REDDITCH BOROUGH COUNCIL

Date: 22nd September 2016

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

Relevant Portfolio Holder	Councillor 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 2016/17 and the residual 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 01st April 2016 to 31st July 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 (21st APRIL 2016):

2016/17 AUDIT SUMMARY UPDATES:

Allotments
The review identified generally weaknesses in the application of controls. The following areas of the system were found to be working well:
- Maintenance of tenant information and waiting lists for Council maintained properties.

The review found the following areas of the system where controls could be strengthened:
- There is a lack of overall corporate and service strategy, which identifies the purpose of this public service.
- There are no formal agreements in place with Associations that manage various different aspects. In addition, each association has taken responsibility for different aspects of the Council role, so there is a lack of uniformity in the engagement.
- There is a lack of signed tenancy agreements held confirming acceptance of the terms and conditions of usage.
- The system for managing plot usage is primarily being used as a database of customers, and does not manage the overall process, i.e. does not link with other systems for producing invoices. Information on individual plots is not being fully updated and utilised, i.e. information on plot size is not being amended following all changes.
- There are discrepancies between the actual provision of concessions and those advertised as available. There are also concerns regarding the provision of some concessions without effective evidential consideration.
- The charge relating to the supply of water at some plots does not fully cover the respective cost of these utilities.

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Audit understands that a number of key actions are being implemented and that the proposed action plan, where appropriate, remains on track for delivery by the end of September. Officers are working with managers to improve the allotment service, achieve consistency and clarity, and, ensure that the Internal Audit recommendations are implemented.

Type of audit: Full System
Assurance: Limited
Report issued: 16th August 2016

Grants to Voluntary Bodies
The review found generally a sound system of internal control in place over the operating of the Grants awarded to Voluntary bodies including the awarding of major grants and stronger community grants with the following areas of the system were working well:
 • Grants are awarded in line with the Council's strategic purposes
 • Grants are correctly coded within the main ledger
 • There is appropriate payment authorisation
 • Assessment criteria is robust ensuring a fair assessment process
 • Advertising of the grants is fully inclusive

The review found the following areas of the system where controls could be strengthened:
 • Financial checks on organisations
 • Efficient storage of documentation
 • Updating of current documentation

Type of audit: Full System
Assurance: Significant
Report issued: 16th June 2016

Community Transport
The review found generally a sound system of control in place with the following areas working well:
 • Managing regular and ad-hoc bookings for the Dial-a-Ride service, to ensure an efficient and effective service.
 • There are good performance monitoring arrangements in place for the Dial-a-Ride service, and improvements for monitoring Shopmobility performance are being considered.
 • Mobility equipment is being maintained regularly in accordance with a defined schedule, albeit there is a need to consider defining a period of review to ensure best value will be achieved going forwards. The buses used for community transport are subject to a periodic inspection

schedule, which will require on-going monitoring to ensure this service meets the needs of the public.

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

- Fundraising audit trails.
- Insurance cover on income held in the shop mobility safe.

Type of audit: Full System
Assurance: Significant
Report issued: 1ˢᵗ September 2016

2016/17 AUDIT WORK WHICH IS ONGOING DURING QUARTER 2:

Audits completed to draft report stage included:

- Rent Verification
- Charity Fund Accounts

Audits that were continuing as at the 31st July 2016 included:

- Risk Management
- Post Contract Appraisals
- Cemeteries and Crematorium
- Planning Enforcement
- Development Control Planning Fees
- Freedom of Information
- One Stop Shops
- Insurance

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

In addition to the audits currently being undertaken an on-going and sizable investigation has been continuing the outcome of which will be reported on completion.

2015/16 AUDITS SUMMARY UPDATES

Worcestershire Regulatory Services
The 'Critical Review' concentrated on the implementation of a time recording system within Worcestershire Regulatory Services as a basis for the charging of fees for its Services. The review appraised, gathered evidence, and analysed data to support and challenge the Time Recording system. This included the review of the existing arrangements and proposed enhancements in areas including system specification, policies, coding

structures, fee earnings, performance measurement, data base accuracy and dog patrol.

Type of audit: Critical Review
Assurance: N/a
Report issued: 6th June 2016

s106's
The 'critical review' identified a number of challenges for improving the system for agreeing and managing the financial contributions from planning obligations, with the aim of making the process more efficient and robust. These challenges have been discussed with responsible officers, and action plans are required from management to address the risks including committee reporting, policy and procedure, waste services contribution, project contribution areas, financial spreadsheets, income management, and land charges records.

Some actions have already been taken to address the effectiveness of the process, including an initial review between planning system records on the Uniform system, financial information held on the S.106 reserve on the General Ledger and information held by the Finance team on their spreadsheet. There is some disparity between the manner that records are held and maintained and an observed need to normalise processes to ensure effective support of community projects will develop as a result of this process.

Type of audit: Critical Review
Assurance: N/a
Report issued: 8th April 2016

Community Services; CCTV
The 'critical review' found there was a well established CCTV function provided by Redditch Borough Council which also includes a provision for Bromsgrove District Council. The CCTV service is working towards achieving compliance with BS 7958:2015 Closed Circuit Television (CCTV) – Management and operation, and has undertaken an assessment to determine the authority's current level of compliance. Although controls over data retention and usage are strong, some challenges were made concerning the controls around the extraction of data files from the CCTV system, and these have been discussed with management to determine a suitable solution.

The equipment for the CCTV network is maintained by a third party that is obliged to ensure the timely correction of defects to ensure on going

functionality of the system. Defects are regularly monitored and a full record of issues is recorded on the main system.

The use of grant funding within the Community Safety team is monitored in conjunction with the North Worcestershire Community Safety Partnership and the Police & Crime Commissioner where appropriate, providing regular updates on actions taken. No issues have been found concerning the use of grant funding within this area, and the action plan for on going work in this area is regularly monitored. The implementation of Anti-Social Behaviour legislation within Bromsgrove District Council is managed by the Community Safety Team, who are intending to promote the legislative requirements within the authority so that staff fully understand their role within this legislation.

Type of audit: Critical Review
Assurance: N/a
Report issued: 31st March 2016

Environmental ~ Income Streams
The 'critical review' focused on income streams generated through activities with external providers (third parties). An effective income stream process is essential in identifying, charging and monitoring external revenue as a result of the services provided by the Authority. In an ever changing budget landscape the Authority must maximise its operations where possible to ensure that work carried out is providing value for money and services are economical, efficient and effective. It is imperative that where money is due to the Service it is being invoiced appropriately and any lack of payment is followed up through the debt chasing process.

The review was conducted as a critical review to support Environmental Services and provide an overview of the current process. The review gathered evidence during discussions held with key Officers within Environmental Services who have responsibility for specific activities that generate income streams. These discussions outlined the existing arrangements and the information was analysed to support and challenge the income streams process and where appropriate proposed changes to the current process. Challenges raised covered areas included coding, budgeting, documented procedures, quoting arrangements, business support and the potential to increase revenue.

Type of audit: Critical Review
Assurance: N/a
Report issued: 28th July 2016

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Mapping of Interfaces to the Ledger

The 'critical review' identified the following areas where controls could be strengthened:

- There were no procedural notes in place for the reconciliations being undertaken across the authority, which could enable another officer to undertake the role in the event of absence of key staff.
- There were no system flow-charts available to identify how processes work, and how systems interact.
- The majority of reconciliations were not being monitored by a second officer to ensure these are completed fully and accurately, and in a timely periodic manner.
- There is no centralised process for monitoring the system reconciliations. It is understood that actions have been taken by the Finance team to address the monitoring arrangements, including the project assignment of an officer to identify a process going forwards for monitoring the current situation, and determine issues that would impact on the final accounts process.
- There are on-going issues concerning the monitoring and reconciliation of income relating to Worcestershire Regulatory Service activities, whereby there is no centralised control to ensure the financial information held by the shared service accurately represents the actual transactions taking place within each partner authority. This was being picked up as part of the Regulatory Services audit work, and addressed by the partner authorities concerned.
- Backing documentation to evidence reconciliation work needs to be stored in a more suitable format for all reconciliations, to enable remote monitoring of the completed work thus helping to ensure the integrity of the feeder system information in instances where the process is manually controlled or subject to potential unauthorised access and amendment.

Type of audit: Critical Review
Assurance: N/a
Report issued: 31st March 2016

Consultancy and Agency

The review found inconsistent application of controls in some of the areas reviewed, however, the following areas of the system were working well:

- The Matrix contact when used is protecting the Council from contractual risk
- Consultancy appointments that are procured using the councils procurement procedures are transparent

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

- Procurement of Agency staff outside of the matrix contact is not monitored adequately or in a structured format
- Procurement rules are not always followed when securing external support
- There is not always clear justification as to the use of agency staff
- Non Matrix agency staff do not have uniform contracts that protect the interests of the Council

Audit understands that a number of actions are being implemented following recommendations from this Committee in relation to external consultancy and officers are working with managers to improve procurement awareness to ensure that the Internal Audit recommendations are implemented.

Type of audit: Full System
Assurance: Limited
Report issued: 13th June 2016

Creditors
The review found generally a sound system of internal control in place with the following areas of the system working well:
- Access to the system is restricted and users are only able to view elements within the system related to their role and responsibilities
- The system workflow for procuring goods and services has been set up in such a manner that ensures separation of duties
- The system has the capability to record a full audit trail to easily identify the transactional timeframe during the ordering process
- The auto matching facility works efficiently providing the details of the order and invoice match (price and quantity)

The review found the following areas of the system where controls could be strengthened:
- Orders are not always raised prior to the receipt of invoices
- Receipting of goods received is not always timely.

Type of audit: Full System
Assurance: Significant
Report issued: 8th June 2016

Debtors
The review found generally a sound system of internal control in place and the following areas of the system working well:
- The raising of invoices is controlled and access only available to designated employees

- Accounts are cleared in a timely manner and suspense items are reviewed on a daily basis
- All previous and current balances were brought forward accurately

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

- A review of fees and charges identified slight discrepancies as part of the sample tested.
- Credit note request forms are not always retained by the Debtors Team.
- Review of the access rights

In addition there are some areas which management are aware of and are in the process of taking steps to finalise including:

- Formalising the processes and procedures that will be operated in the future; this project has commenced and remains in progress.
- Staff Changes; the team has under gone some staff changes and a restructure will be carried out during 2016/17.
- There are some historic balances remaining on the suspense accounts. The balances remaining are not material due to work that has been undertaken to clear these accounts.
- Debt collection procedures have not yet been fully implemented.

Type of audit: Full System
Assurance: Moderate
Report issued: 29th April 2016

Council Tax
The review found generally a sound system of internal control in place with the following areas of the system working well:

- The process for timely billing and reconciling properties on an annual basis
- Processes for monitoring service performance
- The process for applying discounts and exemptions on accounts
- The process for managing credit balances.

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

- Ensuring that suitable recovery action has taken place for accounts in arrears
- Ensuring that there are sufficient notes available for actions taken on refunds
- Ensuring that there are periodic reviews of discounts/ exemptions, and documenting actions taken.

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Type of audit: Full System
Assurance: Significant
Report issued: 13th June 2016

NNDR
The review found generally a sound system of internal control in place with the following areas of the system working well:
- Timely annual billing of properties in the district
- Correct application of reliefs
- Controls over outstanding credit balance
- The monitoring of service performance.

The review found the following areas of the system where controls could be strengthened:
- The documentation of the system for creating new properties on the system ensuring timely collection of council charges.
- The processes in place for ensuring consistent and timely recovery of outstanding charges.

Type of audit: Full System
Assurance: Significant
Report issued: 13th June 2016

Housing ~ Right to Buy
The review found generally a sound system of control in place with the following areas working well:
There was good standard of record keeping throughout with associated records (e.g. housing repair) being updated to record the right to buy application in progress.
- Appropriate service contacts within the Council are routinely notified that sales have been completed in order that records are accurately maintained
- Essential repairs only and, to discharge landlord responsibilities were found to have been completed during the right to but process.

The review found the following areas of the system where controls could be strengthened:
- There is a sound appreciation of the need to meet processing statutory time scales although in one instance (10% of the sample) the time taken to issue the RTB2 exceeded the target by 3 days
- Where applications have not been completed within 365 days of the initial valuation it is normal practice to confirm with the valuer if there is a change to the property value and an appropriate note recorded on

file. In one case (though no fault of the council) the time to complete the purchase exceeded 365 days but there was no confirmation on file to confirm that the property valuation remained unchanged

- A review of a small sample of mortgage rescue scheme completions revealed appreciable variances in estimated to actual repair costs which had adversely affected subsidy claimed by the Council.

It was also noted that the Housing Performance & Database Manager is currently reviewing the Buy Back administrative arrangements and also looking to utilise Information @ Work for the electronic storage of completed Right to Buy case files.

Type of audit: Full System
Assurance: Moderate
Report issued: 8th June 2016

Main Ledger
The review found generally a sound system of control in place with the following areas of the system working well:
- Access to the system is restricted and users are only able to view elements with the system that are job related.
- The system workflow for processing journals has been set up in such a manner to ensure a separation of duties is in existence and access is only available to members of the Finance Service.
- The system has the capability to record a full audit trail to easily identify the reasoning for all journal transactions.
- The VAT returns are submitted accurately and in a timely manner
- The Finance Service has provided officers with Training and details are available to all Staff on the Intranet regarding the correct codes to use to prevent the likelihood of miscoding occurring.
- The system is regularly and securely backed up.

The review found the following areas of the system where controls could be strengthened:
- Updating of financial regulations
- Reconciliation processes need to be controlled centrally to ensure timely completion

Further work is being undertaken by management in the following areas:
- The updating of the Financial Regulations; this project has been commenced but is still in progress.
- An Internal Audit critical review on the reconciliation processes. As at 10th February 2016 following the completed reconciliation processes review it was agreed that the frequency and completeness of

reconciliations will require centralised monitoring to ensure these are kept to a satisfactory standard, and to take timely action on any issues identified.

Type of audit: Full System
Assurance: Significant
Report issued: 8th June 2016

Three audits are progressing through the final clearance stages include System Administration, Website Security and Payroll and will be reported in summary form when finalised.
Worcestershire Regulatory Services, s106's Community Services CCTV, Environmental Income Streams and Mapping of Interfaces to Ledger were completed as 'critical review' audits and Performance Management Framework was deferred due to changing environment in regard to the dash board and overall performance monitoring.

Summary of assurance levels:

2016/17	
Allotments	Limited
Grants to Voluntary Bodies	Significant
Community Transport	Significant
2015/16	
Consultancy and Agency	Limited
Creditors	Significant
Debtors	Moderate
Council Tax	Significant
NNDR	Significant
Housing Right to Buy	Moderate
Main Ledger	Significant

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.

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 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.

3.4   AUDIT DAYS

The table in Appendix 1 shows the progress made towards delivering the 2016/17 Internal Audit Plan and achieving the targets set for the year. As at 31st July 2016 a total of 164 days had been delivered against an overall target of 400 days for 2016/17. 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. Performance and management Indicators were agreed by the Committee on the 21st April 2016 for 2016/17 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.

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 2016/17
Appendix 2 ~ Performance indicators 2016/17
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 2016/17
1st April 2016 to 31st July 2016

Audit Area	2016/17 PLAN DAYS	Forecasted days to the 30th September 2016	Days used to 31st July 2016
Core Financial Systems (see note 1)	104	20	2
Corporate Audits(see note 2)	66	42	29
Other Systems Audits	176	145	114
TOTAL	346	207	145
Audit Management Meetings	20	10	9
Corporate Meetings / Reading	9	5	3
Annual Plans and Reports	12	6	5
Audit Committee support	13	7	2
Other chargeable	0	0	0
TOTAL	54	28	19
GRAND TOTAL	400	400	164

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 an ongoing investigation. The time for this work is being split between both Corporate and Other Systems audit budgets (i.e. Housing) and has the potential to lead to an overspend on each of the budgets.

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APPENDIX 2

Performance Indicators (KPIs) for 01st April 2016 to 31st July 2016

The success or otherwise of the Internal Audit Shared Service can be measured the following performance indicators for 2016/17.

	PI	Trend / Target requirement	2015/16 Year End Position	2016/17 Position (as at 31/07/2016)	Frequency of Reporting
1	No. of customers who assess the service as 'excellent'.	Target = >85% of returns	2 returns; 1 excellent & 1 good	No returns to date to report	Quarterly
2	No. of audits achieved during the year	Per identified target	Target = 16 (minimum) Delivered = 23	Target = 17 (minimum) Delivered = 3 With a further 2 in draft	Quarterly
3	Percentage of Plan Delivery	>90% of agreed annual plan	99%	41%	Quarterly
4	Service Productivity	Annual target >70%	81%	* 56%	Quarterly

*Service productivity is down due to the arrival of three new auditors in the first quarter. This will increase as the year progresses and they settle in.

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 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 is undertaken as part of the routine audits that were performed during quarters 3 and 4.

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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	3rd
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.	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.	Originally due Sept 2016 Follow up 26/08/2016 - Spoke to Private Sector Housing Team Leader in RBC, one FT time post has been vacant which has resulted in a delay for cleansing the RBC files, minimal progress made since previous follow up. The team leader thinks it should be completed by early 2017. New follow up date January 2017
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	Dec 2016

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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	3rd
						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	Oct 2016
Reddicard 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.	Followed up in Jan 16. 1 '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.	The area to follow up was whether the non-resident couple Reddicard had gone through committee in 2016/17 for approval The reddicard charge did not go to committee for approval in December 2016. The risk to the Council has not increased due to the minimal (3 sold in 15/16) demand for this type of Reddicard. This will be followed up officially in January 2017 after the 2017/18 fees and charges have gone to Executive Committee in December. - AR 24/05/2016	Jan 2017
Forge Mill	6th February	Leisure Services Manager	Moderate	7 "medium" priority recommendations	Follow up undertaken 6th August. 3 Recommendations	Follow up undertaken on Nov 24th, report issued 19th of Jan.	Follow up in April 2016 found that

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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	3rd
	2015			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.	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	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.	out of the 3 'medium' priority recommendations in progress 2 in relation to reconciliations and the cashing up process had been implemented and 1 in relation to inventory was in progress but had not yet reached its implementation date of end of September 16.
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 still to be actioned as this will need to be revisited.	Follow up to be undertaken as part of 2016/17 audit taking place September 2016.	
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.	The follow-up in April 2016 found that the 1 'medium' priority recommendation is in progress and to be finalised by the end of August 2016.		

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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	3rd
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 24th March 2016. On going progress re. implementation.	Follow up in April 2016 found the agreed actions had been completed relating to lack of procedures and a system for managing risk. There will be no more follow ups. "	
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	Follow up with management awaiting sign off.		
Safeguarding	4th February 2016	Human Resources Manager	Significant	3 'medium' priority recommendations; training course monitoring, staff vetting and case records.	Aug 2016		
Leisure – Banking	9th February 2016	Sports Services Manager	Moderate	1 'high' and 3 'medium' priority recommendations; advance payments, manual operations, bankings and invoices.	Aug 2016		
Leisure - Consumables	4/01/16	Leisure Services Manager	N/A Critical Friend	Challenge points and good practice	01/09/16 initial meeting with Leisure Services Manager taking place		

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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	3rd
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	Follow up August 2016 with 4 points actioned, 2 in progress and 1 no longer relevant		
S106s - Planning obligations	08/04/2016	Head of Planning and Regeneration, Financial Services Manager, Principal Solicitor	Critical review	Challenge points and good practice in relation to Committee Reporting, Policies/Procedures, Waste Services Contributions, Project Contribution areas, Central Finance Spreadsheets, Withdrawn Planning Applications, Online Publication and Retention and Income Management	Sep-16		
CCTV	31/03/2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	Sep-16		

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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	3rd
Consultancy and Agency	13/06/2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post transformation reviews, professional indemnity Insurance and accuracy of invoices received.	Dec-16		
Housing Right to Buy	08/06/2016	Head of Housing and Housing Performance and Database Manager	Moderate	3 'medium' priority recommendations in relation to confirmation of the right to buy, Completion of Sale and Mortgage rescue Scheme	Dec-16		
Regulatory	08/06/2016	Head of Regulatory Services	Critical Review	Time recording challenges in relation to Systems Specification, Policies & Guidance, Coding Structure, Fee Earners, Performance Measurement and Database Accuracy.	Progress meeting Dec 16		
Grants to Voluntary Bodies	16/06/2016	Head of Community Services	Significant	1 'medium' priority recommendation in relation to financial checks on large grant requests.	Dec-16		

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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	3rd
Allotments	16/08/2016	Head of Leisure and Cultural Services	Limited	1 'high' priority recommendation in regard to the overall management of allotment services	Interim Follow up Dec-16		
Community Transport (incl. Shopmobility)	01/09/2016	Head of Community Services	Significant	2 'medium' priority recommendations in relation to insurance arrangements for the Shopmobility safe, and maintaining a full audit trail of fundraising activities.	Mar-17		

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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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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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
Audit: Allotments					
Assurance: Limited					
Summary: Full system audit of the allotment system					
1	High	**Management of Allotments Service** The audit work found a number of issues that covered the majority of the Allotments service. These are listed below:- • There is no operational procedure in place for defining how the service should be managed. This includes the process for defining the criteria for allocating plots, determining the provision of statutory and discretionary allotment sites, and actions to be taken to address unlettable or vacant plots/ sites. • Signed tenancy agreements are not kept on file in all instances to confirm acceptance of the current terms and conditions. • There is no formal agreement in place with Allotment Associations, defining the respective responsibilities and ensuring performance is meeting expectations. • The Colony system is not being used effectively. Changes to the site layouts are not being updated on the system. There is also an issue regarding the resilience of the service as only 1 staff member currently maintains the system records. • The requirement to obtain suitable evidence when applying for each type of concession has not been	As a customer focused service there could be significant reputational damage to the authority should it fail, with significant local media coverage expected. There is a medium financial risk as the monies involved in managing the plot usage and the associated facilities are not significant, and will not have a material affect on the Council finances. There is also a moderate operational risk to the authority as an inefficient service could result in increased staff time spent on resolving issues, impacting on council resources for both customer facing and support services.	To develop a formal operational policy for the Allotments service. To ensure uniformity for managing the service across all sites. The complications raised by having a number of different arrangements to be addressed to reduce workload for staff, and improve the value of the service to both the public and the Council. Working arrangements to be fully and formally defined in agreements with tenants and/ or associations. To consider issuing a letter of acceptance whereby usage of the plot infers tenant agreement with the Council terms and conditions. The service charging scheme to be reviewed to ensure full coverage of all costs, and to maintain the effectiveness of the process whilst ensuring a transparent and simplistic process. To ensure that the overall process for managing Allotments is not onerous so that the complexity and cost of running the service is proportionate to the benefits delivered.	**Management Response:** An Action Plan that outlines the content of a short term (12-24 months) Operational Policy (OP) document for the allotment service provision has been developed. The OP will address any anomalies identified in the Internal Audit Report. The OP will address all areas highlighted in the report and provide a clear and concise operating guide which will be applied in a consistent fashion across the service area. The short term OP will allow officers time to develop a medium to long term in line with the final outcome of the wider Leisure Offer Review. **Responsible Manager:** Cultural Services Manager **Implementation date:** The Action Plan is complete and is being delivered. See Appendix C The majority of actions completed by the end of October 2016. The only exception to the completion date is the fees and charges recommendation which will be put before members in line with all of the Council's fees and charges annual review.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		properly defined. • For sites where a water supply provided has been provided, the payments received do not cover the overall cost of the utility charge. There is also no formal monitoring to determine potential improper use.			
Audit: Grants to Voluntary Bodies 2016/17					
Assurance: Significant					
Summary: Full system audit of the grants to voluntary bodies					
1	Medium	**Financial checks** The finances of the organisations applying for grants are currently reviewed by the Head of Community Services. Some of the applications are sent to the Finance Service for further scrutiny if the Head of Community Services feels an additional review is needed. There is no evidence of what financial checks have taken place, whether this is by the Community Services team or Finance Service.	Potential reputational damage to the Council if challenged and funds are awarded to an organisation which became bankrupt.	For a financial check to be undertaken by the Finance Service for grants that are above a set amount agreed by the Head of Community Service to ensure the risk to the Council is minimised. To document any financial checks that have been undertaken, either by the Finance team or the Community Services team.	**Responsible Manager:** Financial Services Manager Agreed to set a value of any grants of £25,000 or above. **Implementation date:** November 2016 in line with the timetable for the 2017/18 Grant Application process
Audit: Community Transport 2016/17					
Assurance: Significant					
Summary: Full system audit of the community transport system including Shop Mobility					
1	Medium	**Insurance** The safe at the Shopmobility site within the Kingfisher Centre was installed and is owned by the Kingfisher management company. The nature of this arrangement has not been specified on the corporate insurance	There is a risk of financial loss, albeit this is minimal due to the amount of money normally kept at the site. There is potential for reputational damage if the	To ensure the safe at the Shopmobility site is fully covered by insurance against theft and loss.	**Management Response:** Insurance of this safe has been discussed with the Insurance Officer. The new money insurance policy will cover the handling and secure storage of cash at this site. **Responsible Manager:**

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		for Redditch Borough Council, and is therefore not currently covered by any insurance arrangements in the event of theft or loss. On average the safe at the Shopmobility site contains less than £1,000.	Council losses money that is not covered by any insurance arrangement.		Dial-a-Ride & Shopmobility Manager **Implementation date:** August 2016
2	Medium	**Fundraising Audit Trail** Money raised from fundraising activities is banked along with other donations and charges levied on the rental of wheelchairs. However this money is not recorded on the daily cash book. There is no formal record of this collection until this has been counted for banking. Cheque donations received in the post are also not formally recorded on the daily cash book, and are held separately until the Shopmobility & Dial-a-Ride Service Manager has issued a letter of appreciation to the donor. The cash book is currently a handwritten log of receipts. No electronic copy of this information is held.	Lack of a complete audit trail of all financial transactions, potentially resulting in financial loss and reputational damage to the authority if the monies are lost or unaccounted for.	All cash and cheque receipts to be recorded in the cash book. The process for retaining donations to be reviewed, to determine whether alternative arrangements can be implemented for acknowledging receipt to donors. To consider the implementation of an electronic cash book.	**Management Response:** The team will look at itemising all income in the cash book, to provide a full audit trail. **Responsible Manager:** Dial-a-Ride & Shopmobility Manager **Implementation date:** Immediate
Audit: Consultancy and Agency 2015/16					
Assurance: Limited					
Summary: A full system audit of consultancy and agency.					
1	High	**MATRIX** The Council has a framework agreement with 'MATRIX' an organisation that is used for the provision of agency staff. With recruitment of agency staff also	Failure to realise the overall scale of the expenditure across the Council , the extent of the Council's dependency on Agency staff	To review the current contract with 'Matrix' to ensure that the Council is receiving the service in line with the original agreement.	**Responsible Manager:** Human Resources and Development Manager Contract with Matrix is up for renewal in

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		taking place outside of the "neutral vendor" arrangement with MATRIX there is no one system that currently captures all Council commitments on Agency staff.	and the value for money of staffing services via temporary contracts, particularly in relation to Council financial constraints.	That any use of agency staff outside of the 'matrix' contract is fully justified prior to the appointment taking place.	December 2016 **Implementation date:** October 2016
2	High	**Procurement Procedures** The Council's Contract Procedure Rules do not make it clear that they apply to the recruitment of temporary staff (Agency and Consultancy) therefore some recruitment has been outside of these rules. For those Agency staff hired outside of the Matrix framework agreement no formal contracts have been entered into.	Failure to procure competitively or secure appropriate terms of business resulting in financial loss to the Council Also, the potential of litigation in regard to breaching EU thresholds resulting in financial penalty and reputation damage.	Procurement procedures to be updated to specifically include the recruitment of Agency and Consultancy staff. All Officers to be made aware of the necessity to comply with the procedures and the potential implications if they do not	Work has already begun in relation to the procurement of a particular type of consultant support. A framework contract is currently being put together for specialist areas of work that consultants have been used for. Training with the procurement manager continues and the procurement rules are currently being updated **Responsible Manager:** Financial Services Manager **Implementation date:** July 2016
3	Medium	**Post transformation review of Agency/consultancy reliance** There has been significant staff and establishment planning at Service level to define new structures and staffing complements and to build staffing resilience. These Plans provide a current baseline and justification for the staff required to run each service going forward. Outcomes/deliverables have not been set to monitor the required reduction in agency staff/contractors post implementation.	Loss of service with inability to meet client demands. Poor value for money in having to continue to employ Agency staff.	Outcomes/deliverables to be set for the reduction in the use of Agency staff/Contractors. These outcomes to be monitored to ensure that once the new structure has been implemented there is a reduction in the reliance on/ costs of agency staff to ensure that the Council is realising its savings. Going forward there needs to be clear justification for any prolonged used of Agency staff/contractors.	One of the services areas that has undergone transformation has ended all long term Agency contracts and is now working with Agencies to hire the right quality of staff or is recruiting on short term contracts**.** Use of consultants will be reported to management team on a quarterly basis. **Responsible Manager:** Executive Director – Finance and Resources **Implementation date:** July 2016

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
4	Medium	**Obtaining evidence of professional indemnity insurance** For those agency staff that are employed outside of the Matrix framework agreement there is no standard form of contract to ensure that the Council is indemnified against loss.	The Council would be financially liable if a claim was made.	For those instances where agreement has been obtained not to use 'Matrix' for the provision of agency staff then a standard contract is to be used to ensure the Council is fully covered against claims and loss resulting from the work of the contractor.	**Responsible Manager:** Financial Services Manager (via Procurement) **Implementation date:** June 2016
5	Medium	**Processing of invoices** The processing of invoices for Agency Staff payments outside of the MATRIX agreements relies on submission of individual timesheets and in some cases mileage logs to the Council for certification that these reflect hours actually worked. Testing highlighted a small number of minor problems with this process with errors in some timesheets that had been approved, missing timesheets, illegible signatures from certifying officers and failure to provide a breakdown or log of actual hours worked or journeys undertaken by the Agency worker.	Risk of erroneous or fraudulent claims being processed without detection, resulting in financial loss to the Council.	Update the guidance on the supporting information required from recruitment agencies submitting invoices for payment. Management spot checks to be carried out on a small sample of claims for compliance against this.	**Responsible Manager:** Financial Services Manager **Implementation date:** July 2016
Audit: Creditors					
Assurance: Significant					
Summary: A full system audit of the Creditors system.					
1	Medium	**Budgetary control** A sample of 30 paid invoices were selected and vouched to purchase orders. Testing identified that in 6 cases out of the 30 (20%) the orders has been raised after the invoice had been received.	Financial loss as there is the potential for budgets to be overspent if goods ordered have not been committed on the finance system against the appropriate budget.	The Creditors Payments Team to continue to return invoices to suppliers that do not state a purchase order number on them. If there are allowable exceptions to	**Responsible Manager:** Financial Services Manager The team are currently undergoing a complete review of the system to include an assessment of the functionality of the system. This may

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				the rules these need to be formally agreed and placed on the Orb. Services to be reminded of the importance of raising orders prior to the ordering of goods/services and the Creditors Payments Team to work with those services that continue to not conform on a one to one basis. This will mitigate the risk of any likelihood of budgets being exceeded.	result in changes to the recommendations which will be discussed with internal audit. **Implementation date:** July 2016
2	Medium	**Goods receipting** The Efin system does not allow the invoice to be paid unless it has been matched to the order and the goods have been receipted. A sample of 30 paid invoices found that in 11 transactions the Goods Received Note was dated later than the invoice date. In 5 of these transactions the result was late payment of the invoice.	Loss of efficiency savings if resources are being used in one area that could be adding value in another.	To investigate the parameters of the system to see if non -receipting of goods via the Goods Received Note workflow emails could be escalated to another officer if no action is taken within a set timeframe.	**Responsible Manager:** Payments Officer / Financial Services Manager The team are currently undergoing a complete review of the system to include an assessment of the functionality of the system. This may result in changes to the recommendations which will be discussed with internal audit. **Implementation date:** July 2016
Audit: Debtors					
Assurance: Significant					
Summary: A full system audit of the Debtors system.					
1	Medium	**Credit Notes** Testing of 10 credit notes found that 9 of the credit notes reviewed did not have an accompanying credit note request form or email to support and justify why a credit note was requested.	Potential financial loss if credit notes are raised to write off a valid debt, and, the potential to understate the true debt figure.	If possible within the system parameters the Credit Note request to be attached to the relevant Debtors file on the system. As a minimum the request to be retained in a manual or electronic file	**Responsible Manager:** Income Team Leader **Implementation date:** Procedure to be agreed and relevant staff

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				to ensure that a full audit trail is maintained. Access rights in relation to the raising of credit notes to be reviewed to ensure that they are appropriate. Consistent procedures to be applied by all those with access to raise credit notes.	training on process by 31.7.16
Audit: Council Tax					
Assurance: Significant					
Summary: A full system audit of the Council Tax system.					
1	Medium	**Discounts Exemptions & Relief** There is currently no formal timetable in place for the review of reliefs, exemptions and discounts on Council Tax accounts. This is currently under development as a task for the newly established Compliance team within the Revenues Service and is likely to be implemented in 2016/17	Failure to properly monitor reductions to Council Tax requirement, resulting in cash flow implications to local government bodies, and reputational damage.	To implement a program of review, to ensure all types of discount/ exemption are periodically checked to confirm entitlement.	**Management Response**: Timetable for reviews of discounts and exemptions to be set in place ensuring all discounts, exemptions are taken through review over recommended periods. Reviews will consist of postal, e-reviews, desktop verification of entitlement and visit to property as appropriate. **Responsible Manager:** Revenues Service Manager **Implementation date:** June 2016
2	Medium	**Recovery of Arrears** From a ransom sample of 30 accounts with outstanding arrears, 5 did not have sufficient information which identified what actions if any had been taken to recover the arrears.	Failure to recover monies due in a correct and timely manner, potentially resulting in financial loss, incorrect financial statements, and reputational damage.	Recovery actions taken to be formally documented in full on the system notes. The recovery process to be reviewed to ensure that suitable actions are	**Management Response**: Agreed. Staff to be reminded to record all actions taken. Implementation of quality check module for revenues allows targeted review of actions

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		In addition, 1 account showed information which identified actions to be taken which had not been completed at the time of the audit work.		being taken on all accounts with outstanding arrears, including the write-off of debts where the individuals cannot be traced or monies reasonably recovered and all avenues of enquiry have been tried. Justification of action taken to be clearly recorded against the account.	taken and errors or absence of sufficient information is referred back to team for correction. **Responsible Manager:** Revenues Service Manager **Implementation date:** June 2016
3	Medium	**New Properties** The process for ensuring all new developments are notified to the Valuation Office in a timely manner and updated on the Revenues system for Council Tax is not documented. There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging. At present, periodic confirmation is only received by the North Worcestershire Building Control team.	Delayed information exchange resulting in cash flow delays brought about by untimely billing and back billing potentially leading to reputation damage.	The procedure for updating and reviewing new housing developments to be documented by the Revenues Team to ensure consistent management of the process. To consider implementing a process whereby information is regularly requested from third parties regarding new property developments which are not controlled by the North Worcestershire Building Control Team.	**Management Response**: Agreed. To review in line with the implementation of a new joint Revenues system. New properties will be created as skeleton properties within the Civica system and monitored on rolling review. **Responsible Manager:** Revenues Manager **Implementation date:** December 2016
Audit: NNDR					
Assurance: Significant					
Summary: A full system audit of the NNDR system.					
1	Medium	**New Properties** The process for ensuring all new developments are notified to the Valuation Office in a timely manner and updated on the Revenues system for NNDR is not documented.	Delayed information exchange resulting in cash flow delays brought about by untimely billing and back billing potentially leading to	The procedure for updating and reviewing new housing developments to be documented to ensure consistent management of the process.	**Management Response:** Agreed. To be reviewed in line with the implementation of a joint Revenues system. New properties will be created as skeleton

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging. At present, periodic confirmation is only received by the North Worcestershire Building Control team.	reputation damage.	To consider implementing a process whereby information is regularly requested from third parties regarding new property developments which are not controlled by the North Worcestershire Building Control Team.	properties within the Civica system and monitored on rolling review. **Responsible Manager:** Revenues Services Manager **Implementation date:** December 2016
2	Medium	**Recovery** From a random sample of 20 accounts undergoing recovery action at the time of the audit, 9 cases do not indicate on the Civica OPENRevenues or Information@Work notes what actions are to be taken or are being taken to resolve the issues, to enable the attempt of recovering monies or to identify bad debts that will need to be written off. In addition, there is currently no formal performance review of actions taken by the bailiff company responsible for collecting the authority's debts, to ensure actions have been taken in accordance with the contract, and whether the Council has since obtained any further information that would assist a continued review by the bailiff.	Failure to manage the effective recovery of outstanding charges, resulting in financial loss to the authority and reputation damage.	Accounts undergoing recovery to be reviewed to ensure suitable action is being taken, and that all necessary changes have been made. Accounts returned from bailiffs to be formally reviewed to determine if bailiff performance has been in line with contract requirements, and whether any further action can be taken.	**Management Response:** Agreed. Implementation of quality check module for revenues allows targeted review of actions taken and errors or absence of sufficient information is referred back to team for correction. **Responsible Manager:** Revenues Services Manager **Implementation date:** June 2016
3	Medium	**Exemptions & Relief** There is currently no formal timetable in place for the review of reliefs and exemptions on NNDR accounts. This is currently under development as a task for	Failure to properly monitor reductions to NNDR requirement, resulting in cash flow implications to	To implement a program of review, to ensure all types of relief/ exemption are periodically checked to confirm entitlement.	**Management Response:** Agreed. Timetable for reviews of discounts and

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		the newly established Compliance team within the Revenues Service and is likely to be implemented in 2016/17.	local government bodies, and reputational damage.		exemptions to be set in place ensuring all discounts, exemptions are taken through review over recommended periods. Reviews will consist of postal, e-reviews, desktop verification of entitlement and visit to property as appropriate. **Responsible Manager:** Revenues Services Manager **Implementation date:** June 2016
Audit: Housing ~ Right To Buy					
Assurance: Moderate					
Summary: A full system audit of the Right to Buy system.					
1	Medium	**Issue of RTB2 (confirmation of the Right to Buy)** In one instance (10% of sample) the issue of the RTB2 missed the statutory deadline by 3 days.	Failure to observe legislative requirements/potential for complaint, adverse publicity and reputational damage.	Understand why there was a breach of timeframe so that in future every effort is made to meet target times and identify those that are slipping before it becomes critical. It is also important to ensure that, for consistency purposes, where documents are received at Locality Offices, it is this date that starts the process as opposed the date the documents are received at the Town Hall.	**Management Response:** Officers had used the date the RTB1 (initial application) had arrived at the office rather than the date the RTB1 had been received by the Council. Officer's reminder that the date to use as the start of the timescales is the date the RTB1 is received by the Council regardless of where this is. The RTB1 is to be date stamped when received by the Housing Performance and Database Team. **Responsible Manager:**

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Housing Performance & Database Manager **Implementation date:** Implemented
2	Medium	**Completion of sale** One case was identified where, despite reminders being issued by the Council, the sale was completed over twelve months after the initial valuation In instances where sales are not completed within twelve months of valuation, the valuer is asked to confirm if there is a change to the valuation. In this particular case there was no record on file to confirm that this had happened.	Initial valuation may not remain appropriate leading to potential financial loss to the Council	In instances such as this, evidence should be retained on file to confirm that delays have not resulted in the property valuation being adversely affected and/or a revised valuation completed.	**Management Response:** Processes amended to make sure that a copy of the email sent to the valuation team is kept on the manual file. **Responsible Manager:** Housing Performance & Database Manager **Implementation date:** Implemented
3	Medium	**Mortgage Rescue Scheme (Government Scheme)** As part of the application process inspections were carried out to determine the level of repairs required to a property and this would be a factor in determining if the application proceeds. In one case, repair schedules were completed (one by the independent valuer & one by the Property Services (Capital) Team) and estimates were confirmed at £11.8k and this figure was used to claim subsidy. The actual repair costs totalled £20k. At this level it would have been marginal that the application would have proceeded but of more importance was the resultant loss	Incorrect assessment of repair costs potentially resulting in financial loss to the council	Whilst accepting that the Councils mortgage rescue scheme has no subsidy implications, it is important that repair schedules are as accurate as possible in order that: • Scheme eligibility is correctly determined • Sound budgetary control is displayed In instances where variances occur between estimated/actual repair costs then these are investigated and reasons determined.	**Management Response:** Sometimes a visual assessment will not identify all works that need to be carried out. We will work with the teams to ensure the works identified are accurately recorded and costed. Where there is a difference between work quoted and works carried out a report as to the reason for the difference will be produced. **Responsible Manager:** Housing Capital & Repairs Maintenance Operations Manager and Housing Performance & Database Manager

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		of circa £4k subsidy to the Council. A further review of two other cases again showed an appreciable variances between estimated and actual costs and this showed a loss of subsidy totalling £5k.			**Implementation date:** Process to be determined and reviewed during the first property returned to stock under the Council run Mortgage Rescue scheme.
Audit: Main Ledger					
Assurance: Significant					
Summary: A full system audit of the main ledger system.					
1	Medium	**Corrections of miscodings** Although the Council has provided information to managers to reduce the number of coding errors there is currently no monitoring to see if this has added value and that the number of errors has reduced.	Financial costs and lack of efficiencies if the resource invested has not resulted in a reduction of coding errors.	Benchmarking of coding errors pre and post the initiatives undertaken by the Finance Section to be used to evaluate if the invested resource time has resulted in future savings and has added value.	**Responsible Manager:** Financial Services Manager **Implementation date:** An ideal time to compare the number of journals processed would be August – October after final accounts). A calculation of the number of journals in this period in 2015 will be compared with the same period in 2016 to identify any reductions in numbers of journals. **December 2016**
		end			