

Date: 21st September 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 2017/18.

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 July 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 (6th July 2017):

2017/18 AUDIT SUMMARY UPDATES:

Palace Theatre 2017/18

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

- Stock checks are regularly carried out
- Income is being cashed up and banked correctly
- Patronbase system has improved methods of working and enabled an increase in online sales for the booking of tickets
- Overall performance has improved and a growing customer base
- Procurement cards are being used in line with guidance

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

- Resilience to operational tasks
- Use of signatures on Cash Summary sheets
- Tightening of use of stock sheets

There was 1 'medium' and 3 'low' priority recommendations reported.

Type of audit: Full Systems Audit

Assurance: Significant

Report issued: 29th June 2017

Pitcher Oak Golf Course 2017/18

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

- Income is cashed up and banked correctly, any discrepancies were investigated.
- Performance Monitoring was more efficient and regular with clearly defined action points.

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- The majority of the contract requirements were in place.
- Activities were planned and in place to engage in promoting the golf course and support the public health and community agenda.
- Staff had received training in the required aspects.

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

- Specific documentation required by the contractor including risk assessments had not been done.
- Due to change in layout, the safe location was more exposed.
- Refund audit trail

There were 2 'medium' and 1 'low' priority recommendations reported.

Type of audit: Full Systems Audit
Assurance: Significant
Report issued: 29th June 2017

Procurement

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

- The implementation and current use of the eProcurement site
- Contracts are being advertised within guidelines
- Arrangements are in place for reminders of renewals of contracts
- Procurement information is published in line with the Local Government Transparency code.

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

- Implementation of new strategy
- Training and awareness linked to the strategy
- Single dependency on Procurement Officer for use of 'due north' eProcurement site
- Use of agency staff outside of Matrix contract
- Ensuring all procurement of supplies are within guidelines

Procurement is due to be moved and will be administered by the Legal department from September 2017.

There were 5 'medium' priority recommendations reported.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 30th August 2017

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VAT

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

- Clear documented process
- Timely and accurate returns completed
- Regular reconciliation carried out
- Prompt recording in the main ledger
- Payments received and made to HMRC are in accordance with the VAT returns and recorded in the main ledger
- Checks and authorisation are visible.

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

Type of audit: Full Systems Audit

Assurance: Full

Report issued: 10th August 2017

Shared Service – North Worcestershire Building Control.

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

- Operations outlined in agreement are being carried out;
- Consistent and clear approach of handling applications;
- Uniform system is up to date with notes and applications;
- Fees and charges are in line with what is approved and consistent against applications;
- Payments are taken before the processing of application;
- There are regular updates to the authorities on the position of Building Control;
- Payments were all accounted for against the ledger;
- There is a good working relationship between finance and building control.

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

- A signed Financial Charging Statement
- Check on payment codes

There was 1 'medium' and 1 'low' priority recommendation reported.

Type of Audit: Full System Audit

Assurance: Significant

Draft Report Issued: 10th August 2017

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Summary of assurance levels:

2017/18	
Palace Theatre	Significant
Pitcher Oak Golf Course	Significant
Procurement	Moderate
VAT	Full
North Worcestershire Building Control	Significant

Audits completed to draft report stage and awaiting management response include:

- Housing – Homelessness
- Housing - Allocations
- Community Services - Disabled Facilities Grants
- Legal and Democratic - Land Charges
- Environmental - Waste Management
- Fees and Charges (2016/17)

2017/18 reviews which were on going as at the 31st July 2017 included.

- Records Management
- Customer Services - One Stop Shops/reception Services channel shift
- Housing - St David's House
- Treasury Management
- Cash Collection
- Transformation

The summary outcome of all 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 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

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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 continuing to be developed 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 to confirm the recommendations have been satisfied.

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 July 2017 a total of 125 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

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- 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 (WAISS) has a coordinating role in regard to this investigative exercise in Redditch Borough Council.

The Worcestershire Internal Audit Shared Service (WAISS) 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.

WAISS 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

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

6. BACKGROUND PAPERS

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

7. KEY

N/a

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APPENDIX 1

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

Audit Area	2017/18 PLAN DAYS	Forecasted days to the 30 th September 2017	Days used to 31 st July 2017
Core Financial Systems (see note 1)	108	11	8
Corporate Audits(see note 2)	81	46	22
Other Systems Audits	157	139	82
TOTAL	346	196	112
Audit Management Meetings	20	10	6
Corporate Meetings / Reading	9	5	2
Annual Plans and Reports	12	6	4
Audit Committee support	13	7	1
Other chargeable	0	0	0
TOTAL	54	28	13
GRAND TOTAL	400	224	125

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 July 2017)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 18 Delivered = 5 plus 5 in draft	When Audit, Governance and Standards Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	31%	When Audit, Governance and Standards Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	67%	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)	1	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)	4 issued 3x excellent	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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<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</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
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.	A follow-up was undertaken in July 2017. The follow up has found that full implementation of the 1 'medium' priority recommendation detailed above was not required, as there is a sufficient process in place to enable Heads of Service to challenge and comment on the Annual Governance Statement, and therefore reduce the risk of challenge to the authority. Sufficient action has been taken regarding the recommendation. No further follow-up is required.
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 March 2017, however, it has been delayed until after the restructure has taken place in mid May 17. Management are currently considering the progress report.	The follow-up was undertaken in June 2017. Of the remaining four challenges, two relating to monitoring developments and uploading agreements to the public website have been actioned, the one relating to updating the contribution formula is progressing, and the one relating to committee reporting format is under

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				Management	of developers per project and uploading of S106 agreements. Further follow up in 6 months.		consideration. Internal audit are satisfied with the overall direction of travel in addressing these issues. No further follow-up is required.
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	A follow up was undertaken in February and found that 2 recommendations relating to issuing of RTB2 and completion of sales were	A follow up was undertaken in August 2017 which found there was agreement to investigate costs and actual however there have been no	

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				and Mortgage rescue Scheme	implemented. One recommendation relating to the mortgage rescue scheme has yet to be actioned. Further follow up in 6 months.	mortgage rescue schemes to test this process No further follow up is required.	
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.	2nd Follow Up undertaken July 2017. All recommendations now assessed as implemented. No further follow up is required.	
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	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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				data management.			
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.		
Contracts - Post Contract Appraisal	17th March 2017	Housing	Limited	This audit reported 5 high priority recommendations and 3 medium priority recommendations relating to performance measures, contract specifications, variations, payments, tender evaluations,	Sept -17		

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				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 time.	Aug-17		
Risk Management	24th May 2017	Executive Director	Limited	This audit made 5 medium priority recommendations relating to corporate risk management	Sep-17		

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				strategy, risk management group, risk register updates, portfolio holder monitoring and training. A follow up will take place in 3 months time.			
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: Palace Theatre					
Assurance: Significant					
Summary: Full system review					
1	Medium	<p>Resilience</p> <p>It was apparent to audit especially with regards to the Patronbase system that procedures were in place for certain aspects that only one person was able to operate such as putting the shows onto the system, investigating and pulling off certain reports such as a till error.</p> <p>The Assistant Theatre Manager undertakes all activities relevant to stock from ordering, checking delivery, recording in the system, stock checking</p> <p>Staff are currently stretched with their roles and with continued growth they have become busier.</p>	<p>There is a risk that although everything operates smoothly now it could be compromised if certain members of the team are not there. This could lead to tasks not being performed, inconsistency and potential losses.</p> <p>There is a potential fraud risk with the fact that one person is carrying out all roles in relation to stock and there is no protection to this individual.</p>	<p>To ensure there is a plan of contingency to be able to cover the main roles in a period of absence and training is carried out where necessary.</p>	<p>Responsible Manager: Theatre Manager</p> <p>All 3 members of the management have been trained and are compliant to the requirement of the system. Other senior members of the team have a working knowledge of the system and have access to the software provider for guidance should this be required. Operating Procedures will be prepared for the system to ensure there is clear process in place for how it operates.</p> <p>Implementation date: Sept 2017</p> <p>Responsible Manager: Assistant Theatre Manager</p> <p>Additional support from the increased capacity in Box office team will facilitate an additional staff member involved in the stock taking process to ensure that responsibilities are split to minimise risk in this area.</p> <p>Implementation date: Aug 2017</p>
Audit: Pitcher Oak Golf Course					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	<p>Documentation</p> <p>As part of the contractor's contract the following documentation should be in</p>	<p>There is a risk of non-compliance and potential for</p>	<p>The council to ensure that the contractor produces and implements</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>During monthly contract meetings the</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>place; risk assessments, Normal operating procedures, manual handling assessment and Control of substances hazardous to health however are not in place. This has been put as an action from the Performance Monitoring Meeting in April.</p> <p>Policies relating to Health and Safety, Equal Opportunities, Customer Service, Recruitment/Discipline and Grievance are not in place either.</p>	<p>incidents to occur, also a risk of non-confirmation of operating causing potential harm to individuals and potential liable action which could lead to reputational damage.</p>	<p>the necessary policies and procedures and documents within defined timelines to reduce the risk to the Council.</p>	<p>contractor has been asked to provide their own sets of Risk Assessments, NOP'S, EAP's and COSHH Assessments. This requirement is documented in contract notes and on the contractors reporting tool used to record progress on measures / actions required to ensure the contractor is compliant against the terms and conditions of the lease and management agreement.</p> <p>A revised and final deadline of July has been given to get these in place. Should the contractor not produce a full set of documents then the responsible officer will seek legal advice as this will be a breach of the terms and conditions of the contract. These policies and procedures will be reviewed every 12 months and discussed at contract meetings.</p> <p>Implementation date: July 17</p>
2	Medium	<p><u>Safe</u></p> <p>The position of the safe is no longer covered by the till it is obvious that the floor tile can be removed. The floor tile is raised although the safe is not visible with the floor tile in place the area is open to the public.</p>	<p>There is a risk that the safe could be taken from its location leading to loss of income.</p>	<p>That an assessment is undertaken of the potential for theft including any other security measures used e.g. CCTV and other options that could be considered in relation to the safe keeping of the monies on a cost/risk basis.</p>	<p>Responsible Manager: Leisure Services Manager</p> <p>Currently the area in which the safe is located is supervised and is in close proximity to the reception area where a member of staff is located. When the building is closed the facility is alarmed. Also there is a lockable cover that requires a safe key to open it before anyone can access the floor safe.</p> <p>However in light of this recommendation being made a revised Risk Assessment will be written and further control measures identified. The outcome of this may be to provide a new safe in a staff only/ secure area.</p>

REDDITCH BOROUGH COUNCIL

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Implementation date: July 17
Audit: Procurement					
Assurance: Moderate					
Summary: Full systems audit					
1	Medium	<p><u>Procurement Strategy</u></p> <p>The Procurement Strategy has still not been published; it has been written and is currently being held to coincide with the issue of financial Regulations and as Procurement is being moved in with Legal it is being checked for any changes required to fit with changes being made.</p>	Lack of clear guidance potentially leading to procurement activities which are not in accordance with corporate or legislative requirements, resulting in financial penalty and reputational damage.	Once the draft policy has been approved documentation to be made available to all staff in a format that is easily accessible (e.g. Orb and 'quick view' templates used). Relevant training to be provided to staff on important changes to processes and procedures and general awareness announcements to be made either through the Orb or via email.	<p>Responsible Manager: Commercial Team Leader Procurement Officer</p> <p>Implementation date: The Procurement Strategy will be reported to Cabinet on 4th October 2017 and Executive on 31st October 2017 subject to incorporating any implications arising from the Contract Working Group.</p>
2	Medium	<p><u>Training</u></p> <p>Ad-hoc training has been taking as and when required, however as the strategy has not been published an overall training programme has not yet been commenced.</p>	Lack of clear guidance potentially leading to procurement activities which are not in accordance with corporate or legislative requirements, resulting in financial penalty and reputational damage.	A robust training and development programme to be implemented	<p>Responsible Manager: Commercial Team Leader Procurement Officer</p> <p>Implementation date: On agreement of Strategy A full and robust training and development programme is currently being worked on and put in place supporting the Procurement Strategy , Contract and Procedure rules and financial regulations.</p>
3	Medium	<p><u>Agency Staff</u></p> <p>3 out of a sample of 30 suppliers tested were for the supply of agency staff, these were for benefits, housing locality and St David's House. All agency staff are to be sourced through</p>	Not following corporate requirements which could impact on the overall contract being used due to not using for the purposes	Reminder to all services to ensure awareness to comply with procedures and guidelines in using the Matrix Contract for services using agency staff.	<p>Responsible Manager: Human Resources and Development Manager to monitor the contract.</p> <p>Commercial Team Leader and Procurement Officer for review</p>

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		Matrix and all were aware that they use Matrix to supply staff. .. 2 staff sourced outside of Matrix had been approved by S151 but there were occasions when specialist staff could not be provided by Matrix.	required. The use of other suppliers not part of the agreement could result in extra cost to the authority.	Review of current levels of agency staff not within Matrix contract.	Implementation date: January 2018 A wholesale review is currently underway to determine the current contract and its relevance within and if it is meeting the needs of the organisation.
4	Medium	<u>UK Container Maintenance Limited</u> It was found that a contract was not in place where there was a high level spend for the supplier UK Container Maintenance Limited. The service thought they were part of an Eastern Shires Purchasing Organisation framework. During the audit they were looking at signing up to this process.	There could potentially be other suppliers used that could be under contract with a better deal for the authority. There is also a risk that suppliers are not being reviewed for best value. There is potential for financial loss if there is no contract/framework being followed leading to possible reputational damage, a breach of procurement regulations and challenge from other potential suppliers.	A check needs to be made of all contracts given under a framework agreement to ensure that they are actually attached to that agreement.	Responsible Manager: Environmental Services Manager Commercial Team Leader and Procurement Officer for review Implementation date: December 2017 The framework prices are inputted to the stores finance system and these are checked against invoices. Any variation is questioned with the supplier and crosschecked against the framework. Unfortunately in this case the supplier was on a framework but the prices quoted by them were not the framework price. All framework prices will be systematically checked to ensure that the correct price is in our system and any future deviation will be picked up at the invoice stage. There is a wholesale review of stores and the mechanisms in place for assuring compliance with entering into and monitoring of contracts.
5	Medium	<u>EProcurement Administration</u> The procurement officer is currently the only officer with the access to and knowledge of the due-north eProcurement system in order to place adverts and	Potentially a resilience risk exists if the Procurement Officer was off for some time the procurement process	To ensure there is a support mechanism in place to cover the administrative and monitoring of the eProcurement system to enhance	Responsible Manager: Commercial Team Leader and Procurement Officer Implementation date: There is a single dependency at the moment.

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		monitor questions from potential suppliers re procurement opportunities.	through the eProcurement system could be held up leading to contracts not being fulfilled in a timely manner leading to some operations being stopped or placed on hold which could lead to reputational damage. There could also be challenge if it was found that the council did not have contracts in place in line with EU rules.	the business resilience.	This is expected to be resolved as part of the reorganisation when the post transfers to Legal in September 2017.
Audit: North Worcestershire Building Control					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	<u>Financial Statement</u> There is no evidence of a separate annual financial statement with the breakdown required by the Building Regulations 2010 with an approved Local Authority Signature	Risk of non compliance with legislation to demonstrate that Building Control is breaking even leading to potential reputational damage.	Redditch Borough Council to satisfy itself that they are acting in accordance with the Building (Local Authority Charges) Regulations 2010 by ensuring that a Fee Charging financial statement is produced at the end of each financial year and is signed off by an appropriate financial officer of the Council	Responsible Manager: Building Control Manager Agreed. The need for a financial statement was complied with by Finance however this was not sufficiently separate from that required by regulation. A separate financial statement will be produced for the end of this current financial year. Implementation date: Close of financial year 17 / 18
end					