

Date: 2<sup>nd</sup> February 2017

**AUDIT, GOVERNANCE & STANDARDS COMMITTEE**

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**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

**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 2016 to 31<sup>st</sup> December 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 (22<sup>nd</sup> September 2016):

2016/17 AUDIT SUMMARY UPDATES:

**Rent Verification**

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

- Procedural documents are available to all staff.
- Clear rent statements are provided by staff regularly, identifying payments and charges that have been associated with the tenant account.
- The process for the timely processing of refund requests and accurate refunding of account credits is working effectively.
- Accurate and timely reconciling of payments and general ledger postings.
- Suitable access controls over the Rents and Payments systems.

The review found the following area of the system where control could be strengthened:

- Refund payment Authorisation

Type of audit: Full system audit

Assurance: Significant

Report issued: 12<sup>th</sup> September 2016

**Charity Fund Accounts**

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

- The accounting for charitable fund income and expenditure.
- Managing the use of charitable funds in accordance with Council requirements and the terms of the funding arrangements

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- Regular monitoring and reporting of actions taken with regards to the charitable funds.
- Expenditure relating to the Mayor's charity is in accordance with the purpose of the fund, and in accordance with Council procedures.
- The payment to charitable bodies in accordance with the defined purpose of the fund.

The review found the following area of the system where control could be strengthened:

- Security of cash collections to minimise the potential risk to collecting officers.

There were no 'high' or 'medium' priority recommendations.

Type of audit: Full system audit

Assurance: Significant

Report issued: 25<sup>th</sup> October 2016

**One Stop Shops – Reception Service**

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

- Locality, contact details and opening hours were published in different formats and accessibility methods.
- Ensuring adequate resources were available to deal with the types and volumes of customer enquiries.
- Customer transactions were handled professionally, efficiently and as promptly as possible.
- Staff knowledge and access to information to aid with the customers was consistent and effective.
- Services were working well with the team and required information was being passed between the services.
- There was a strong awareness of Data Protection and only taking information where required.
- Generally safety systems and procedures were all in place and updated annually or sooner if required.
- Management team were analysing information gained and acting where they could to make improvements for the service.
- Customer complaints were being acted upon and lessons learnt where appropriate.
- Feedback was being gained where required and consideration of more customer response was being looked at for the future.

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

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- Recording and maintenance of records of training.
- Staff awareness to facilities such as language line and the use of hearing loops.
- Formalising meetings between services.
- An update of email process with customers and a data cleanse of what is currently being stored.
- Safety measures in the neighbourhood offices and staff awareness.

Type of audit: Full system audit

Assurance: Significant

Report issued: 28<sup>th</sup> September 2016

**Treasury Management**

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

- Investments and borrowings are in line with the Treasury Management Strategy and internal procedures.
- Money is being invested when not required and clear planning is being made when funds are required.
- Interest was being received and paid in a timely manner.
- There was a clear audit trail of transactions with appropriate authorisation.
- Clear separation of duties was demonstrated.
- Great improvements to the coding of transactions by cashiers.

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

- Formalising the quarterly reconciliation.
- Use of transaction document, specifically the confirmation box and if it's still required.

There were no 'high' or 'medium' priority recommendations.

Type of audit: Full system audit

Assurance: Significant

Report issued: 13<sup>th</sup> December 2016

**Debtors**

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

- There has been strong movement forward in cleansing from the migration of systems
- Suspense account is being monitored and cleared on a regular basis

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- The general provision of invoicing and reclaiming debt is working well.
- Write offs are being raised and authorised appropriately.
- Stop lists are being regularly monitored and reported back to the appropriate services
- Suppressions are being monitored
- There is regular and timely reporting back to the services.

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

- Ensuring notes are entered on the system to back up and give transactions meaning
- More descriptive recording of monitoring information

Type of audit: Full system audit

Assurance: Significant

Report issued: 13th December 2016

**Freedom of Information**

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

- The file management structure to store all requests and correspondence
- Where information was available or the customer needed signposting to another authority the request was dealt with quickly
- The templates used for the customer responses were very clear and explained well for the customer to understand where their request is at.
- The training given to the employees is strong and gives clear guidance what to do with both data protection and freedom of information.
- The information on the website well informs customers of what to do and access to the publication scheme.
- Information Management team are very knowledgeable with regards to the legislation surrounding Freedom of Information
- There is use of a purposeful spreadsheet to help monitor the requests.
- Procedure of complaints is clearly outlined to the customer and process is working well within the team.
- The reporting is kept up to date on the dashboard.

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

- Staff attending initial and refresher training.
- Inconsistent approach to chasing information from the departments.

Type of audit: Full system audit

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Assurance: Significant  
Report issued: 24<sup>th</sup> October 2016

**Cash Collection**

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

- Daily cashing up practises
- Procedures and practise with regard to the safety and security of cash
- Cash and cheques being credited timely to the bank
- Customers were receiving an efficient transaction and a receipt at the end of their transaction.
- The cash receipting suspense account is being reviewed regularly and cleared where possible.
- Procedural controls were followed with regards to collection of cash by G4S
- Systems access reflects the position and requirements of the cashier for service delivery
- Monitoring was being carried out by the Team Leader.

The review found the following area of the system where control could be strengthened:

- Responsibility and security of safe keys.

Type of audit: Full system audit  
Assurance: Significant  
Report issued: 3<sup>rd</sup> January 2017

Summary of assurance levels:

<b>2016/17</b>	
Rent Verification	Significant
Charity Fund Accounts	Significant
One Stop Shop – Reception Service	Significant
Treasury Management	Significant
Debtors	Significant
Freedom of Information	Significant
Cash Collection	Significant

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2016/17 AUDIT WORK WHICH WAS ONGOING AT THE END OF QUARTER 3:

Audits completed to draft report stage included:

- Bereavement Services
- Planning Enforcement
- Planning Applications and Fees
- Community Centres
- Insurance (Critical Review)

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

- Risk Management
- Post Contract Appraisals
- Creditors
- NDR
- Council Tax
- Benefits
- Payroll

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.

The Post Contract Appraisal review was extended due to some initial review findings. This piece of work is currently being concluded and will be reported before Committee in due course. In regard to this review Senior Management Team has commissioned an additional piece of work which WIASS will be undertaking during January to March 2017. Due to resourcing requirements in regard to this area of work it will impact on the overall 2016/17 audit plan the position of which the s151 Officer and Head of the Internal Audit Shared Service are currently in dialogue to agree the best solution.

The System Administration and Website Security reviews from 2015/16 are progressing through the final clearance stages and are currently awaiting management sign off. Payroll reported at the last Committee as being in the final clearance stages has since been finalised. A summary for 2015/16 and the 2016/17 Payroll due to take place this quarter will be reported to committee at the appropriate time.

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

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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. 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 general direction of travel and 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 31<sup>st</sup> December 2016 a total of 349 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 21<sup>st</sup> 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

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- 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

There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is over seen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Redditch Borough Council.

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

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

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

**Customer / Equalities and Diversity Implications**

3.6 There are no implications arising out of this report.

**4. RISK MANAGEMENT**

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

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

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

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**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

**AUTHOR OF REPORT**

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### APPENDIX 1

#### Delivery against Internal Audit Plan for 2016/17 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016

Audit Area	2016/17 PLAN DAYS	Forecasted days to the 31 <sup>st</sup> December 20 16	Days used to 31 <sup>st</sup> Decemb er 2016
Core Financial Systems (see note 1)	104	71	77
Corporate Audits(see note 2)	66	55	62
Other Systems Audits(see note 3)	176	141	183
<b>TOTAL</b>	<b>346</b>	<b>267</b>	<b>322</b>
Audit Management Meetings	20	15	13
Corporate Meetings / Reading	9	7	4
Annual Plans and Reports	12	9	7
Audit Committee support	13	10	3
Other chargeable	0	0	0
<b>TOTAL</b>	<b>54</b>	<b>41</b>	<b>27</b>
<b>GRAND TOTAL</b>	<b>400</b>	<b>308</b>	<b>349</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 an ongoing review. The time for this work is being split between both Corporate and Other Systems audit budgets and indications are it will lead to an overspend on each of the budget headers.

#### Note 3

A budget allocation that was linked to a service area has been channeled into the consultancy and investigatory budget. Work is continuing and will be reported when completed.

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**APPENDIX 2**

**Performance Indicators (KPIs) for 01<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016**

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

	<b>PI</b>	<b>Trend / Target requirement</b>	<b>2015/16 Year End Position</b>	<b>2016/17 Position (as at 31/12/2016)</b>	<b>Frequency of Reporting</b>
1	No. of customers who assess the service as 'excellent'.	Target = >85% of returns	2 returns; 1 excellent & 1 good	8 issued; 5x returned  5x excellent	Quarterly
2	No. of audits achieved during the year	Per identified target	Target = 16 (minimum)  Delivered = 23	Target = 17 (minimum)  Delivered = 10  With a further 5 in draft	Quarterly
3	Percentage of Plan Delivery	>90% of agreed annual plan	99%	87%	Quarterly
4	Service Productivity	Annual target >70%	81%	* 59%	Quarterly

\*Service productivity is starting to show signs of recovery after the arrival of three new auditors in the first quarter along with a further auditor towards the end of Q2. Expectation is that productivity will continue to increase as they become more familiar with Partner and Service requirements.

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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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 March 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 complete the restructuring of the Service.	Follow up took place in December 2016 and found the one outstanding recommendation relating to updating procedures was implemented. There will be no further follow ups.
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	Followed up in June/ July 15. 1 medium priority recommendation concerning the updating of the contracts register has been implemented. 2 medium priority recommendations	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	Follow up took place in October 2016, it found both recommendations are in progress, these relate to the procurement strategy which is currently in draft form. The next

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				and that there is a clear procurement protocol in relation to procurement rules.	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.	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	follow up will take place in May 2017.
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 February 2017 after the 2017/18 fees and charges have been agreed.
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.	Follow up in April 2016 found that 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. Further following up February 2017 due to seasonal opening.

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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>
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 undertaken December 2016 with Finance. Implementation remains in progress in obtaining PCI certification; delays due to resources and delays with the banks.	
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.	Progress on outstanding recommendation with a further visit planned for February 2017.	
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	A follow up was undertaken in June 2016 and found that one recommendation was implemented and one was outstanding relating to member allowances.	Feb- 2017	
Safeguarding	4 <sup>th</sup> February 2016	Human Resources Manager	Significant	3 'medium' priority recommendations; training course monitoring, staff vetting and case records.	A follow up took place in September 2016, it found both recommendations relating to DBS checks and training are implemented and no further follow up will take place.		

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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.	A follow up undertaken in November found that service had implemented three recommendations relating to the advance payment scheme, manual operations and banking arrangements. One medium priority recommendations is partially implemented relating to invoicing arrangements.	Feb- 17	
Leisure Consumables -	4/01/16	Leisure Services Manager	N/A Critical Friend	Challenge points and good practice	A follow up took place in October 2016 and found the service was satisfactorily progressing with all challenges and had a clear sense of direction. There are certain areas that need further consideration or action. Further follow up required.	Jan- 17	
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	A follow up took in September 2016 and found 3 recommendations were in progress relating to the circulation of the AGS, action plan and the responsibility for compilation of the AGS. 1 recommendation was still to be actioned relating to a review of the AGS.	Feb- 17	
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	A follow up took place in September 2016, it found that the service had a clear sense of direction and the	No further follow up will take place.

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						service was engaging in the challenges made.	
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	The follow up in September 2016 found that the service is progressing with the challenges made. The follow up has found that out of the nine challenges made above Management have actioned five of them and have/are giving due consideration to the other challenges made. These relates to the contributions formula being updated, process to monitor amount of developers per project and uploading of S106 agreements. Further follow up in 6 months time.	Mar- 17	
CCTV	31/03/2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	A follow up was undertaken in September 2016 and found although both recommendations have been actioned however there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy.	Apr- 17	
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	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to the use of Matrix, the procurement procedures, outcomes set	Jun- 17	

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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>
				reviews, professional indemnity Insurance and accuracy of invoices received.	for the use of agency staff and processing invoices. One recommendation is still to be actioned reliant on the outcome of a recommendation.		
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	Follow up meeting arranged 2/2/17.		
Regulatory Services	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.	A follow up took place in December, it found that 2 challenges had been actioned, 4 considered and 1 considered but still awaiting further action. Direction of travel is positive and a further follow up will take place in 6 months time.	Jun- 17	
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.	A follow up took place in December 2016 and found that the one medium priority recommendation relating to undertaking financial checks on business applying for above £25,000 had been implemented.	No further follow ups will take place.	
Allotments	16/08/2016	Head of Leisure and Cultural Services	Limited	1 'high' priority recommendation in regard to the overall management of allotment services	Follow up meeting arranged 2/2/17		

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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>
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		
Rent Verification	12th September 2016	Housing Services	Significant	One medium priority recommendation was made relating to refund payment authorisation	Mar-17		
Charity Fund Accounts	26th October 2016	Legal	Significant	One medium priority recommendation was made this relates to charity collections. No follow up will be required.	N/a		
One Stop Shop/Customer Services	28th September 2016	Community Services	Significant	Three medium priority recommendations were made relating to training, minutes of meetings and safety of staff. Two low priority recommendations were made relating to assistance for translators and for data management.	Mar-17		

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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>
Freedom of Information	24th October 2016	Business Transformation	Significant	One medium and one low priority recommendation was made. The medium recommendation related to training on data protection.	Apr-17		
end							

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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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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit: Rent Verification</b>					
<b>Assurance: Significant</b>					
<b>Summary: Full system review</b>					
1	Medium	<p><b><u>Refund Payment Authorisation</u></b></p> <p>There is no formal procedure in place for authorising payments in the absence of approved officers.</p> <p>From a randomly selected sample of 10 refunds processed during the April – June 2016/17 period, one was found to have been authorised for payment by the Income Recovery Team Leader. Normal procedure requires either the Housing Database &amp; Performance Manager or the Head of Housing Services to authorise the payment, however neither of these officers were available at the time. The payment was checked by a second member of staff at the time, and it was reviewed for suitability upon the return of the Housing Database &amp; Performance Manager.</p>	<p>Payments authorised without approval of designated budget holders, potentially leading to increased risk of erroneous and / or fraudulent refunds taking place resulting in reputational damage and financial loss.</p>	<p>To review the 'business continuity' requirements of the service to ensure that appropriate designated Officers are available to authorise payments at all times.</p>	<p><b>Management Response:</b> In the absence of the Housing Performance &amp; Database Manager, the Housing Services Manager will be authorising the payments. Due to leave of both managers in September the Head of Housing Services will authorise the payments</p> <p><b>Responsible Manager:</b> Housing Performance &amp; Database Manager, Housing Services Manager</p> <p><b>Implementation date:</b> October 2016</p>
<b>Audit: One Stop Shops – Reception Service</b>					
<b>Assurance: Significant</b>					
<b>Summary: Full systems audit</b>					
1	Medium	<p><b><u>Training</u></b></p> <p>No training records have been kept within the service, however, mandatory records are kept by Human Resources.</p> <p>There is no evidence to prove that the skills matrix is being used and that the Customer Support Officers have the skills outlined on the matrix.</p>	<p>Risk to reputation if dealt with by a Customer Service Officer who has not had appropriate training and the council receives complaints regarding the level of service received. It could also be a risk to safety and security if</p>	<p>A system of recording who has had training, signed by the employee, and when that training requires updating to be maintained. The skills matrix to become a fully integrated tool to assess future training requirements.</p>	<p><b>Management Response:</b> Team Leader to produce a training record and provide a process for updating completion of the record. Advise staff of the procedure and monitor record monthly.</p> <p>Work through the current Skills Matrix Training</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Testing identified that not all staff have attended the update refresher for Health and Safety training (Redditch - 4 out of a sample of 20 had not attended).</p> <p>In addition training records for staff for Payment Card Industry Data Security Standards found that 8 out of 20 staff had not signed their training record.</p>	<p>they have missed training relating to these areas resulting in possible financial claims.</p> <p>Potential risk in proving staff have received the correct training to be compliant with the Payment Card Industry Data Security Standards potentially leading to fines and reputation damage</p>	<p>Management to ensure that all staff have attended/been booked on to attend the update on Health and Safety training</p>	<p>Plan and arrange sessions where appropriate for staff.</p> <p>Staff who have not attended Health &amp; Safety training to attend courses as and when available.</p> <p>Team Leader to complete PCI Security Standards with all Customer Service Staff and provide records that this has been undertaken.</p> <p>Corporately work underway to align all training records/training plans and Skills Matrix together.</p> <p><b>Responsible Manager:</b> Customer Services Manager</p> <p><b>Implementation date:</b> 30<sup>th</sup> September 2016</p>
2	Medium	<p><b><u>Minutes of Meetings</u></b></p> <p>Meetings with the other services e.g. Benefits, are not being formally documented to act as an action log and reference point.</p>	<p>Potentially a reputational risk if information has been provided and not relayed. Potentially could cause miscommunication and a poor customer service experience leading to a damage of trust between departments and poor customer relationships.</p>	<p>Meetings to be formally documented in an agreed format to capture the essential information/action points.</p>	<p><b>Management Response:</b> Customer Services Manager to agree format with other service managers and commence formally documenting meetings.</p> <p><b>Responsible Manager:</b> Customer Service Manager</p> <p><b>Implementation date:</b> 31<sup>st</sup> October 2016</p>
3	Medium	<p><b><u>Safety of Staff</u></b></p> <p>There was no panic alarm on the Customer Support Officer desks at Woodrow and Batchley neighbourhood offices since the movement of the desks but there is in the cashier's area.</p>	<p>Potential risk to safety if unable to get attention of cashier to raise the alarm in the event of an attack.</p>	<p>Panic alarms to be installed now the desks have been moved.</p> <p>All staff to be made aware of the use of pagers and mobiles when on</p>	<p><b>Management Response:</b> Customer Services Manager contacted place Partnership for the desk alarm and hearing loop to be fitted following changes to offices. Review action September 30<sup>th</sup> 2016.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Mobile phones and pagers are in drawers meaning there were out of reach if required to be used. All other safety precautions were in place.		location in the neighbourhood office to enhance their own safety.  A periodic check of the mobile phones and pagers to be undertaken and refresher training provided on a regular basis.	Team Leader to check mobile phones and pagers use monthly, review procedure in place and provide refresher training for staff of procedures.  <b>Responsible Manager:</b> Customer Service Manager  <b>Implementation date:</b> 14 <sup>th</sup> October 2016
<b>Audit: Debtors</b>					
<b>Assurance: Significant</b>					
<b>Summary: Full system audit</b>					
1	Medium	<b>System Notes</b>  Testing has found that notes are not always being applied where there should be reasoning given to the transaction  2 out of 10 testing on credit notes/reversals for Redditch had no notes to explain.	There is potential for the misuse of the system thus compromising the data integrity, and credible audit trail as to why a refund or credit has been carried out leading to potential challenge and a lack of confidence and transparency in the system.	Re-emphasise that notes are applied in all circumstances to all processes of refunds and credits to provide clarity and transparency.	<b>Management Response:</b> This has already been reiterated to staff and this will be followed up through Team Meetings.  <b>Responsible Manager:</b> Income Team Leader  <b>Implementation date:</b> December 2016
<b>Audit: Freedom of Information</b>					
<b>Assurance: Significant</b>					
<b>Summary: Full system audit</b>					
1	Medium	<b>Training</b>  Training is a mandatory requirement for the organisation. A number of people have not received refresher training. As the training includes Data Protection updates staff may be in a compromised position if they manage their data incorrectly.	The potential of inconsistent approach by staff along with the provision of inappropriate information potentially leading to reputation damage, litigation and Information Commissioners	Ensure that the current training provision remains fit for purpose and closer monitoring of training delivery is undertaken to ensure all staff receive the appropriate training in a timely manner	<b>Management Response:</b> New starter training is up to date and scheduled as they commence with authority. Front line teams are now up to date and will be continued to be scheduled yearly. Refresher training backlog is on track to be completed by end of December 2016

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			Office investigation.		<b>Implementation date:</b> The policy and training application, Netconsent, will be re implemented by beginning of 2017. This will enable automated monitoring and reports to managers.  <b>Responsible Manager:</b> ICT Operations Manager
<b>Audit: Cash Collection</b>					
<b>Assurance: Significant</b>					
<b>Summary: Full system audit</b>					
1	Medium	<b><u>Key Security</u></b>  For one cash office Audit observed a cashier was taking home the safe key.	Potential risk to the keys being mislaid or taken resulting in unauthorised access to the Cash Office area, leading to compromised security and financial loss to the Council.	A review of the security of all safe keys at cash offices to be undertaken to agree appropriate handling requirements.	<b>Management Response:</b> This has already been addressed, and changes to key handling in place.  <b>Responsible Manager:</b> Customers Services Manager  <b>Implementation date:</b> 20/12/16
end					