

- The monitoring of full completion of training courses by all necessary staff, and the challenging of responsible managers to ensure full completion by necessary staff.
- The implementation of a policy which identifies good practice for the routine and periodic vetting of staff that engage with vulnerable people.

There were no 'high' priority recommendations reported.

Audit Type: Full System Review  
Final Report Issued: 4<sup>th</sup> February 2016  
Assurance: Significant

### **Leisure Consumables**

The review was conducted as a critical appraisal of the processes in regard to the Leisure Consumables, Equipment and Goods for Resale system operated

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to ensure consumables, equipment and goods for resale are procured and controlled and stored in a secure manner.

The audit reviewed and critically appraised the systems and processes in place.

Systems and procedures were documented and compared with best practice and adherence to any relevant approved policies and procedures including the council's procurement rules.

A number of areas are in the process of being strengthened including stock control, procurement awareness, inventory maintenance and the updating of policy to ensure it remains fit for purpose.

Audit Type: Critical Review

Final Report Issued: 4th January 2016

Assurance: N/a

**Corporate Governance ~ AGS**

The review found some of the expected controls are not in place and are not operating effectively.

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

- The CIPFA guidance has been observed when producing the Annual Governance Statement;
- The Authority has published annually the Annual Governance Statement as part of the Final Accounts and complies with the statutory requirements; and
- The Annual Governance Statement document has explicitly highlighted how it demonstrates its commitment to achieve good governance against each core principle;

and, the following areas of the system where controls could be strengthened:

- The Section 151 Officer is predominantly responsible for the production of the Annual Governance Statement, however, this does not promote awareness of the shared responsibility of the governance framework.
- Terminology used in the Annual Governance Statement is out of date.
- There is a lack of member involvement; and
- Governance issues identified are not being included in an action plan and the progress against each issue is not being monitored.

Audit Type: Limited Scope Review

Final Report Issued: 22<sup>nd</sup> February 2016

Assurance: Moderate

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**Benefits**

The review found a generally sound system of control in place.

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

- Processing of all new benefit claims and event changes;
- Classification and recovery of overpayments;
- Processing of discretionary housing payments;
- Subsidy monitoring

and, areas of the system where controls could be strengthened:

- Software faults to be remedied in order that auto generated recovery reports are directed to work trays and overpayment recovery is carried out with the minimum of delay
- Consistent completion of backdated award schedules to confirm that good cause was demonstrated
- Retention of all write off records in Information@Work

During the last 12 months there has been a steady improvement in the processing times for both new claims and event changes as a result of steps that were put in place.

For next year it is planned to use authority averages (2015/16) to measure performance during 2016/17 in addition to the national average.

There were no 'high' priority recommendations reported.

Audit Type: Full System audit

Final Report Issued: 21<sup>st</sup> March 2016

Assurance: Significant

**Leisure – Banking**

The review found some of the expected controls were not in place or were not operating effectively.

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

- Daily cash balancing/reconciliation arrangements revealed an improving trend with better levels of internal control evident on this occasion than on previous audits.
- Banking arrangements were generally in accordance with procedures and Financial Regulations although one delayed banking in a sample of thirty was identified.

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and, the following areas of the system where controls could be strengthened:

- Terms and conditions for customers using the advanced payment scheme need to be reviewed to ensure that payment due dates are made clear.
- Where advance payment invoices are not paid by the due date, the invoice must be cancelled and a revised one issued to include the discount originally applied (i.e. VAT). This will ensure that VAT regulations are observed.
- The process for invoicing for club and school use needs to be reviewed to ensure that income due is promptly identified and invoices are promptly raised.

Audit Type: Full System audit  
Final Report Issued: 9<sup>th</sup> February 2016  
Assurance: Moderate

Summary of assurance levels:

<b>2015/16</b>	
Safeguarding	Significant
Benefits	Significant
Leisure - Banking	Moderate

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

In regard to the eight finalised reviews to date 37% have been critical reviews.

Follow up reviews are an integral part of the audit process and there is a rolling programme of review that is undertaken to ensure that there is progress with to the implementation of the agreed action plans. The outcome of the follow up reviews is reported on an exception basis taking into consideration the risk exposure. During the last committee there was a request that additional follow ups took place in regard to Land Charges and

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Forge Mill. The results of the work is reported in Appendix 3 but in summary there has been clear progress made with a number of points satisfied and any remaining points progressing towards a conclusion. It is considered that neither of these areas is posing any unacceptable risk and there are no exceptions to report.

**2015/16 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:

Section 106s  
CCTV  
Website Security  
Consultancy and Agency  
Reconciliation process  
ICT ~ System Administration

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

Council Tax  
Non Domestic Rates (NNDR)  
Performance Management Framework  
Debtors  
Creditors  
Payroll  
Housing

The outcomes of these audits will be reported in summary to the next available Committee after finalisation.

**3.4 AUDIT DAYS**

The table in Appendix 1 shows the progress made towards delivering the 2015/16 Internal Audit Plan and achieving the targets set for the year. As at 29<sup>th</sup> February 2016 a total of 375 days had been delivered against an overall target of 400 days for 2015/16. 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.

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Appendix 2 shows the performance indicators for the service. Performance and management Indicators were agreed by the Committee on the 23rd April 2015 for 2015/16 with an additional two indicators introduced part way through the year.

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.



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**4. RISK MANAGEMENT**

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

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

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

**5. APPENDICES**

Appendix 1 ~ Internal Audit Plan delivery 2015/16

Appendix 2 ~ Performance indicators 2015/16

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

**AUTHOR OF REPORT**

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# REDDITCH BOROUGH COUNCIL

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### APPENDIX 1

#### Delivery against Internal Audit Plan for 2015/16 1<sup>st</sup> April 2015 to 29<sup>th</sup> February 2016

Audit Area	DAYS USED TO 29/02/16	Forecasted days to the 31 <sup>st</sup> March 2016	2015/16 PLAN DAYS
Core Financial Systems (see note 1)	71	94	94
Corporate Audits(see note 2)	66	60	60
Other Systems Audits	201	192	192
<b>TOTAL</b>	<b>338</b>	<b>346</b>	<b>346</b>
Audit Management Meetings	17	20	20
Corporate Meetings / Reading	5	9	9
Annual Plans and Reports	10	12	12
Audit Committee support	5	13	13
Other chargeable	0	0	0
<b>TOTAL</b>	<b>37</b>	<b>54</b>	<b>54</b>
<b>GRAND TOTAL</b>	<b>375</b>	<b>400</b>	<b>400</b>

#### 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. There has been a particularly heavy demand on the investigatory budget with the Gas Investigation. The time for this lengthy review was split between both Corporate and Other Systems audits (i.e. Housing) leading to a small overspend on each of the budgets.

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#### APPENDIX 2

#### Performance Indicators (KPIs) for 01<sup>st</sup> April 2015 to 29<sup>th</sup> February 2016

The success or otherwise of the Internal Audit Shared Service can be measured against some of the following performance indicators for 2015/16 i.e. KPI 3 to 6. Other key performance indicators link to overall governance requirements of Redditch Borough Council i.e. 1 and 2.

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Year End Position	2015/16 Position (as at February 2016)	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	12	21	3	1	Quarterly
2	No. of 'moderate' or below assurances	Downward	10	12	9	2	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)	1 (2 returns; 1 excellent & 1 good)	Quarterly
4	No. of audits achieved during the year	Per target	Target = 29 Delivered =29	Target =29 Delivered = 29	Target = 24 Delivered = 24	Target = 16 (minimum) Delivered = 8 (6 are at draft stage)	Quarterly
5	Percentage of plan delivered	100% of the agreed annual plan	N/A	N/A	N/A	94%	Quarterly
6	Service Productivity	Positive direction year on year (Annual target 74%)	N/A	N/A	N/A	73%	Quarterly

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

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**Planned Follow Ups:**

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

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

Follow up in connection with the core financials was undertaken as part of the routine audits that were performed during quarter 3/4.

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<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>	<u>3rd</u>
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	Due to preparation of final accounts and training required on main ledger this has been delayed. 06/07/2015	Followed up 22nd September 2015. Still awaiting training but this is not considered to be a material risk to the Council	Further follow up March 2016 with confirmation that all points have been satisfied apart from the reconciliation of income taken by LLC staff with the ledgers maintained by Finance. The Council has had significantly more urgent financial processes to address in the interim, however, due to changes which will come into play on 4 July this year it should resolve the issue. VAT is to be introduced on a number of the charges which has meant that a request for assistance from Finance to set up a system to record payments, including VAT elements, both for our own corporate records and for HMRC is now in hand and will provide the business resilience required.
DFGs and HRA grants	12th November 2014	Housing Strategy Manager	Significant	1 "medium" priority recommendations re the need to ensure documents are stored correctly	Followed up in September 2015. Implementation of the 1 medium priority recommendation is still in progress, whereby an electronic HIA filing system has been integrated, and paper files are being transferred to a single location for managing more effectively, completion expected end of October 2015 as part of the move	Followed up in March 16. There is one recommendation that is partially implemented, this relates to the cleansing of the DFG files. The files are in the process of being cleansed and it is hoped that this will be completed by September 2016.	

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					to the new Parkside office.		
Rent Arrears	27th October 2014	Head of Housing Services	Significant	1 "medium" priority to ensure procedure manual is updated to reflect change in procedures.	Followed up in June 15. The 1 medium recommendation is on-going, due to significant developments in working arrangements within the service. These are expected to be completed early 2016, with procedural guidance updated to cover the new working arrangements by March 16.	Follow up in April 16. 1 recommendation is in progress. The recommendation relates to the updating of the procedural guidance however this will not be done until the restructuring has taken place. A further follow up will be undertaken in December 2016, at which point the Service are aiming to complete the restructuring of the Service.	
Procurement	18th November 2014	Financial Services Manager	Significant	3 "medium" priority recommendations made in relation to ensuring value for money is obtained, contracts are relate at the appropriate times and that there is a clear procurement protocol in relation to procurement rules.	Followed up in June/ July 15. 1 medium priority recommendation concerning the updating of the contracts register has been implemented. 2 medium priority recommendations concerning the updating of the procurement guidance and the provision of training to staff on good procurement practice have not yet been implemented. Expected implementation of recommendations will be December 15.	Follow up 15/03/16 ~ 2 medium priority recommendations remain outstanding. Training to be delivered w/c 7th April and the new procurement strategy to be written by no later than September 2016. Delay attributed to a lack of resource. Overall risk has reduced due to other training and support from the procurement officer being delivered to staff. Further follow up October 2016	
Reddicard	11th	Leisure Services	Moderate	2 "medium" priority	Followed up in Jan 16. 1	April 16	

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concessions	February 2015	Manager		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.	'medium' priority recommendation in relation to stock control has been implemented. 1 'medium' priority recommendation in relation to independent checks of fees and charges up loaded to the system is still to be actioned. This will be followed up in April 16 when the new fees and charges will be uploaded.		
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.	Follow up undertaken 6 <sup>th</sup> August. 3 Recommendations implemented, 3 recommendations in progress in relation to stock reconciliation, inventory and fees & charges. One recommendation is not currently actioned; this is in relation to separation of duties in cashing up process. A second follow up to be undertaken in 3 months	Follow up undertaken on Nov 24th, report issued 19th of Jan. 1 recommendation implemented re. fees and charges, 3 recommendations are in progress and therefore these will be followed up in 3 months time on the anniversary of the final implementation date which is April 2016.	April 2016
Cash Receipting	29th January 2015	Head of Customer Access and Financial support	Moderate	1 "high" and 1 "medium" priority recommendations re the need to ensure a PCIDSS certificate is obtained and that the suspense account is reviewed and cleared.	Follow up undertaken in December 2015. The medium priority recommendation in relation to suspense accounts has been implemented. The recommendation in relation to PCIDSS certification is	Follow up under consideration Mar 2016	

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					still to be actioned as this will need to be revisited.		
Corporate Governance - appointments to outside Bodies	16th July 2015	Head of legal Equalities and Democratic Services and Democratic Services Manager	Significant	1 "medium" priority recommendation re reporting of Members Appointment to Outside Bodies via the Members Annual Report.	Follow up currently being undertaken March 2016		
Budget Setting	30th June 2015	Executive Director (Finance and Resources)	Critical Review	Action Plans were agreed and progress feedback will be sought in line with agreed implementation dates.	Further action is required to satisfy the action plans however priority on resource has been to satisfy the S11 requirements and to ensure there is no repeat of last years year end. The Executive Director remains committed to identified action plans.		
ICT	16th July 2015	Head of Transformation and Organisational Development , ICT Transformation Manager, ICT Operations Manager	Critical Review	Action Plans were agreed and progress feedback will be sought in line with agreed implementation dates.	Follow up undertaken on the 24 <sup>th</sup> March 2016. On going progress re. implementation.		
Members Allowances	2nd October 2015	Head of Legal Equalities and Democratic Services and Democratic Services Manager	Significant	2 "medium" priority recommendations were made in relation to Broadband/Data Allowances and Change control process for Members Data	Apr-16		



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Treasury Mngt	4th December 2015	Financial Services Manager	Significant	2' medium' & 1 'low' priority recommendations were made in regard to coding errors, formal regular reconciliation and forms filled in for transactions	To be followed up with core financials Q2/3 2016/17		
Safeguarding	4 <sup>th</sup> February 2016	Human Resources Manager	Significant	3 'medium' priority recommendations; training course monitoring, staff vetting and case records.	Aug 2016		
Benefits	21 <sup>st</sup> March 2016	Revenues Services Manager	Significant	3 'medium' priority recommendations; recovery reports, write offs and back dated award decisions.	Sept 2016		
Leisure – Banking	9 <sup>th</sup> February 2016	Sports Services Manager	Moderate	1 'high' and 3 'medium' priority recommendations; advance payments, manual operations, bankings and invoices.	Aug 2016		

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Leisure Consumables -	4/01/16	Leisure Services Manager	N/A Critical Friend	Challenge points and good practice	July 2016		
Corporate Governance AGS -	22/02/16	Financial Services Manager	Moderate	1 'high' priority and 3 'medium' priority recommendations; No action plan, compilation of AGS, review of terminology and circulation of document	Aug 2016		
Stores Intervention	18/01/16	Environmental Services Manager	N/a Critical Friend	Challenge points and good practice	July 2016		

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**APPENDIX 4**

**Definition of Audit Opinion Levels of Assurance**

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

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<b>Priority</b>	<b>Definition</b>
<b>High</b>	<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>
<b>Medium</b>	<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>
<b>Low</b>	<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>

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**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit: Safeguarding</b>					
<b>Assurance: Significant</b>					
<b>Summary:</b> The review was a full system audit that concentrated on the safeguarding system.					
1	Medium	<p><b><u>Training Course Monitoring</u></b></p> <p>The Human Resources team are monitoring the completion of a training exercise concerning a presentation on safeguarding for the two authorities originally issued in November 2014. Returns were required from Service Managers identifying when the training presentation was viewed.</p>	<p>Lack of current training and knowledge by staff which could result in incorrect procedure being followed, resulting in vulnerable people not being given the correct and necessary help, leading to reputational damage for the authority.</p>	<p>Human Resources and Community Services staff to issue reminders to Services Managers regarding completion of the e-learning training exercise, and also to confirm the review by staff of the safeguarding presentation.</p> <p>Failure to achieve full compliance of these training programmes to be raised with relevant Head of Service.</p>	<p><b>Management Response:</b> Agreed. Reminders will be issued to Service Managers.</p> <p><b>Responsible Manager:</b> Human Resources Manager</p> <p><b>Implementation date:</b> April 2016</p>
2	Medium	<p><b><u>Staff Vetting</u></b></p> <p>Staff vetting is only conducted on new starters, once the need for such vetting has been assessed and determined in accordance with DBS requirements. There is no process or corporate policy for periodic DBS reviews to ensure on-going staff suitability with further periodic checks.</p>	<p>Current staff may have undisclosed convictions which may put vulnerable individuals at risk, leading to potential reputational damage.</p>	<p>The vetting process to be reviewed, to require that all staff which regularly engage with vulnerable people are asked in periodic status meetings if there have been any changes in DBS status.</p>	<p><b>Management Response:</b> Agreed. Vetting process to be reviewed.</p> <p><b>Responsible Manager:</b> Human Resources Manager</p> <p><b>Implementation date:</b> January 2016</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit: Benefits</b>					
<b>Assurance: Significant</b>					
<b>Summary:</b> The review was a full system audit that concentrated on the Housing Benefit & Council Tax Support system					
1	Medium	<p><b><u>Reports</u></b></p> <p>Auto generated recovery reports e.g. (No Recovery Action) are produced but are not auto filed in Information@Work (i.e. the document handling system) and as a result are not actioned promptly by staff</p>	<p>Overpayments are not promptly recovered leading to reputational damage and may adversely affect subsidy claims</p>	<p>Software issues need to be resolved to ensure that once produced, reports are filed in Information@Work for action by recovery staff or as a minimum auto emailed to appropriate staff for monitoring and actioning</p>	<p><b>Management Response:</b> Work is already underway to review and improve all Overpayment processes. Software issues will be resolved as part of the move to a single system.</p> <p><b>Responsible Manager:</b> Assistant Financial &amp; Support Services Manager</p> <p><b>Implementation date:</b> 31<sup>st</sup> Dec 2016</p>
2	Medium	<p><b><u>Write Offs</u></b></p> <p>Of three overpayment write offs reviewed (in excess of £2.5k) only one case displayed supporting evidence (i.e. write off schedule) in Information@Work.</p> <p>Whilst information was available in other locations, a single point of record retention would be a more pragmatic solution.</p>	<p>Write offs procedures not observed potentially leading to unauthorised transactions, financial loss, and, reputational damage</p>	<p>Full supporting evidence must be retained on Information@Work to confirm the write off requests and to maintain an effective management trail to provide justification of action if/when challenged.</p>	<p><b>Management Response:</b> Procedures in respect of write off and the evidence retention requirements are currently being written.</p> <p><b>Responsible Manager:</b> Assistant Financial &amp; Support Services Manager</p> <p><b>Implementation date:</b> 1<sup>st</sup> April 2016</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	Medium	<p><b><u>Award Decisions</u></b></p> <p>Back dated Award Decision schedules are not consistently completed by Assessors</p>	<p>Management trail not maintained leading to inconsistent approach in making awards which could lead to challenge and reputation damage</p>	<p>The Back dated Award decision schedule must be completed to confirm 'good cause' is demonstrated and a consistent approach is applied.</p>	<p><b>Management Response:</b> Full notes to be maintained on the system to ensure an auditable trail of the decision making.</p> <p><b>Responsible Manager:</b> Assistant Financial &amp; Support Services Manager</p> <p><b>Implementation date:</b> 1<sup>st</sup> April 2016.</p>
<b>Audit: Leisure ~ Banking</b>					
<b>Assurance: Moderate</b>					
<b>Summary:</b> The review was a systems audit concentrating on the Leisure/Sports Centres – Cash Receipting & Banking Arrangements					
1	High	<p><b><u>Advance Payments</u></b></p> <p>The advance payment scheme allows the hirer to make block bookings at a discounted rate providing that payment of the invoice is made in accordance with conditions.</p>	<p>There is the potential of loss of revenue/breach of VAT regulations which could result in financial implications and reputational damage</p>	<p>The scheme must be administered in accordance with the terms and conditions and where appropriate, any discount awarded must be recovered.</p> <p>Review the terms and conditions of the scheme to ensure that they:</p> <ul style="list-style-type: none"> <li>• Are fit for purposes</li> </ul>	<p><b>Agreed Action:</b></p> <p>All Ex Vat Bookings to be written to and reminded of the Customs and Excise regulations, to include timescales met on a quarterly basis. Management Monitoring to ensure compliance- All bookings to be tested during February to ensure that bookings have paid within the specified timescales. Any bookings that haven't met the timescale to be sent a revised invoice with the VAT built back in to the</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				<ul style="list-style-type: none"> <li>• Include the consequences of non payment within the prescribed timeframe i.e. VAT becoming payable.</li> <li>• Are clear as to when payment must be made</li> </ul>	<p>cost. The responsible Manager will test the process to ensure compliance is met on a quarterly basis. We are also in the process of procuring some management monitoring software which will hopefully pick up any invoices that haven't been sent out by the specified target date.</p> <p><b>Responsible Manager:</b> Operations Manager</p> <p><b>Implementation date:</b> February 2016</p>
2	Medium	<p><b><u>Manual Operations</u></b></p> <p>During the review period it was noted that the HAVEN system was unavailable due to technical issues. During this period there was an inconsistent approach to the use of manual receipts. At one centre, manual receipts were not consistently used and this resulted in appreciable effort to reconcile receipts and amend usage data.</p>	<p>Although a breach of Financial Regulations if internal operating procedures are not followed or applied inconsistently there is the potential for poorly controlled or unaccounted income and enhanced risk of theft and fraud</p>	<p>In cases where manual operations are required manual receipts must be issued to comply with Financial Regulations and to provide a sound basis to update both usage and financial records.</p>	<p><b>Agreed Action:</b> All staff to be re-issued with NOP. All sites to confirm they have a stock of manual receipt pads. Management to check that these are used during occasions when the Haven system is not available.</p> <p><b>Responsible Manager:</b> Operations Manager</p> <p><b>Implementation date:</b> February 2016</p>



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**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	Medium	<p><b><u>Bankings</u></b></p> <p>Audit testing confirmed that at one site Kingsley a banking was made covering a three week period.</p> <p>It was also noted that the banking summary sheets for Abbey Stadium were not signed off by the officer preparing the banking.</p>	<p>Although a breach of Financial Regulations there is the potential for uninsured loss to take place and unnecessary exposure to fraud/loss. Lack of audit trail and accountability</p>	<p>Bankings must be made weekly to comply with Financial Regulations.</p> <p>Banking summary sheets must be signed off by the officer preparing the banking.</p>	<p><b>Agreed Action:</b></p> <p>All staff to be re-issued with the NOP. Management to test that the NOP is being complied with during quarterly audits.</p> <p>Management Monitoring to ensure compliance. We are in the process of procuring some management monitoring software which will hopefully pick up any bankings that haven't been made by the specified target date.</p> <p><b>Responsible Manager:</b></p> <p>Operations Manager</p> <p><b>Implementation date:</b></p> <p>February 2016</p>
4	Medium	<p><b><u>Invoices</u></b></p> <p>At the time of the audit, invoices for school hire at Abbey Stadium for the period April – July 2015 (circa £5k) had not been raised although audit were informed that invoice requests (Usage Reports) had been raised &amp; sent to the Town Hall although possibly to the</p>	<p>Although a breach of Financial Regulations there is the potential of overall poor financial management leading to delay / loss of income and reputational damage.</p>	<p>Invoices must be promptly raised and invoice requests directed to the correct service/officer.</p>	<p><b>Agreed Action:</b></p> <p>Invoices will eventually be raised directly at site using the E-Fin system. All invoices to any clubs that do not pay through the Haven System will be raised through this system. This will negate the need to send any invoices</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>incorrect service/officer.</p> <p>Replacement Usage Reports were issued and invoices were raised on the 15<sup>th</sup> October 2015.</p>			<p>to payments thus eliminating the error caused during this audit inspection.</p> <p>All schools/clubs to be written to ensure that they receive an invoice in advance of the period. This will mean they pay during the period rather than in arrears.</p> <p>Management Monitoring to ensure compliance- We are in the process of procuring some management monitoring software which will hopefully pick up any invoices that haven't been sent out by the specified target date.</p> <p><b>Responsible Manager:</b></p> <p>Operations Manager</p> <p><b>Implementation date:</b></p> <p>From April 2016</p>
end					