

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 2017/18 and residual 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 01st April 2017 to 31st May 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 (27th April 2017):

2016/17 AUDIT SUMMARY UPDATES:

Creditors

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

- Payments are in accordance with internal and external regulations are properly chargeable to the Council are timely and only made once;
- Expenditure for goods/services is recorded correctly and accurately in the main ledger including VAT;
- Reconciliations between the main ledger and the creditors ledger are carried out in a timely manner.

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

- Controls ensure that goods/services cannot be requisitioned, ordered and received by the same individual;
- Purchase orders to be raised prior to the receipt of goods/services unless specifically excluded;
- 'Value' order amounts are not exceeded;
- Goods are receipted in a timely manner on the system;
- The setting up of new creditors and amendments to supplier records are validated and authorised;
- Invoices are only paid upon the confirmed receipt of the good/services and only where the invoice/order match or the difference is within the authorised tolerance level; disputed invoices are tracked and monitored.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 3rd April 2017

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Worcestershire Regulatory Services

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

- Licensing applications are being recorded on the Uniform system
- All relevant documents to each license is recorded or attached to the file
- Testing demonstrated the applications being dealt with timely
- Where online facility is available the process is straight forward

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

- Inconsistent and lengthy cheque process in some districts leading to inefficiency
- Recording of cheques at Worcestershire Regulatory Services
- Application forms getting to Worcestershire Regulatory Services
- Reporting of payments to Worcestershire Regulatory Services

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 26th May 2017

Risk Management

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

- The monitoring and management of corporate risks.

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

- The development and implementation of an effective Risk Management Strategy throughout the organisation.
- Effective monitoring of service risk entries, ensuring that there are regular and timely reviews by risk owners which are fully documented on the risk register.
- Ensuring mitigating actions have been identified for all issues raised, and effectively addressed.
- The provision of training to staff and Members, particularly recently appointed Portfolio Holders.

Type of audit: Full Systems Audit

Assurance: Limited

Report issued: 24th May 2017

Dash Board and Performance Indicators

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

- The security of the Dashboard whereby only authorised editors had access to make changes to the individual performance measures.

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

- The timeliness of reporting of performance measures on the Dashboard;
- The resilience in reporting the measures;
- The process of data collection and reporting;
- The comments within the Dashboard which purpose is to clarify and explain reason for variances in the data reported.

Type of audit: Limited Scope Audit

Assurance: Limited

Report issued: 3rd May 2017

Benefits

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

- The accurate and timely processing of new claims and changes in circumstances;
- The accurate calculation and classification of overpayments;
- Controls in place for the management of write-offs.
- The process for managing discretionary hardship schemes
- The timely reconciliation of systems
- Arrangements for monitoring service performance.

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

- Management of outstanding debts, including the regular monitoring of debtor accounts; ensuring there is a full audit trail of actions taken and identification of reasons for delays in updating debtor accounts to enable an effective management review process; monitoring of debts relating to fraud cases that have been transferred to the DWP.

Type of audit: Full Systems Audit

Assurance: Significant

Report issued: 12th May 2017

NDR

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

- Multipliers - The correct national multipliers are entered to the NNDR system and used for calculating the amount to be charged.
- Valuation Office Reconciliations - The number of properties and total RV is reconciled to Valuation Office lists;
- Discounts and exemptions - The process for applying discounts and exemptions on account;

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- Performance - Processes for monitoring service performance including collection rates;
- Debt management - arrangements are in place;
- Income postings - to IBS are reconciled regularly;
- NNDR3 - collection rate figures are monitored and suitably reported; and
- Compliance Team - has been created to address fraud issues.

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

- New and Empty Properties - Processes for notifying all new developments to the Valuation Office and the monitoring of voids;
- Reliefs, Discounts and Small Business Relief – maintenance of records of applications;
- Review of credit balances;
- Refunds – recording of evidence and independent review of refunds;
- Recovery – prompt implementation of each stage of recovery and recording of explanation for cessation of recovery action;
- Reconciliation – frequency and promptness of reconciliation of NNDR cash to ledger.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 1st June 2017

Council Tax

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

- Opening debit – processes and recording;
- Reconciliation to Valuation Office - Ongoing reconciliation processes in place;
- Council Tax discounts, reliefs and exemptions are applied correctly;
- Debt management processes are in place;
- Council Tax bands - application to accounts;
- Compliance Team established to consider fraud issues;
- Ledger Reconciliation - Income postings to IBS are reconciled regularly.
- Write off procedure and practice;
- Service performance is recorded, monitored and reported;

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

- New properties – lack of process for the updating and reviewing new housing developments;

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- Webforms NFI FPN – need to include NFI fair processing notices on electronic forms;
- Refunds – independent review of reason for refund;
- Reconciliation – frequency and timeliness of reconciliation of Council Tax cash to ledger; and
- Review of credit balances.

Type of audit: Full Systems Audit

Assurance: Moderate

Report issued: 1st June 2017

Payroll

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

- The employees paid through the Payroll system are bona fide
- Additional payments are actioned only when appropriate authorisation is received
- The requirements of HMRC's Real Time Information reporting are being met in relation to payments from payroll
- System reports and exception reports are timely and are investigated and acted upon
- Controls over authorisation are appropriate and effective throughout the Payroll procedure

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

- Document retention in relation to Payroll needs bringing up to date so that only appropriate data is held
- There is no deadline being enforced for items from Wyre Forest District Council that are to be included in the Payroll

Type of audit: Full Systems Audit

Assurance: Significant

Report issued: 5th June 2017

Summary of assurance levels:

2016/17	
Creditors	Moderate
Worcestershire Regulatory Services	Moderate
Risk Management	Limited
Dash Board and Performance Indicators	Limited
Benefits	Significant

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NDR	Moderate
Council Tax	Moderate
Payroll	Significant

Audits completed to draft report stage included:

- Fees and Charges 2016/17
- Palace Theatre 2017/18
- Pitcher Oak Golf Course 2017/18

2017/18 audits continuing as at the 31st May 2017 included:

- Housing – Homelessness
- Housing - Allocations
- Community Services - Disabled Facilities Grants
- Legal and Democratic - Land Charges
- Environmental - Waste Management
- Records Management
- Procurement
- Building Control

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.

Critical review audits (e.g. Insurance 2016/17) 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

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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

Appendix 1 shows the progress made towards delivering the 2017/18 Internal Audit Plan and achieving the targets set for the year. As at 31st May 2017 a total of 83 days had been delivered against an overall target of 400 days for 2017/18.

Appendix 2 shows the performance indicators for the service. Performance and management Indicators were agreed by the Committee on the 27th April 2017 for 2017/18.

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. 2016/17 saw 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

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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.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2017/18

Appendix 2 ~ Performance indicators 2017/18

Appendix 3 ~ Tracking analysis of previous audits

Appendix 4 ~ 'High' and 'Medium' priority recommendations

6. BACKGROUND PAPERS

Individual internal audit reports which are held in the internal audit service.

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7. **KEY**

N/a

AUTHOR OF REPORT

Name: Andy Bromage
Head of Internal Audit Shared Service
Worcestershire Internal Audit Shared Service
Tel: 01905 722051
E Mail: andy.bromage@worcester.gov.uk

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APPENDIX 1

Delivery against Internal Audit Plan for 2017/18
1st April 2017 to 31st May 2017

Audit Area	2017/18 PLAN DAYS	Forecasted days to the 30 th June 2017	Days used to 31 st May 2017
Core Financial Systems (see note 1)	108	0	0
Corporate Audits(see note 2)	81	31	18
Other Systems Audits	157	97	57
TOTAL	346	128	76
Audit Management Meetings	20	5	4
Corporate Meetings / Reading	9	2	1
Annual Plans and Reports	12	3	2
Audit Committee support	13	3	0
Other chargeable	0	0	0
TOTAL	54	13	7
GRAND TOTAL	400	141	83

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.

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Appendix 2

PERFORMANCE INDICATORS 2017/18

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. governance indicators. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2017/18 Position (as at 31st May 2017)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 18 Delivered = 0 2 in draft	When Audit, Governance and Standards Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	20%	When Audit, Governance and Standards Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	66%	When Audit, Governance and Standards Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to date	When Audit, Governance and Standards Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to date	When Audit, Governance and Standards Committee convene
6	'Follow Up' results (Using 2017/18 reviews onwards)	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit, Governance and Standards Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report	When Audit, Governance and Standards Committee convene

WIASS considers it operates within, and conforms to, the Public Sector Internal Audit Standards 2013.

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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 (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.

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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 Financial Services Manager will look into the need for PCI certification. Further follow up confirmed that PCIDSS certification has been received. No further follow required.	
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.	Follow up took place in May 2017 which found the service was heading in the positive direction of travel with challenges from the review being fully considered. No further follow up required.	

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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 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.	Follow up originally scheduled for Mar 2017, however, it has been delayed until after the restructure has taken place in mid May 17. Management are currently considering the progress report.	

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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.	Audit met with both responsible managers on 10.05.17 and was informed position was the same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy to be finalised. Further follow up date Nov 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 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.	Audit met with the Director of Finance and Resources on 10.05.17. The review of Matrix is still in progress. As several recommendations rely on the matrix review being completed no official follow up will take place until completed. Further follow up date Nov 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 actioned. Further follow up in 6 months.	Aug - 17	

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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.	A follow up took place in May 2017 and found that the one recommendation was on going with two action points still in progress relating to the use of SLA and the use of a new management information software. Further follow up date Nov 2017.	
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	

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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.	A follow up was undertaken in March 17 and found that the one medium priority recommendation relating to the security of keys has been implemented. There will be no further follow up required.		
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 admin and claim handling fee. Follow up in 6 months.	Aug- 17		
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.	A follow up was undertaken in May 2017 and found that 5 recommendations were implemented and 2 were in progress relating to booking forms and invoice reconciliation. A further follow up will take place in Nov 2017.		

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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.	A follow up was undertaken in May. It found the one recommendation relating to supporting documentation for complaints has been implemented. There will be no further follow up required.		
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 payments. Follow up in 3 months.	A follow up was undertaken in May. All recommendations have now been implemented. There will be no further follow up required.		
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.	A follow up took place in May and found that the 2 recommendations had been implemented. There will be no further follow up required.		
Contracts - Post Contract Appraisal	17th March 2017	Housing	Limited	This audit reported 5 high priority recommendations and 3 medium priority recommendations	Sept -17		

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				relating to performance measures, contract specifications, variations, payments, tender evaluations, insurance, contract documents and meetings. Contract specification, variations and contractor meetings have been satisfied.			
Performance Measures	3rd May 2017	Corporate	Limited	This audit report made 3 high priority recommendations and 1 medium priority recommendation relating to resilience, timeliness, integrity of information and other aspects of performance. A follow up will take place in 3 months time.	Aug-17		
Worcester Regulatory Services	26th May 2017	WRS	Moderate	This audit made 1 high priority recommendation and 2 medium priority recommendations relating to payment for licences granted, cheque payment and application forms. A follow up will take place in 3 months	Aug-17		

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				time.			
Risk Management	24th May 2017		Limited	This audit made 5 medium priority recommendations relating to corporate risk management strategy, risk management group, risk register updates, portfolio holder monitoring and training. A follow up will take place in 3 months time.	Sep-17		
Creditors	3rd April 2017	Financial Services Manager	Moderate	This audit report made 1 high priority recommendations relating to segregation of duties, and 4 medium priority recommendations relating to purchase orders, value orders, timing and supplier details. This will be followed up as part of the 17/18 audit.			
Benefits	12th May 2017	Financial Services Manager	Significant	This audit report made 3 medium priority recommendations relating to debtor invoicing and monitoring, outstanding debts and debt recovery. This will be followed up			

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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>Results of follow Up 1st</u>	<u>Results of follow Up 2nd</u>	<u>Results of follow Up 3rd & 4th</u>
				as part of the 17/18 audit.			
end							

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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>

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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>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Creditors					
Assurance: Moderate					
Summary: Full system review					
1	High	<p><u>Segregation of duties:</u></p> <p>In 10 out of the 25 transactions selected for testing orders were raised and authorised by the same person demonstrating no proper segregation of duties in the purchasing process. Also 6 of 10 orders were 'goods received' (GRNd) by the same person. This was occurring mainly on transactions where stock is ordered into the stores. However, 2 orders were raised, authorised and GRNd by a staff member who is within Environmental Services at Bromsgrove District Council.</p> <p>1 transaction was requisitioned and authorised by someone in stores not on the authorised signatories list on the Orb.</p> <p>4 transactions were authorised by a stores member of staff who does not have approval to authorise orders according to the Orb authorised signatory list.</p> <p>A member of Housing staff was listed twice on the authorised signatories list with each entry giving different permissions – one of which would mean orders have been authorised when this person does not have such authorisation.</p> <p>User account permissions being set up on Cedar by ICT are determined by liaising with finance staff to agree whether</p>	<p>With a lack of segregation there is a potential risk of internal fraud and theft leading to reputation damage and resource implications should an investigation be required. Furthermore there is a potential risk of poor monitoring which could lead to overspending.</p>	<p>Implementation of integral system controls to ensure segregation of duties and the use of exception reporting to identify non compliance.</p> <p>Where there is a business need to work around the systems controls then a cost/risk/benefit analysis is to be undertaken and reasonable additional controls implemented, i.e. as monitoring of a monthly spend analysis by an independent officer, to ensure that the risk to the council remains within acceptable boundaries.</p> <p>Implementation of integral system controls related to an individual's authorisation level to permit/ deny authorisations or orders.</p> <p>Review and update the authorised signatories to ensure current permissions have been correctly authorised and are in place, so that the authorising permissions dictate the individual's permissions on use of the goods ordering system (Cedar) that staff are using.</p> <p>Review the process by which user accounts on Cedar are set up and updated by ICT to ensure</p>	<p>Responsible Manager(s):</p> <p>Finance Manager Business Support Officer Head of Environment Environmental Services Manager ICT Operations Manager</p> <p>Implementation date:</p> <p><u>Response from Head of Environment</u></p> <p>This has been discussed with the stores team to ensure that process and procedures are followed.</p> <p>The authorised signatories list for Environmental Services including Stores has been revised.</p> <p>Meet with Finance and Stores to review the policy to consider any changes needed to allow self authorisation for those staff accessing EProc.</p> <p><u>Response from Head of Housing Services:</u></p> <p>The Authorisation list has been amended with the correct levels of authorisation and the duplicate entry deleted.</p> <p><u>Response from ICT Operations Manager:</u></p>

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		<p>permissions are appropriate to the job role, and also with reference to the authorised signatory list on the Orb. However findings above indicate the authorised signatories list is not always up to date.</p>		<p>permissions are set at the correct level according to the relevant manager's authorisations.</p>	<p>Finance to audit signatory list quarterly to ensure leavers and starters are updated accordingly and change to job roles are captured.</p> <p>Implementation of integral system controls and the process for user account permissions being set up on Cedar by ICT to be documented and reviewed by ICT in partnership with relevant staff in finance.</p> <p>Complete by May 2017.</p> <p>Produce a quarterly Business Objects exception report from Cedar to list individual orders where authorisation levels are exceeded for finance to audit.</p> <p>Complete after year end June 2017</p> <p>Produce a monthly Business Objects report from Cedar to list users that have ordered, authorised and GRN products for finance to audit.</p> <p>Complete after year end June 2017.</p> <p>Produce a quarterly Business Objects report from Cedar to list individual authorisation levels that can be compared with the signatories list to expose discrepancies and reported to Finance.</p> <p>Complete after year end June 2017</p> <p>Fortnightly meetings are in place between ICT and Finance Manager to monitor progress with the actions above.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Version 5 of Cedar functionality is being reviewed by ICT and Finance to understand where developments can support the resolution of issues raised and recommendations of this report.
2	Medium	<p><u>Purchase Orders:</u></p> <p>A number of purchases are being made without purchase order numbers and these are being processed through the non-POP system. This is usual for orders in the Housing service area because the 'Saffron' system does not interface with Cedar. However it is happening with other purchases where an expectation would be that purchase orders would normally be raised.</p>	<p>There is a risk of poor commitment accounting potentially leading to a lack of budgetary control. There is the potential this could also lead to reputation damage and a lack of confidence in the budget monitoring process if budgets are being exceeded.</p>	<p>Purchase orders to be raised before the purchase of goods. A pragmatic approach to be adopted where circumstances do not allow for the procedure to be followed e.g. out of hours/emergency purchases but there must always be accountability.</p>	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertaken to role out training and a new way of working to all services. This will be picked up as part this work</p>
3	Medium	<p><u>'Value' Orders:</u></p> <p>'Value' orders are being raised for a total amount when the exact cost of goods/services is unknown. These are being invoiced for and GRNd in parts until the amount on the order has run out.</p> <p>Invoices continue to be received which cannot be paid by the original order so a new order has to be raised, meaning the incoming invoices then do not match the new order number because they are linked to the original.</p>	<p>There is the potential risk of a lack of budgetary control and accountability due to a poor audit trail of transactions.</p> <p>There is the potential this could also lead to reputation damage, financial loss or a lack of confidence in the budget monitoring process if budgets are being exceeded.</p>	<p>Investigate the use of Cedar to see if it is possible for an alert when a % of the value of an order has been spent to prevent the purchase order amount being exceeded.</p> <p>Services to ensure that multiple orders are raised where possible instead of opting for a 'value order' however it is acknowledged that a pragmatic approach is required in regard to some services.</p>	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertaken to role out training and a new way of</p>

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		Over payments have also been made as consequence of this. One example was found as part of the RBC sample. This had been identified by the creditor's team and the money had been paid back to RBC.			<p>working to all services. This will be picked up as part this work</p> <p><u>Response from Head of Environment</u></p> <p>Will ensure that ES Managers speak to their teams about this. However, for certain orders where there is ongoing work but the sum differs over the period due to different levels of work in that period this may be difficult.</p>
4	Medium	<p><u>Timely Noting of Goods Received:</u></p> <p>Goods are not always being GRNd in a timely manner. 12 out of 50 transactions demonstrated goods were GRNd between 2 weeks and 6 months after the delivery date.</p>	<p>There is the potential for delays in paying invoices and processing returns/refunds leading to reputation damage and financial loss if penalties are incurred for late payments.</p> <p>Further risks include making it difficult to track stock that has been delivered and may be used before it's been GRNd potentially leading to delayed detection of internal fraud and theft.</p>	Investigate the use of Cedar to see whether implementation of a system alert or exception reporting is possible if an order is not GRNd within a specific time following its authorisation.	<p>Responsible Manager(s):</p> <p>Financial Services Manager</p> <p>Implementation date:</p> <p>Ongoing</p> <p><u>Response from previous Financial Service Manager:</u></p> <p>The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work</p> <p><u>Response from Head of Environment</u></p> <p>Part of this may be due to getting delivery notes / collection notes back from staff, this was found to be an issue where stores raise and order that is then taken by an member of staff from another service to collect goods. We will be sending out reminders to all Teams that use the</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Stores regarding the need to return paperwork in a timely fashion
5	Medium	<p><u>Supplier Details:</u></p> <p>Prior to suppliers being set up on Cedar there is no formalised process for checking the background to ensure suppliers are legitimate and operating legally and ethically.</p>	Reputational damage to the authority if found to be dealing with illegal businesses or funding criminal activity as well as the potential of financial loss.	Authority to introduce a formalised process for checking suppliers prior to them being used to supply goods/services.	<p>An example of a new supplier checks template will be presented to the newly established contracts working group to consider the best approach for validating companies.</p> <p>Responsible Manager(s):</p> <p>Contracts Working Group</p> <p>Implementation date:</p> <p>Meeting to be held on 5th May 2017.</p>
Audit: Worcestershire Regulatory Services					
Assurance: Moderate					
Summary: Full systems audit					
1	High	<p>Payment for Licences granted</p> <p>Testing was carried out on the following licences:</p> <ul style="list-style-type: none"> • Alcohol licences (Premise and Personal • Animal establishments (Pet shop and 	Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.	Districts in conjunction with Worcestershire Regulatory Services to review and consider systems in place to ensure effective control of all income so that all payments can be traced in the financial ledgers.	<p>Responsible Manager:</p> <p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>Boarding)</p> <ul style="list-style-type: none"> Temporary events notice. <p>Payments could not be traced for all licences examined due to a number of reasons:</p> <ul style="list-style-type: none"> Insufficient referencing in financial ledgers to identify individual payments to applications. Lack of proof of payment for cheques received directly by Regulatory Services (a consistent approach not applied and not all districts forward receipts). Out of a sample of ten Licencing Act 2003 Premises licences sundry debtor accounts could not be found for two of them. Sundry Debtor accounts have since been raised for the two licences identified. Varying standards of payment notification to Regulatory for those payments received direct by districts. Some incorrect coding of income found. <p>In most cases there was a note on the licencing file to say payment had been received however due to the lack of audit trail and insufficient referencing in the financial ledgers payments could not be systematically and directly traced for several cases.</p>		<p>Testing has identified that the current working arrangements are clearly not working. This should include consideration to:</p> <ul style="list-style-type: none"> Reviewing who should be responsible for the handling and receipt of payments so that there is a clear and consistent approach. This may mean revisiting the Shared Service legal agreement and Statement of Partner Requirements. There is sufficient information provided on receipt of payment and this is input to ensure all payments can easily be identified to applications in the financial ledgers. Where a request is sent by Regulatory Services to a district to raise a Sundry Debtor account whether it is necessary to introduce a process where confirmation of action is provided. <p>This will aid in the process of reconciling income received to the service/licence provided for each authority</p>	<p>and implement required changes.</p> <p>A working group was set up after the previous audit who met on at least 1 occasion it was then decided not to progress further with this group but would be reviewed after a year.</p> <p>Implementation date:</p> <p>To be determined by District Finance Teams and Section 151 Officers in conjunction with Worcestershire Regulatory Services.</p>
2	Medium	<p><u>Cheque Payments</u></p> <p>The cheque payments process is inconsistent and a potentially lengthy</p>	There is a risk of incomplete application process. More so	To consider and work with the districts to develop a smoother more	Responsible Manager:

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		<p>process in some districts causing it to be potentially inefficient. This could delay issuing of licences. There is also cause for concern that payments and forms could potentially go missing. Cheques which get separated from applications also have no link to a district or a licence type.</p> <p>There is no record of the cheques that get sent into WRS as the log is not being completed, they then get separated from the application.</p> <p>Cheques sent to WRS are taken out to the districts on days of surgery which are twice a week and only when required at Malvern.</p> <p>During testing there was 1 out of 36 records missing the receipt number this was a payment by cheque. The receipt was not attached and the information was not written on the form as required by WRS. If any are likely to be missing receipt numbers it is likely to be a cheque.</p>	<p>a risk of an inconsistent and potentially inefficient process which could cause time delays in payments being processed timely and applications completed. There is a risk of cheques going missing. This all leads to a potential risk of customer dissatisfaction leading to reputational risk. A potential financial risk but also legislative if payment is not received but an application has gone through.</p>	<p>efficient way of taking and processing cheques. Another possibility would be to move towards reducing this payment method starting with a review of how payment methods are advertised making some more prominent than others</p>	<p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes</p> <p>Implementation date:</p> <p>As in recommendation 1 (above)</p>
3	Medium	<p><u>Application Forms</u></p> <p>Although there were no issues of delay in the applications tested there is a difference across the districts to whether the application form is put in a tray and waits for licencing surgery or whether it is posted back to WRS. This can potentially cause a delay in the application process either way.</p>	<p>Risk in delaying application process and possibly forms going missing leading to potential reputational damage through customer dissatisfaction. Also a risk to breaching data protection if personal information is lost that is provided on the application.</p>	<p>Review the process in relation to the payments made with consideration to applications possibly being facilitated in one location where able.</p>	<p>Responsible Manager:</p> <p>Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes</p> <p>Implementation date:</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					As in recommendation 1 (above)
Audit: Risk Management					
Assurance: Limited					
Summary: Full system audit					
1	Medium	<p><u>Corporate Risk Management Strategy, Roles and Responsibilities</u></p> <p>The Risk Strategy document has been approved by CMT in 2015, but there is no record of this document being approved by Members. There is also no indication that this has been reviewed/ updated since this time.</p> <p>The roles and responsibilities of the officers involved in the risk management process have not been formally defined. There is also no central listing of the officers involved with Risk Management, and their respective areas of involvement.</p>	<p>Lack of corporate guidance on managing risk, resulting in potential inconsistencies in approach being adopted, which could result in reputational damage.</p> <p>Failure to formally identify officers could result in ineffective management of risks within the respective service areas, resulting in reputational damage if challenged. Failure to effectively hold officers to account for poor management of risk.</p>	<p>To review the Risk Management Strategy to ensure that it is still relevant and fits the needs of the Council.</p> <p>To ensure the roles and responsibilities of all officers involved with Risk Management have been defined and documented.</p>	<p>Management Comment: A new strategic document has been developed and will be presented to members in September.</p> <p>Responsible Manager: Executive Director – Finance & Resources</p> <p>Implementation date: Management Team – July 2017 Members – September 2017</p>
2	Medium	<p><u>Risk Management Group</u></p> <p>The Risk Management Group has been reformed, and meetings have been scheduled. However, the group is yet to meet due to work priorities. Meetings are not known to have taken place for 2 years.</p>	<p>Failure to monitor risks in accordance with the defined strategy, resulting in ineffective risks management practices, which could lead to reputational damage for the authority.</p>	<p>To ensure the Risk Management Group meet regularly, and adheres to an agenda which facilitates effective internal challenge.</p>	<p>Management Comment: Meeting set up for mid June 2017 and quarterly thereafter.</p> <p>Responsible Manager: Executive Director – Finance & Resources</p> <p>Implementation date: Mid June</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
3	Medium	<p><u>Service Risk Register Updates</u></p> <p>Audit testing identified that service risk register entries were being reviewed on a regular basis by responsible officers. However, some of these reviews were not formally reflected in the service risk registers, in respect of dates of reviews or outcomes.</p> <p>There are risk entries on the registers that have a medium residual score but do not indicate whether any further actions are to be taken, or whether the risk level is to be accepted or monitored. There are some service risks which have been given a medium inherent risk rating, whereby this has been reduced to a low residual risk rating without the documentation of any existing controls.</p> <p>Audit testing also found that the implementation dates for some risk entries have passed, whereby the reasoning for this with further planned action dates has not been documented.</p>	<p>Omission of review information could result in challenges to the process, or instances where reviews are being missed which are not identifiable from the information provided, resulting in reputational damage for the authorities.</p>	<p>To assess the system for managing risk and determine whether improvements can be made to make this process more effective.</p> <p>To remind staff to document any reviews undertaken in relation to the risk register entries.</p> <p>To fully document existing controls and actions required for each risk register entry.</p>	<p>Management Comment: Review of departmental risk registers to be undertaken by Insurance Officer. CMT to be reminded of their roles in relation to the registers.</p> <p>Responsible Manager: Executive Director – Finance & Resources</p> <p>Implementation date: June 2017</p>
4	Medium	<p><u>Portfolio Holder Monitoring</u></p> <p>There is no formal review of the Service Risk Register entries with the respective portfolio holders upon commencement of the role.</p>	<p>Reduced high level management challenge, and reduced understanding of the issues affecting the service resulting in reduced control, potentially leading to reputational damage for the authorities.</p>	<p>To consider a formal process of introduction for new Portfolio Holders to include a review of the current risks that have been identified as a concern for the Service.</p>	<p>Management Comment: Heads of Service to undertake review of registers with Portfolio Holders.</p> <p>Responsible Manager: Executive Director – Finance & Resources (and Heads of Service)</p> <p>Implementation date: July 2017</p>
5	Medium	<p><u>Risk Management Training</u></p>			

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		There is currently no formal programme of training in risk management for officers with delegated responsibility for monitoring risk within their Services/ Departments.	Potential for inconsistencies in how risk is managed throughout the two councils, and increased risk of issues not being managed effectively, leading to reputational damage for the authority if issues arise.	To develop a formal programme of risk management training, to be provided to all staff with responsibility for managing risk within their service areas. To also consider extending this training to other Staff and Members where deemed suitable, including consideration for online training.	Management Comment: To discuss with the Human Resources & Organisational Development Advisor the potential training that can be delivered to all staff – to look at in conjunction with other councils. Responsible Manager: Executive Director – Finance & Resources Implementation date: September 2017 (in line with new strategy being approved)
Audit: Dash Board and Performance Indicators					
Assurance: Limited					
Summary: Full system audit					
1	High	<u>Resilience</u> 5 out of 24 performance measures did not provide complete data on the Dashboard due to a lack of resilience. At the time of the audit, one performance measure did not show data past August 2016. This was due to the officer reporting on the measure having only 2 out of 5 supporting measures on their personal dashboard, leaving 2 completely unpopulated and 1 partially populated. Another measure did not have any data reported past August 2016 as the employee who used to collect and report the data had left the authority. The measure was updated after the 16 th February 2017 and is now up to date. The third performance measure had no	Performance measures are not reported in a timely manner leading to reputational risk in the form of internal and external criticism.	Ensure that a minimum of two employees are trained and able to report on the Dashboard for each performance measure.	Management Response: The dashboard requires service areas to be responsible for their own data. The reporting element of the dashboard will be included in the review of the dashboard being undertaken during 2017/18. The majority of measures have two or more people with permission to enter data. The measures identified in the audit have only one officer working in the area. Automation for some measures was set up in a previous version of the dashboard but due to technical changes this can no longer be delivered. Responsible Manager: Rebecca Dunne - Policy Manager

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		<p>data reported from September 2015 as the responsible officer was on maternity leave.</p> <p>The fourth performance measure had no data reported from August 2016. The population from an internal spreadsheet to the Dashboard should be automatic but at the time of the audit this was not happening due to an unknown reason.</p> <p>For the fifth measure there is only one contact person and editor. There is no second editor to report the data should the officer be absent for a longer period of time.</p>			<p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April -May 2017- management of current system</p> <p>2017/18- complete review of dashboard</p> <p>June/July 2017 the Policy Team will offer further group training sessions</p> <p>Service area management of measures-ongoing</p>
2	High	<p><u>Timeliness of Reporting</u></p> <p>Audit testing found that 7 out of 24 performance measures reviewed were not reported on a timely basis, giving a percentage of 29.2%.</p> <p>Out of these 7 measures 6 were strategic measures, 4 from BDC and 2 from RBC.</p>	<p>Information reported to Management is outdated and no longer relevant which could lead to financial loss or reputation damage if decisions are made on historic information.</p>	<p>Implement a monitoring tool to ensure that the information contained on the Dashboard remains relevant and up to date</p> <p>In the case of performance measures reliant on third parties, it is to be clearly stated on the Dashboard that reporting is delayed due to a third party as the Council has no control over the publishing of this information.</p>	<p>Management Response:</p> <p>Responsibility for the timeliness of reporting rests with individual service areas; the measures are developed by those service areas in response to <i>their</i> service needs.</p> <p>The development of a monitoring tool will be considered as part of the review of the dashboard being undertaken during 2017/18.</p> <p>Where third party data is used, measure owners are expected to refer to this in the commentary text.</p> <p>Responsible Manager:</p> <p>Rebecca Dunne - Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>Policy Team actions: April -May 2017 - management of current system</p> <p>2017/18 - complete review of dashboard</p> <p>Service area management of measures-ongoing</p>
3	High	<p><u>Integrity of Information</u></p> <p>For 10 out of 10 performance measures, 4 from BDC and 6 from RBC, 3 strategic and 7 operational measures, there was no formal template outlining how data is collected, calculated and entered onto the Dashboard.</p> <p>The supporting evidence for 6 out of 10 performance measures did not agree to the data reported on the Dashboard.</p> <p>One measure did not have any evidence to support reported data.</p> <p>For another measure 4 months were reviewed. Supporting evidence for 3 out of 4 months did not match with data on the Dashboard.</p> <p>For the third and fourth measure 2 months were reviewed and for one month the data was mixed up and data from the previous month was reported again.</p> <p>The fifth and sixth measure was reviewed and for 2 out of 3 months the number of bookings in the booking system did not match up with the number of bookings on</p>	<p>Data corruption due to human error and lack of experience / knowledge in reporting performance measure.</p> <p>Management Decisions are made based on incorrect information, which does not accurately reflect the needs of the Council leading to reputational risk.</p>	<p>If practical to implement a quality control tool and performance measure data collection template to ensure that performance information reported matches the source data.</p> <p>As a minimum requirement the information collated for the purpose of reporting performance measures on the Dashboard must be retained to provide accurate and complete evidence of data reported.</p>	<p>Management Response:</p> <p>Responsibility for the integrity of information rests with individual service areas.</p> <p>The dashboard review will include the delivery of automation where possible.</p> <p>The Policy Team will review the strategic measures and update the metadata and data source sections. Quarterly random checks of data integrity will be undertaken.</p> <p>Responsible Manager:</p> <p>Rebecca Dunne - Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April -May 2017 - management of current system</p> <p>Ensure that data quality (guidance on data collection, input and verification) is included in all training and reminder emails.</p> <p>Ongoing quarterly - random checks of data</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		the Dashboard.			integrity 2017/18 - complete review of dashboard Service area management of measures - ongoing
4	Medium	<p><u>Additional Information – Comments</u></p> <p>Audit testing found that 6 out of 19 performance measures did not provide comments to some of the significant variances reported on the Dashboard.</p> <p>For 3 out of those 6 measures, no comments were provided as the data was initially populated onto the Dashboard automatically from an Excel spreadsheet. This automation is no longer operating and 2 of the measures are manually entered onto the Dashboard by the Business Development Manager and the remaining measure was not reported as the Senior Marketing and Communications Officer was unaware of the automatic reporting no longer operating.</p> <p>For another 2 measures there were no comment stating that the reason for a delay in reporting was due to the move from the Revenue and Benefits' Academy system to the Civica Open Revenues system.</p> <p>For the last measure there was no comment made in regards to a significant peak in August 2016.</p>	<p>Management and Members may be unable understand or interpret the underlying reason for the variances reported on the dashboard, resulting in an inability to make required decisions. This could be a reputational risk for the authority.</p>	<p>Ensure that comments are included for every performance measure, with the exception of third party information reported for reference, at every reporting event.</p>	<p>Management Response:</p> <p>Responsibility for the quality of commentary and annotation lies with individual service areas.</p> <p>The Policy Team will update the training guidance to emphasise what a good comment looks like. A yearly review of all measures will test the quality of the commentary and support will be offered to the relevant officers as required.</p> <p>The Policy team will review measures that are from external sources where comment is not possible and label them 'for information'.</p> <p>Responsible Manager:</p> <p>Rebecca Dunne - Policy Manager</p> <p>All data owners/line managers of data owners</p> <p>Implementation date:</p> <p>Policy Team actions: April - May 2017 - management of current system</p> <p>Update training guidance – June 2017</p> <p>Ongoing annual - review of measures, including challenge around effective commentary</p>

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					2017/18 - complete review of dashboard Service area management of measures – ongoing
Audit: Benefits					
Assurance: Significant					
Summary: Full system audit					
1	Medium	<p><u>Debtor Invoicing and Monitoring</u></p> <p>From a random sample of 30 accounts with outstanding arrears, debts on 2 of these accounts are not being recovered in a timely manner. There are no notes on the system to identify any reasons why these are not being recovered. In one of these cases, the invoice for the outstanding debt has not yet been raised.</p>	<p>Failure to recover overpayments from claimants in a timely manner potentially resulting in financial loss and reputational damage for the Borough if errors are deemed to be LA.</p>	<p>To ensure all outstanding debts are being monitored regularly and that invoices are being raised in a timely manner and appropriate action is being taken.</p> <p>To ensure recovery reports are run monthly and there is clear responsibility allocated for actioning them.</p>	<p>Management Response:</p> <p>Review of procedures for invoicing and recovery to be carried out during 2017/18 to include introduction of measures pertaining to debt recovery. This will provide more effective monitoring and address points 1,2,3 in this report.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation date: September 2017</p>
2	Medium	<p><u>Outstanding Debts – Fraud</u></p> <p>From a random sample of 30 accounts with outstanding arrears, 1 was a fraud referral raised in 2015.</p> <p>There is no evidence that this debt has been resolved, or that it has been invoiced to formally communicate the outstanding debt to the applicant.</p>	<p>Failure to manage fraud cases effectively, potentially resulting in a financial loss to the Borough due to being unable to recover.</p>	<p>To ensure that there is ongoing monitoring of fraud cases, to ensure DWP have been notified of the debt, and to determine whether the DWP plan to recover the debt and whether this should remain as an outstanding debt for the authority.</p>	<p>Management Response:</p> <p>Fraud referral document includes note detailing that NICE close letter was forwarded to the applicant.</p> <p>This notice advises the customer that no further fraud action will be taken and closes the claim.</p> <p>The overpayment was suspended and not brought back into normal debt recovery.</p> <p>Outstanding adjustments reports will be reviewed as part of revised debt recovery</p>

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					<p>procedures to be put in place from September 2017.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation date: September 2017</p>
3	Medium	<p><u>Debt Recovery – Workflow Monitoring</u></p> <p>From a random sample of 30 accounts with outstanding arrears, 1 was created following an administrative delay between April 2016 (first notification) and September 2016 (when it was actioned). The reason for the delay has not been documented and remains unknown. The amount remained unpaid at the time of the audit work in December 2016.</p>	<p>Failure to action changes in a timely manner, resulting in incorrect Benefit payments to the applicant potentially leading to reputational damage for the authority as well as if overpayments are due to LA error and are irrecoverable.</p>	<p>To ensure all documents in the workflow system are addressed in a timely manner with exception reporting for unprocessed documents that have been awaiting action for an unrealistic time.</p> <p>To remind staff to action their workflow items correctly, and in a timely manner.</p>	<p>Management Response:</p> <p>Implementation of new workflow system will allow for greater monitoring of outstanding work items.</p> <p>We will review the use of workflow to minimise administrative delay and request all staff notebook reasons for delay.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation date: September 2017</p>
Audit: NDR					
Assurance: Moderate					
Summary: Full system audit					
1	Medium	<p><u>New Properties</u></p> <p>There is no formal process in place for ensuring all new commercial developments are notified to the Valuation Office in a timely manner, and updated on the NDR system.</p>	<p>Failure to charge a full and correct charge on new commercial properties, potentially resulting in delayed billing and payment to the Authority and reputational damage to the</p>	<p>A formal process for updating and reviewing new commercial developments to be documented and implemented, to ensure timely charging.</p>	<p>Management Action:</p> <p>New property procedures are being documented and will be implemented from 2nd quarter of year.</p> <p>Responsible Manager: David Riley</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			authority. Incorrect classification of properties potentially resulting in delayed billing and payment to the authority.		Implementation date: June – August 2017
2	Medium	<u>Relief Records</u> Our testing of 30 reliefs and exemptions found that for 10% of our sample of reliefs and exemptions there was no record of the request / reason for the granting of the relief / exemption.	Lack of effective maintenance of account potentially resulting in fraudulent activity, incorrectly billed amounts, the requirement to back date bills, and delayed billing and payment for the authority.	All reliefs and exemptions granted should have a record of the request / reason for the granting of the relief / exemption and should be regularly reviewed managed to ensure accuracy of billing is always maintained.	Management Action: Reminders have been issued to all staff to ensure that pertinent notes are added to all accounts when reliefs or exemptions are awarded. Responsible Manager: David Riley Implementation date: Completed
3	Medium	<u>Refunds</u> There is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team. Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.	Inappropriate or erroneous refunds are processed and paid against NNDR accounts. Leading to financial loss to the Council.	A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	Management Action: The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team. The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team. The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly. The procedure will be reviewed to ensure the full compliance checks are carried out.

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Responsible Manager: David Riley Implementation date: 31 August 2017
4	Medium	<u>Recovery Action</u> From a sample of 30 Internal Audit found that for 17% of the sample there was no recorded recovery action for a number of weeks from the last recorded action.	Failure to manage the effective recovery of outstanding charges potentially resulting in financial loss in the long term if unable to recover, or delayed income in the short term to the authority.	To ensure that recovery timetables adhered to when seeking to recover unpaid NNDR debt.	Management Action: Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken. Responsible Manager: David Riley Implementation date: Completed
5	Medium	<u>Reconciliations</u> Reconciliation of NDR cash to ledger have not been undertaken on a monthly basis during 2016-17 as intended. In November 2016 it was confirmed that the last reconciliation was undertaken in June 2016. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the NDR cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.	Management Action: Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. Responsible Manager: Chief Accountant Implementation date: 1st May 2017
Audit: Council Tax					
Assurance: Moderate					
Summary: Full system audit					
1	Medium	<u>New Properties</u> The process for ensuring all new developments are notified to the Valuation	Failure to charge a full correct charge on new	A formal process for updating and reviewing new housing	Management Action: New property procedures are being

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		Office in a timely manner and updated on the Revenues system for Council Tax is not documented. There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging.	properties in a timely manner, potentially leading to delayed income and reputational damage to the authority. Further risk associated with a potential lack of database integrity if there is no reconciliation with other databases potentially leading to reputation damage and a poor customer experience.	developments to be documented and implemented, to ensure timely charging and the sharing of information to ensure other council controlled databases are updated appropriately. Consideration to be given to the most appropriate method to ensure there is no undue delay for Council Tax charging in regard to all new builds and unbanded properties.	documented and will be implemented from 2 nd quarter of year. Responsible Manager: David Riley Implementation date: June – August 2017
2	Medium	<u>Webforms NFI FPN</u> The following Webforms accessed on the Council's website on 25/10/16 did not include reference to a NFI fair processing notification including that the data collected being used in a data matching exercises for the prevention and detection of fraud as required by the Data Matching Code of Practice issued by the Cabinet Office. <ul style="list-style-type: none">• Single Person Discount;• Disabled;• Serious Mental Impairment;• Carers; and• Council-tax-student-discount-form. The Webform related to those in Detention did include a relevant notification.	Non compliance with the Data Matching Code of Practice issued by the Cabinet Office potentially leading to either reputational damage, financial penalty or failure to be able to participate in NFI data matching exercises which is a mandatory requirement.	All Revenues forms used for the collection of personal data to be reviewed to ensure that they include a NFI fair processing notification.	Management Action: All documentation for Revenues will be reviewed during financial year, including those held on website. NFI processing notices will be included where required. Responsible Manager: David Riley Implementation date: 31 March 2018
3	Medium	<u>Monitoring of Refunds</u> - Revenues Officers area responsible for the setting up of refunds on the Council Tax system. Such set up does not require system approval / authorisation by another Revenues employee.	Inappropriate or erroneous refunds are processed and paid against Council tax accounts potentially leading to financial loss and	A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	Management Action: The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team.

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		Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.	reputation damage to the Council.		<p>The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team.</p> <p>The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly.</p> <p>The procedure will be reviewed to ensure the full compliance checks are carried out.</p> <p>Responsible Manager: David Riley</p> <p>Implementation date: 31 August 2017</p>
4	Medium	<p><u>Reconciliations</u></p> <p>Reconciliation of Council Tax cash to ledger was not being undertaken within Finance on a monthly basis as intended. When reviewed by Audit in November 2016 the last completed reconciliation on file was for May 2016.</p> <p>There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.</p>	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	<p>Reconciliation of the Council tax cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting identified errors as quickly as possible.</p> <p>Reconciliations to be subject to independent review to confirm that are complete and accurate and timely. Such review to be recorded by signature and date.</p>	<p>Management Action:</p> <p>Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end.</p> <p>Responsible Manager: Chief Accountant</p> <p>Implementation date: 1st May 2017</p>
Audit: Payroll					
Assurance: Significant					
Summary: Full system audit					
1	Medium	<u>Document Retention</u>			Responsible Manager:

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		There were documents found in the Payroll Offices that have not been disposed of in line with the document retention schedule.	The Authority may potentially breach the Data Protection Act with regards to retaining personal records for longer than is necessary, which could result in challenge to Council policy and reputation damage.	Investigate and dispose of 'out of date' documentation in the immediate Payroll environment, and follow this up by carrying out the same task with any information stored in the archives. Implement a schedule for checking and disposing of electronic and hard copy documentation in line with the document retention schedule.	Payroll Team Leader Implementation date: A thorough review has been undertaken and the majority of the old documentation has now been disposed of. There are documents that need to be shredded and this is planned to be completed by 30 th June 2017.
2	Medium	<u>Payroll schedule for Wyre Forest District Council</u> There is no Payroll schedule in place for the Wyre Forest District Council Payroll. As such there are no enforceable Payroll deadlines. Payroll is receiving information sent from Wyre Forest District Council Payroll/HR right up until the last few hours before the Wyre Forest District Council pay run is due leading to increased risk of potential error.	Failure to meet the Payroll deadline could potentially result in Wyre Forest District Council deciding to terminate the agreement if staff were not being paid on time, resulting in the loss of a client and income stream.	Construct a schedule for pay runs that works for both Authorities, and work with Wyre Forest District Council to ensure that this is enforced and there is a monthly cut off date communicated by Wyre Forest District Council to all their employees for which information must be submitted by.	Responsible Manager: Payroll Team Leader Implementation date: Monthly cut off dates for 2017/18 have been agreed with WFDC. The difficulty will be WFDC requesting late adjustments and the protocol is that this will only be accepted if there is a risk of a significant overpayment.

end