

Date: 27th APRIL 2017

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	Paul Field, Interim 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”.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Service / Operational Implications

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

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2016 to 31st March 2017 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 (2nd February 2017):

2016/17 AUDIT SUMMARY UPDATES:

Bereavement Services

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

- There is an effective system in place for managing bookings.
- Monitoring of non-payment for services, and resultant actions to obtain these outstanding monies.
- The monitoring of performance and usage of the facilities for both cremations and cemeteries.
- The maintenance of statutory registers for burials and cremations.

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

- The complete and timely charging of services to customers;
- The use of manual invoices instead of the electronic centralised debtors system.
- The timely and accurate collection and banking of income from customers.

Type of audit: Full system audit

Assurance: Significant

Report issued: 17th March 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Planning Enforcement

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

- Information and guidance concerning Planning Enforcement Policy is available to staff and customers on the Council's website;
- Complaints are prioritised for enforcement actions based on importance and urgency;
- The Council has issued enforcement notices in line with regulatory requirements;
- The owner / occupier is suitably informed of their obligations under the Enforcement Notice;
- There is a suitable system in place for recording and monitoring appeals against enforcement actions; and
- Land charges are notified promptly when an Enforcement Notice has been issued.

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

- Use of the Uniform system as the primary / sole record of planning enforcement activity;
- Enforcement documentation to be maintained within Uniform with appropriate linkages; and
- Decision on publication of Planning Enforcement Notices and the security and integrity of the physical Register.

Type of audit: Full system audit

Assurance: Significant

Report issued: 16th February 2017

Development Control (Planning Applications and Fees)

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

- Staff have access to guidance provided by the Town and Country Planning Act 1990 and 2015 and to guidance on the use of the Uniform planning system;
- The Council has adopted and applies the national scale of fees for planning applications;
- The setting of pre-planning application fees is transparent, and information regarding charges is clear and made available to applicants;
- The Council has sufficient procedures in place for managing different types of applications, from small refurbishments to larger corporate developments; and
- Financial and non financial performance reports are produced for management on a regular and timely basis.

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

- The charging of VAT for pre application advice;
- Redaction of personal sensitive data on planning applications prior to publication;
- Charging of pre application fees in line with approved fees and charges;
- Recording of actions on the Uniform system to maintain an adequate audit trail; and
- Reconciliation of Uniform recorded income to general ledger planning income codes.

Type of audit: Full system audit

Assurance: Moderate

Report issued: 16th February 2017

Community Centres

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

- Monitoring of Community Centre performance, including maintenance of a suite of performance measures, and ongoing reviews into improving this functionality.

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

- The booking system is not currently working effectively. Applications forms have not been completed and retained in all instances to show a full audit trail of activity.
- Invoicing has not been effective and in accordance with defined procedures in some instances.
- Debt monitoring is not being proactively monitored due to a lack of effective reporting on outstanding debts.
- There is a need to ensure statutory requirements and good site management practice regarding the community centres are being adhered to, i.e. displaying of current insurance policy documentation, regular changing of security codes, etc.

Type of audit: Full system audit

Assurance: Limited

Report issued: 6th February 2017

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Post Contract Appraisals

The review found the following areas of the system to be working well:

- Contract specifications were found to detail the goods/materials required and, where appropriate, to include BSI references or other trade descriptor
- The Standard Terms and Conditions were used in all contracts reviewed

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

- The control of contract variations was found to be less than satisfactory which, in the worst scenario, could lead to loss of financial control (Housing)
- Contracts did not always contain meaningful performance measures and when combined with infrequent meetings with the contractor could lead to contractor performance not being effectively monitored (Housing & Environmental Services)
- In instances where measurements/quantities were not specified in Housing contracts this had led to differences in contractor charges applied to similar properties and excessive amounts being invoiced (Housing).
- Contractor's insurance was not being routinely confirmed as required and this could expose the Council to unnecessary risks (Housing & Environmental Services)

Type of audit: Full system audit

Assurance: Limited

Report issued: 17th March 2017

During this review and due to the number and nature of the areas of risk identified several of the findings were addressed by management before the report was issued. Management continue to work and implement their robust action plan to address the risks identified in this review and close monitoring will continue.

Due to the potential risks identified and associated with this review The Head of Internal Audit and the Senior Management Team agreed to commission a further piece of work focussing primarily on the Housing Capital Programme. Since commissioning the piece of work in November 2016 a significant and evidence based piece of work has been undertaken in this area by the internal audit team. There have been regular progress meetings between the Senior Management Team and the Head of Internal Audit Shared Service to review findings during this time and to agree the ongoing direction of the work. This work has now drawn to a close. A key outcome of this review has been to employ a Senior Contracts Manager who is now working on developing as

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

well as delivering a robust action plan to address the risks. The Manager is reporting directly to the Senior Management Team and internal audit have worked with the team sharing information. A summary report as well as an update on progress will be provided to the next available committee.

Insurance (Critical Review)

A comparative review was completed to provide Management with an insight of insurance procedures among partner Councils, therefore, no audit opinion has been provided. Benchmarking of insurance procedures was completed using statements to outline the process of insurance claim management.

Audit testing showed that Insurance claim procedures in the main were similar across the Council's with differences occurring due to the nature and number of claims each Council manage. One significant difference between Council's was found in Redditch Borough Council were an annual Admin and Claim Handling Fee is currently paid. Investigation identified that the Admin and Claim Handling Fee is included within the premium where the excess is £10,000 or below whereas anything above £10,000 would incur an Admin and Claim Handling Fee. In addition, due to the excess being above £10,000, Redditch Borough Council pay claims directly to the claimant unlike the others who are invoiced by Zurich Municipal whom pay the claims on the Councils' behalf. It must be remembered that the Borough is unique in regard to the partnership in so far that it retains the housing stock. Due to this there is a different profile in regard to dealing with the number of insurance claims and the Borough considered this to be the most appropriate way of administering claims at the time the contract was agreed.

Type of audit: Comparative Full System Audit

Assurance: N/A (Critical Review)

Report issued: 17th February 2017

Payroll 2015/16

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

- Records and documents are protected against loss or unauthorised access.
- Reconciliations

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

- Assessment of risks

Type of audit: Full System

Assurance: Moderate

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Report issued: 30th January 2017
Summary of assurance levels:

2016/17	
Bereavement Services	Significant
Planning Enforcement	Significant
Planning Applications and Fees	Moderate
Community Centres	Limited
Post Contract Appraisals	Limited
2015/16	
Payroll	Moderate

2016/17 AUDIT WORK WHICH WAS ONGOING AT THE END OF QUARTER 4:

Audits completed to draft report stage included:

- Fees and Charges
- Performance Indicators
- Creditors
- Benefits
- Worcester Regulatory Services
- Risk Management

Audits that were continuing as at the 31st March 2017 included:

- NDR (clearance)
- Council Tax (clearance)
- Payroll (fieldwork review)

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.

Due to the resourcing requirements in regard to the additional piece (as indicated in the Post Contract Appraisal summary above) in regard to the Housing Capital Programme the overall 2016/17 audit plan position has been impacted to which the s151 Officer and Head of the Internal Audit Shared Service have been in dialogue to agree the best solution for the Partners.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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.

Critical review audits (e.g. Insurance) 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, significant legislative updates or a comparison required 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. 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. An escalation process is to be agreed for 2017-18 involving CMT and SMT to ensure more effective use of resource in regard to follow up and reduce the number of revisits that are currently necessary.

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 March 2017 a total of 460 days had been delivered against an overall target of 400 days for 2016/17. The target days to the end of the quarter have been exceeded due to a combination of factors including reduced productivity and a number of over runs against audits throughout the year brought about by a substantial churn in the team as well as the additional work that was required for both the Post Contract Appraisal review along with the Housing Capital Programme review. Productivity is starting to show signs of an increase now the staff have settled in and have begun to understand the Borough's requirements.

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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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.

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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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2016/17
1st April 2016 to 31st March 2017

Audit Area	2016/17 PLAN DAYS	Forecasted days to the 31 st March 2017	Days used to 31 st March 2017
Core Financial Systems (see note 1)	104	112	115
Corporate Audits(see note 2)	66	105	112
Other Systems Audits(see note 3)	176	182	185
TOTAL	346	399	412
Audit Management Meetings	20	20	18
Corporate Meetings / Reading	9	9	6
Annual Plans and Reports	12	12	12
Audit Committee support	13	13	11
Other chargeable	0	0	0
TOTAL	54	54	47
GRAND TOTAL (see note 4)	400	453	460

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 additional work and ongoing review. The time for this work is being split between both Corporate and Other Systems audit budgets and has led to an overspend on each of the budget headers.

Note 3

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

Note 4: As previously reported as part of the performance indicators Service productivity has been down due to a combination of factors for the financial year. It 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 quarter 2. Expectation is that productivity will continue to increase as they become more familiar with Partner and Service requirements but the result of the reduced productivity is that audits have taken longer to deliver resulting in an increase in the overall required days, as indicated above, to deliver the plan.

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 2

Performance Indicators (KPIs) for 01st April 2016 to 31st March 2017

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 31/03/2017)	Frequency of Reporting
1	No. of customers who assess the service as 'excellent'.	Target = >85% of returns	2 returns; 1 excellent & 1 good	12 issued; 6x returned & 6x excellent	Quarterly
2	No. of audits achieved during the year	Per identified target	Target = 16 (minimum) Delivered = 23	Target = 17 (minimum) Delivered = 17 With a further 6 in draft	Quarterly
3	Percentage of Plan Delivery	>90% of agreed annual plan	99%	100%	Quarterly
4	Service Productivity	Annual target >70%	81%	* 62%	Quarterly

*As previously reported as part of the performance indicators Service productivity has been down due to a combination of factors during the financial year. It 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 quarter 2. Expectation is that productivity will continue to increase into 2017/18 as they become more familiar with Partner and Service requirements but the result of the reduced productivity during 2016/17 is that audits have taken longer to deliver resulting in an increase in the required days, however, the 2016/17 plan has been delivered.

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 (i.e. where no action has commenced by the agreed implementation date) will be reported to the Committee.

For some audits undertaken each year 'follow-ups' may not be necessary as these may be undertaken as part of the 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.

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up 1st</u>	<u>Results of follow Up 2nd</u>	<u>Results of follow Up 3rd & 4th</u>
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.	3rd 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. 4th Further follow up March 2017. Auditor has been in contact with service re: progress of cleansing files. Files are being cleansed however due to staff shortages not as quickly as initially thought. Further audit in this area to take place 2017-18 Q1 therefore no further follow up on this as audit will encompass the points.
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	Followed up in June/ July 15. 1 medium priority recommendation concerning the updating of the contracts register has been implemented. 2 medium	Follow up 15/03/16 ~ 2 medium priority recommendations remain outstanding. Training to be delivered w/c 7th April and the new procurement	Follow up took place in October 2016, it found both recommendations are in progress, these relate to the procurement strategy which is currently

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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				the appropriate times and that there is a clear procurement protocol in relation to procurement rules.	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.	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	in draft form. Further audit in this area to take place 2017-18 Q1 therefore no further follow up on this as audit will encompass the points.
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.	3rd This will be followed up officially in February 2017 after the 2017/18 fees and charges have been agreed. 4th Discussion with management occurred in February 2017. The reddicard was not approved by committee however the amount is not considered material (£140 received for the card this year). There will be no further follow up . however there will be a fees and charges review in Q4 2016-17, therefore any material issues will highlighted.

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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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 th 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.	3rd 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. 4th A follow up took place in November 2016, it found the one outstanding recommendation relating to recording artefacts at Crossgates has now been implemented. No further follow up will take place.
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. Further follow up In March 17 when audit spoke to the interim financial services manager to make him aware of the ongoing report. The interim services manager will	

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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						look into the need for PCI certification.	
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.	A follow up took place in February 2017 and found that the one outstanding recommendation relating to members reporting had been implemented. No further follow up will take place.
Members Allowances	2nd October 2015	Head of Legal 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.	A follow up was undertaken in February 2017, it found the one outstanding recommendation relating to broadband allowances has been implemented. There will be no further follow up .	
Leisure Banking –	9 th 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.	A follow up took place in March 2017 and found the 1 remaining recommendation relating to invoicing arrangements has been implemented, Abbey Stadium now raise their own invoices. No further follow up will take place.	

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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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 May -17.	May- 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.	Follow up was scheduled for February, however, due to change of Financial Service Manager, the interim manager will pick up AGS as part of job therefore follow up has been delayed until June 2017.	
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	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	Follow up originally scheduled for Mar 2017, however, it has been delayed until after the restructure has taken place in mid May 17.	

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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				Management	of developers per project and uploading of S106 agreements. Further follow up in 6 months.		
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.	Follow up originally scheduled for April 2017, however, delayed until May 17 due to staff resource issues in Community Services.	
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.	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 for the use of agency staff and processing invoices. One recommendation is still to be actioned reliant on the outcome of a recommendation.	Jun- 17	
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	A follow up was undertaken in February and found that 2 recommendations relating to issuing of RTB2 and completion of sales were implemented. One recommendation relating to the mortgage rescue scheme has yet to be	Aug - 17	

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up 1st</u>	<u>Results of follow Up 2nd</u>	<u>Results of follow Up 3rd & 4th</u>
					actioned. Further follow up in 6 months.		
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. Further follow up in 6 months.	Jun- 17	
Allotments	16/08/2016	Head of Leisure and Cultural Services	Limited	1 'high' priority recommendation in regard to the overall management of allotment services	A follow up took place in February 2017 finding one recommendation relating to the allotment action plan was in progress. Further follow up in 3 months.	May - 17	
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.	A follow up in February 2017 found that both recommendations have been fully implemented. There will be no further follow up .		
Rent Verification	12th September 2016	Housing Services	Significant	One medium priority recommendation was made relating to refund payment authorisation	A follow up took place in February 2017, it found the one recommendation relating to the refund authorisation process as implemented. There will be no further follow up .		

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up 1st</u>	<u>Results of follow Up 2nd</u>	<u>Results of follow Up 3rd & 4th</u>
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.	A follow up was undertaken in February 17 finding 1 recommendation relating to training has been implemented, and 2 recommendations relating to documenting meetings and safety of staff are in progress. Follow up 6 months.	Aug- 17	
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.	A follow up was undertaken in March 17, and found that the one medium priority recommendation relating to data protection training has been implemented. There will be no further follow up .		
Cash Collection	3rd January 2017	Executive Director (Finance and Resources)	Significant	The report reported one medium priority recommendation relating to a review taking place of safe keys for cash offices. Follow up in 6 months.	Jun-17		
Insurance	13th January 2017	Corporate	Critical Friend	This audit reported 3 recommendations to all 5 authorities, these related to, documentation of claims, insurance risk on risk register and	Aug- 17		

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up 1st</u>	<u>Results of follow Up 2nd</u>	<u>Results of follow Up 3rd & 4th</u>
				admin and claim handling fee. Follow up in 6 months.			
Community Centres	6th February 2017	Leisure and Cultural Services	Limited	This audit report reported 1 high priority recommendation relating to debt monitoring and 6 medium priority recommendations relating to documents, invoices, cancellations and security. Follow up in 3 months.	May-17		
Planning Enforcement	16th Feb 17	Planning and Regeneration	Significant	This audit reported one high priority recommendation relating to supporting documentation for the planning enforcement. Follow up in 3 months.	May-17		
Planning Application and Fees	16th Feb 17	Planning and Regeneration	Moderate	This audit reported 2 high priority recommendations relating to, VAT and redaction of published applications and 2 medium priority recommendations relating to, record of notification and reconciliation of	May-17		

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date</u> <u>Final</u> <u>Audit</u> <u>Report</u> <u>Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High,</u> <u>Medium and Low</u> <u>priority</u> <u>Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
				payments. Follow up in 3 months.			
Bereavement Services	17th March 17	Environmental Services	Significant	This audit reported 2 medium priority recommendations relating to written sales invoices and invoice reconciliations. A follow up will be undertaken in 6 months time.	Sept -17		
Contracts - Post Contract Appraisal	17th March 17	Housing	Limited	This audit reported 5 high priority recommendations and 3 medium priority recommendations relating to performance measures, contract specifications, variations, payments, tender evaluations, insurance, contract documents and meetings. A follow up will be undertaken in 3 months however contract specification, variations and contractor meetings have been satisfied..	Jun -17		

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Priority	Definition
High	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
Medium	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
Low	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Bereavement Services					
Assurance: Significant					
Summary: Full system review					
1	Medium	<p><u>Manually Written Sales Invoices</u></p> <p>Hand-written invoices are being issued by the Bereavement Service team to various clients, primarily in relation to services that have been paid for at the point of issuing the invoice, e.g. cash payments made at the point of booking.</p> <p>Electronic invoices are only raised for larger accounts involving regular customers.</p> <p>Debts relating to manual invoices are chased by the Bereavement Services team and are not monitored as part of the centralised Debtors process. Bad debts are not formally written off through the normal procedure.</p>	<p>Inefficient use of resources, whereby Bereavement Services staff are responsible for issuing, monitoring and chasing individual invoice payments.</p> <p>Lack of centralised monitoring of debts, which could result in financial loss and reputational damage if outstanding payments are not managed effectively, and correctly reported in corporate literature.</p>	<p>To consider alternative means of raising charges other than manual invoices, including the use of sales receipts or electronically raised invoices through the eFin Debtors system.</p>	<p>Management Response:</p> <p>Controlled stationery sequentially numbered receipt books now in operation for Redditch cash payments.</p> <p>All ad-hoc invoicing is now on eFin under appropriate authority.</p> <p>All payments will be via eFin where a request for payment is required (invoice). Card payments and cheques from the public will continue but no manual receipts will be issued unless it's for a payment of cash.</p> <p>Redditch card payment logons available to all staff to allow for more efficient payment methods.</p> <p>Monthly overdue accounts report now received automatically and staff trained on how to check payment of individual invoices to manage debtors.</p> <p>Responsible Manager:</p> <p>Bereavement Services Manager</p> <p>Implementation date:</p> <p>By 31st March 2017</p>
2	Medium	<p><u>Invoice Reconciliations</u></p> <p>There is currently no reconciliation process in place between booking records, and invoice records to ensure all services have been charged correctly.</p> <p>A random sample of 25 bookings identified that 1 booking in April 2016 had not been charged to the relevant funeral director. A further review by</p>	<p>There is a risk of financial loss for the councils, where not all charges are being levied against the customers.</p>	<p>To implement a reconciliation process to ensure all entries on the booking system have a corresponding invoice charge.</p> <p>To implement a process for monitoring the deletion of booking records, either by developing the audit trail functions on the booking system to retain a full list of all</p>	<p>Management Response:</p> <p>Dual inputting to be phased out. Automatic monthly report now used to reconcile bookings with manual data input by staff. Once both manual and automated reports agree the monthly Funeral Director invoicing is then completed. Original plan to phase out manual input has been held as the reconciling process has shown differences between the manual input on the spreadsheet and the manual</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>the Bereavement Services Manager identified that a total of 4 burial/ cremation bookings on that day had not been charged to the respective funeral directors, equating to approximately £2000.</p> <p>It was also noted that booking records could be deleted from the booking system. The audit trail which identifies changes to a record is linked to the booking record, and is also deleted at this time.</p>		<p>deletions, or by monitoring gaps in the automatically generated reference numbers, to ensure the correct invoicing of all completed bookings.</p>	<p>input on the system. Until the automatic population of the fees in the system is developed the reconciliation process will remain.</p> <p>Responsible Manager:</p> <p>Bereavement Services Manager</p> <p>Implementation date:</p> <p>By 31st March 2017</p>
Audit: Planning Enforcement					
Assurance: Significant					
Summary: Full systems audit					
1	High	<p><u>Supporting Documentation</u></p> <p>Case Officers were unable to provide Internal Audit with the initial complaints from which a complaint received date could be confirmed and therefore time taken to assign cases was impossible to calculate.</p> <p>Testing identified that there were insufficient records of actions taken and supporting documentation maintained to provide an audit trail and case history for each complaint recorded on the Uniform system.</p> <p>There was evidence that case officers were maintaining files containing supporting documentation outside of the Uniform system.</p> <p>Testing identified one planning application which at time of review was showing as having been open for 106 days; however the relevant Enforcement Officer confirmed that the case was in fact closed but that the Uniform system had not been updated to record this fact.</p>	<p>Failure to rely on supporting documentation in relation to decisions if challenged.</p> <p>Failure to be able to provide supporting documentation in case of appeal against enforcement action.</p> <p>The above leading to reputational damage.</p>	<p>All supporting documentation to be retained, scanned (if required) and linked to the Uniform system to provide a complete case history and audit trail of events and decisions made. The Uniform system to be updated promptly following actions taken on cases.</p> <p>Planning staff to receive Uniform system training on how documents can be linked and accessed through the Uniform system.</p>	<p>Management action:</p> <p>Staff to be reminded of the need to utilise the Uniform system as the main record for the Panning Service.</p> <p>Staff to be provided with sufficient knowledge and training to utilise the system to its full potential.</p> <p>Responsible Manager:</p> <p>Dale Birch</p> <p>Implementation date:</p> <p>End of January 2017</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Development Control (Planning Application and Fees)					
Assurance: Moderate					
Summary: Full system audit					
1	High	<p><u>VAT on Pre Applications</u> Income codes within the CIVICA financials system include for the allocation of VAT to the VAT code with the net amount to the income code if this is selected in the code set up. Finance confirmed that the pre application income code is not subject to VAT.</p> <p>Testing confirmed that VAT was not being charged for pre application advice.</p>	Non compliance with VAT requirements resulting in financial sanctions being taken by HMRC.	Advice to be sought as to whether VAT is applicable for pre application advice.	<p><u>Management action:</u> Finance will obtain advice on whether VAT is, or is not, chargeable for pre application planning advice and if so to ensure that income codes are set up to allocate VAT accordingly.</p> <p>Responsible Manager: Financial Services Manager</p> <p>Implementation date: 31 January 2017</p>
2	High	<p><u>Redaction of Published Applications</u> The last page of the planning application contains personal details and therefore is not to be published. However, on checking those that have been published it was noted that a number of the applications did have the last page published.</p> <p>Internal Audit understands that there is a system issue which has not allowed the redaction of documents prior to publication.</p>	Personal details of applicants are being published in contravention of the Data Protection Act 1998 leading to reputational damage and possible censure and fine from the information Commissioners Office.	Planning Applications to be redacted as appropriate prior to publication to ensure that no personal and or sensitive data is published.	<p><u>Management action:</u> Planning Team to investigate a resolution of the issues preventing the appropriate redaction of personal and other data from published data.</p> <p>Responsible Manager: Development Control Manager (Business Projects)</p> <p>Implementation date: Mid March 2017 When the single uniform system is bedded in.</p>
3	Medium	<p><u>Record of Notification</u> Applicants requesting pre application advice and determination to be notified of the outcome of determination. Such notification to include a disclaimer concerning any future decision on the planning application.</p> <p>Testing of all 15 pre applications received in quarter 1 2016-17 found that there was a record of date of determination for 6/15 cases.</p> <p>For 3/6 of these determined cases there was no</p>	<p>Lack of an audit trail and record of pre application notifications leading to potential reputational damage if challenged.</p> <p>Where there is no disclaimer made on pre application advice there is a risk of claims for compensation if the decision is relied upon by the applicant and leads to financial loss.</p>	<p>All details of action taken and any related supporting documentation to be entered and retained on the Uniform system promptly to provide a complete case history and audit trail of events and decisions made.</p> <p>Disclaimers to be included within all pre application advice given.</p>	<p><u>Management action:</u> Staff to be reminded of the need to include evidence of actions taken on the Uniform system promptly and that all notifications to include an appropriate disclaimer in relation to the evidence provided.</p> <p>Responsible Manager: Development Control Manager (Business Projects)</p> <p>Implementation date: End of January 2017</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>recorded evidence of notification having been given. Of the remaining cases 2/3 contained a relevant disclaimer and 1/3 did not.</p> <p>There were other examples found during testing where details of cases were not recorded on Uniform. For example there was a Pre Application which had not been closed and for which payment details were not included.</p> <p>A further Pre Application record did not include details of the assigned officer or reference to a site meeting and determination that the Planning Application would be acceptable in planning terms or that the Pre Application fee had been paid.</p>			
4	Medium	<p><u>Reconciliation of Payments</u></p> <p>There is no procedure in place for the reconciliation of Uniform recorded income to income on the transaction report for pre planning and planning application codes.</p> <p>Planning Officers forward cheques to the finance Service for processing. There is no specific process for ensuring that all cheque income is received and banked by the Finance Section. Although cheques that are rejected by the relevant bank will be identified during bank reconciliation and the relevant service notified.</p> <p><u>Fees Paid / Received</u> - From our sample of 25 planning applications there were 20/25 that had a record of payment on the Uniform system.</p> <p>We were unable to verify payment of 8/20 of our sample where a fee was stated as paid on the system as the information provided against the transaction on the transaction report did not include our sample cases unique application reference, property address or the name of the property owner.</p> <p>Internal Audit understands that current CIVICA</p>	<p>Inability to reconcile payments to the Uniform system which could lead to financial loss to the service where fees are not paid into the correct income codes.</p> <p>Unauthorised refunds are made where details of such are not transparent. The above leading to increased risk of irregularity or fraud.</p>	<p>Transaction references for payments for pre application and planning applications to include the Uniform system case reference number in the narrative field.</p> <p>Once the above has been addressed then payments shown on the Uniform system to be reconciled to the relevant transaction reports for the relevant pre planning and planning application income codes.</p>	<p><u>Management action:</u> A narrative search facility to be set up and utilised to allow searches of planning income by application reference number.</p> <p>This will facilitate the reconciliation of planning income recorded on the ledger to the income recorded on the Uniform system.</p> <p><u>Responsible Manager:</u> Head of Planning and Regeneration</p> <p><u>Implementation date:</u> End of March 2017</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		settings do not allow for the Uniform unique reference to be included in narrative within income codes.			
Audit: Community Centres					
Assurance: Limited					
Summary: Full system audit					
1	High	<p><u>Debt Monitoring</u></p> <p>The Community Centres Development Manager has not been sent monthly reports of outstanding debts for monitoring. Therefore no actions are being taken against customers who have not paid. One customer was noted as not having paid for 3 months, but is still using the Community Centre room.</p> <p>In addition, manual invoices are monitored for payment individually by the Community Centres Development Manager. There are currently no issues with these invoices regarding non-payment, however any debt recovery actions taken would be done separately</p>	Failure to obtain timely payment of services, resulting in financial loss for the authority.	<p>To ensure monthly debt monitoring reports are obtained, reviewed and acted upon in accordance with a defined policy, e.g. refusal of use for the Centres until payments are received.</p> <p>To ensure all invoices are entered through the eFin system to enable centralised monitoring of all debts.</p>	<p>Management Comments:</p> <p>Community Centre Development Manager now on mailing list for report, and actively working with Debtors team to address debt.</p> <p>Responsible Manager: Community Centre Development Manager</p> <p>Implementation Date: December 2016</p>
2	Medium	<p><u>Displaying Insurance Documents</u></p> <p>The Public Indemnity cover for the authority was renewed in June 2016. It is a requirement for the Council to display what cover it has in each of the Council buildings in clear view. The insurance policy documents on display at the Community Centres relates to the policy ending in June 2016. The Community Centres Development Manager did not hold and had not been sent a copy of the most recent insurance policy.</p>	Failure to adhere to statutory requirements, resulting in reputational damage for the Council.	To ensure current Public Liability insurance documentation is clearly displayed for the public at each Community Centre.	<p>Management Comments:</p> <p>Certificates printed, laminated and displayed. Reminder set in calendar for 06/17 to update. The Community Centre Development Manager has emailed the Insurance Officer to get on his reminder email circulation.</p> <p>Responsible Manager: Community Centre Development Manager</p> <p>Implementation Date: November 2016</p>
3	Medium	<p><u>Manual Invoices</u></p> <p>At the time of the audit, invoices for one-off</p>	Incorrect procedure for raising	To ensure all staff are aware of correct	<p>Management Comments:</p> <p>The invoicing procedure was corrected during the</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>usage of the Community Centres were being raised as manually created invoices, instead of being created through the eFin Debtors system.</p> <p>20 of these manual invoices were created since June 2016 totalling approximately £1,000.</p> <p>These manually created invoices do not contain sufficient information to be regarded as valid VAT invoices.</p> <p>This practice was stopped during the time of the Internal Audit work.</p>	<p>invoices being followed, resulting in a potential failure to manage debts and issue suitable VAT invoices, which could result in some financial loss due to the monies involved, and also reputational damage to the authority.</p>	<p>financial procedures.</p> <p>To assess whether action needs to be taken to address the issuing of invalid VAT invoices for these payments received.</p>	<p>audit process and is fully compliant.</p> <p>Responsible Manager: Community Centre Development Manager</p> <p>Implementation Date: December 2016</p>
4	Medium	<p><u>Booking Forms</u></p> <p>The current venue booking process requires booking forms to be completed in every instance.</p> <p>Of a random sample of 25 booking diary entries occurring between April 2016 and August 2016, booking forms could only be found on file for 13. Of these, 5 were not in the current document format which shows the updated terms and conditions.</p> <p>Booking forms are generally held as paper copies in a file in the office. For 3 of the sample, electronic booking forms were held by the previous Community Centre Development Manager on their own personal workspace, which is not accessible by the current Community Centre Development Manager.</p>	<p>Failure to maintain an audit trail of booking requests, potentially resulting in mismanagement of bookings, which could result in reputational damage for the authority or a failure to correctly invoice for site usage.</p>	<p>To ensure copies of all booking forms are stored electronically on the departmental shared drive, or ensure they are linked by reference to the calendar booking system for ease of retrieval.</p>	<p>Management Comments:</p> <p>New booking form has been created and is in the process of being rolled out. All forms to be stored in bookings folder and backed up on K drive. All party bookings to be stored in a party bookings folder and saved on team drive. To be implemented March 2017.</p> <p>Consider moving to an online booking system for customers to access and make block bookings independently. Community Centre Development Manager has attended meeting with SportsBooker and Haven to assess relevance of their system to Community Centre demands. To be implemented June 2017.</p> <p>Responsible Manager: Community Centre Development Manager</p> <p>Implementation Date: June 2017</p>
5	Medium	<p><u>Booking Cancellations</u></p> <p>There is no formal record of cancellations. There is a Performance Measure on the Measures Dashboard for cancellations but it is not known how this is to be documented and populated yet.</p>	<p>Failure to concisely record booking cancellations for accurate invoicing and performance monitoring, potentially resulting in a failure to</p>	<p>To identify a means for recording all booking cancellations that can be easily reported on.</p>	<p>Management Comments:</p> <p>Spreadsheet to record cancellations and use data to input on measures dashboard.</p> <p>Responsible Manager: Community Centre Development Manager</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			correctly charge for the services provided and the reputational damage associated with an inaccurate system of recording.		Implementation Date: Complete
6	Medium	<p><u>Invoicing</u></p> <p>Of a randomly selected sample of 25 bookings between April and August 2016, 2 in June 2016 have not yet been invoiced.</p> <p>Invoices for these customers are raised to cover bookings over a monthly period. The specific bookings looked at during the audit had been accidentally missed by the Community Centres Development Manager.</p> <p>There is currently no reconciliation process in place to ensure all bookings have been correctly invoiced for.</p>	Failure to charge for all valid bookings in a timely manner, resulting in financial loss for the authority.	To identify an effective reconciliation process between bookings made and invoices raised, to ensure all charges have been levied correctly.	<p>Management Comments:</p> <p>New booking form has been created and is in the process of being rolled out.</p> <p>New booking form acts as effective reconciliation.</p> <p>Responsible Manager: Community Centre Development Manager</p> <p>Implementation Date: March 2017</p>
7	Medium	<p><u>Centre Security</u></p> <p>The security codes on the Community Centres' doors are not being changed on a periodic basis. The same security code is in use at multiple sites.</p> <p>Discussion with the Community Centres Development Manager indicates that the door code would be changed if there were issues with current/ previous customers, however they have not been changed for an estimated 12-18 month period.</p>	Reduced security at the centres resulting in potential unauthorised access, theft of customer belongings or vandalism inside the centres. This could result in reputational damage, and financial cost to the authority should the reduced security arrangements be challenged by the Insurance company in the event of a claim being made.	To develop a policy of routinely changing the security door codes at the centres.	<p>Management Comments:</p> <p>Key safe codes changed by Place Partnership on a scheduled and regular basis.</p> <p>Responsible Manager: Community Centre Development Manager/</p> <p>Implementation Date: March 2017</p>
Audit: Post Contract Appraisal					
Assurance: Limited					
Summary: Full system audit					
1	High	<p><u>Performance measures</u></p> <p>Whilst the Contract Procedure Rules clearly emphasises the need to monitor contractors performance not all contracts reviewed included</p>	Contracts are not effectively monitored leading to substandard performance	All contracts must include a meaningful set of measures that will allow contract performance to be effectively monitored.	<p>Accepted</p> <p>As a starting point we will review all larger contracts to provide an assurance that where performance measures are included then they are monitored</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		meaningful performance measures e.g. Roofing Renewals (Housing), Sewer & Drain Clearance (Environmental Services)	resulting in financial loss, additional costs/reputational damage.		<p>All new contracts will include meaningful performance measures and these will be monitored in conjunction with meetings scheduled with the contractor.</p> <p>Responsible Manager(s): Head of Housing, Housing Capital & Repairs Maintenance Operations Manager Head of Environmental Services</p> <p>Implementation Date 31st May 2017</p>
2	High	<p><u>Contract specification</u></p> <p>A review of contract specifications confirmed that goods and services were clearly identified together with the price to be paid.</p> <p>However where goods and services were ordered under the Roofing Renewal contract (Housing), the individual instruction (job ticket) issued to the contractor did not specify quantities or measurements and this led to differing and excessive measurements being charged by the contractors to what were essentially the same property type e.g. 1 bed flat</p>	Actual work required is not clearly identified leading to an inability to accurately monitor delivery of the work leading to inaccurate invoicing, financial loss and work not being done to specification.	Orders for work should clearly state what is required together with measurements/quantities i.e. a clear schedule of requirement in regard to the job.	<p>Accepted</p> <p>Works carried out under the Roofing Renewals contract are subject to pre-measurement. A post inspection process is also in place and this will identify non adherence to the procedures.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation Date: Completed – 17th August 2016</p>
3	High	<p><u>Contract variations</u></p> <p>Whilst the Standard Terms and Conditions and the Financial Regulations were found to contain clear procedures for the treatment of variations, these were not routinely observed. In the case of the Roofing Renewals contract (Housing) a number of variations were identified during testing but none had been formally confirmed to the contractor in writing.</p>	An uncontrolled process of contract variations will potentially lead to unnecessary expenditure, poor budgetary control, inconsistent specification delivery and increase the scope for fraud.	All variations to the contract must be confirmed in writing with the contractor.	<p>Accepted</p> <p>All staff involved in contract management have been instructed to confirm contract variations in writing.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation Date: Completed – 17th August 2016</p>
4	High	<p><u>Contractor payments</u></p> <p>Audit testing confirmed that payments made</p>	Adverse effect on cash flow	Payment terms to be in accordance with	<p>Accepted</p> <p>The payment process will be reviewed in line with the Standard Terms and Conditions and, after</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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		<p>under the Roofing Renewal contract were not always made in accordance with the contract.</p> <p>The Standard Terms and Conditions confirm payments are to be made monthly yet in the case of the Roofing Renewals contract up to three payments had been made during the month.</p>	together with additional administrative effort processing invoices leading to unnecessary costs/efforts being incurred.	the contract and any variation investigated prior to payment.	<p>discussions with the contractors.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation Date: 30th April 2017</p>
5	High	<p><u>Tender evaluation</u></p> <p>It was confirmed that tender evaluation matrices are not routinely completed i.e. Plumbing and Heating Supplies contract (Environmental Services). It is sometimes the practice to complete only if a tenderer asks why they have been unsuccessful.</p>	The tender evaluation matrix must be completed as part of the tender evaluation process to demonstrate that the award has been based against criteria stated. Failure to do this does not demonstrate full transparency in the process leading to potential challenges from unsuccessful tenderers which could lead to litigation, reputation damage and financial loss.	Tender evaluation processes should be observed to maintain transparency in the process.	<p>Accepted</p> <p>Tender evaluation matrices must be completed to confirm that the contract award has been made in accordance with the award criteria.</p> <p>All officers involved with contract evaluation will be reminded of the need to follow this process.</p> <p>Responsible Manager: Head of Environmental Services</p> <p>Implementation Date 1st April 2017</p>
6	Medium	<p><u>Insurance</u></p> <p>The Councils Standard Terms and Conditions confirm that on each anniversary of the contract, the contractor will provide evidence of current insurance. Audit testing confirmed that this is not consistently done and that this is not routinely followed up by contract monitoring staff i.e. Roofing Renewal (Housing), Drain Clearance (Environmental Services)</p>	No or inadequate insurance cover could potentially lead to financial loss and/or reputational damage to the council and potential liability.	A checklist to be devised for each contract to ensure the contract monitoring covers all aspects when it relates to renewables e.g. insurance and that products remain up to specification and standard.	<p>Accepted</p> <p>Housing</p> <p>This is now in place for our Capital contracts and reviews are scheduled to be carried out as part of the frequent meetings with the contractors. Evidence is retained on the shared network drive.</p> <p>Responsible Manager: Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation date: Completed date – 17th August 2016</p> <p>Environmental Services</p> <p>Contract Administrators will be asked to set up diary dates to review insurance and to retain evidence.</p>

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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					Responsible Manger: Head of Environmental Services Implementation Date: 1 st April 2017
7	Medium	<u>Contract documents</u> Signed contract documents are not routinely forwarded to Legal Services as confirmed by the Contract Procedure Rules. The Roofing Renewals contract which exceeded £49,999.00 was not held by Legal Services.	The Contract Procedure Rules are not being observed leading to the potential loss of prime documents and an inability to enforce contractual requirements potentially leading to missed opportunity to enforce penalty payments, financial loss and reputation damage.	The Contract Procedure Rules should be followed regarding the retention of signed contracts.	Accepted All staff will be advised to ensure that signed contract documents meeting this criterion will be passed to Legal Services for safe keeping. However to assist in this process, it is important that all procedures relating to contracts are readily and easily available to staff. Responsible Manager: Head of Environmental Services Head of Housing Housing Capital & Repairs Maintenance Operations Manager Implementation date: 31 st May 2017
8	Medium	<u>Contract meetings</u> Audit testing confirmed an inconsistent approach to client contractor meetings. Some contracts had no formal meetings confirmed e.g. monthly while others had more formalised meetings. The Standard Terms and Conditions and the Framework Conditions do not specify frequencies of meetings.	Contact between the Council and contractor is not regularised leading to contractor performance not being formally discussed or monitored potentially leading to substandard workmanship, financial loss and reputational damage.	Whilst accepting that some contracts will lend themselves to more regularised meetings all contracts should include planned meeting frequencies (e.g. monthly, quarterly, six monthly) to ensure performance is effectively monitored. All meetings should be minuted with action points agreed and, where appropriate, contractors held to account.	Accepted Environmental Services In instances where there are no scheduled meetings e.g. Drain Clearance, there is regular contact with the contractor and a review of his work. However for all contracts there should be at least a minimum of an annual meeting to review performance and contract administrators will be asked to do this. All new contracts will stipulate the meeting frequency in the documentation. Responsible Manager:

REDDITCH BOROUGH COUNCIL

Date: 27th APRIL 2017

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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					<p>Head of Environmental Services</p> <p>Implementation date: 1st April 2017</p> <p>Housing</p> <p>Regular meetings are now held with contractors. The Housing Capital & Repairs Maintenance Operations Manager is included in the circulation list for minutes and these are retained on the shared network drive.</p> <p>Responsible Manager:</p> <p>Housing Capital & Repairs Maintenance Operations Manager</p> <p>Implementation Date:</p> <p>Completed – 17th August 2016</p>
Audit: Payroll 2015/16					
Assurance: Moderate					
Summary: Full system audit					
1	Medium	<p>Assessing of Risks</p> <p>The Payroll section has experienced a high turnover of Managers over the last 12 months along with issues regarding the upgrade of the system.</p> <p>However there is a risk relating to this recorded on the 4risk system but only as a low risk.</p>	<p>Potential for reputation damage and financial loss if an accurate payroll run cannot be undertaken to meet payroll deadlines.</p>	<p>The risks associated with the payroll section staff turnover and the reliability of the payroll system be reassessed and updated on the 4risk system along with any associated mitigation and action plans.</p> <p>The risk assessment to consider the robustness of any business continuity plans.</p>	<p>Responsible Manager:</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>30th April 2017</p>
end					