

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 Baker-Price
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, 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 2018/19 and residual work from 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 Member's 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 to 30th September 2018 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 (26th April 2018):

2017/18 AUDIT SUMMARY UPDATES:

Main Ledger

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

- A detailed and comprehensive security review has been completed and has:
 - Identified inappropriate access
 - Removed redundant access points
 - Identified unnecessary/redundant access profiles
 - Reduced the number of access profiles to simplify administration
- A sound budget monitoring process continued to be provided by Finance following the decision to postpone the move to the Collaborative Planning budget module.
- With the exception of HRA related journals, processing was timely.

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

- Reconciliations need to be better managed to ensure that these are timely and any delays are promptly identified and corrective action taken. At the time of Audit (January 2018) the HRA reconciliations had only been completed to September 2017.
- It was also noted that journal postings for HRA were irregular between months July – September 2017.
- Supporting evidence for virements is promptly filed electronically to minimise the loss of records

There were two 'medium' and two 'low' priority recommendations reported.

Type of Audit: Full System Audit

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Assurance: Significant
Report Issued: 25th April 2018

Benefits

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

- The controls in place for managing new claims and changes in circumstances.
- The controls in place for managing hardship schemes.
- The general identification and notification of overpaid benefits, albeit with some issues identified below regarding ongoing recovery action.
- The reconciliation between the Benefits module with other financial systems.
- The implementation of Universal Credit within both authorities, and ongoing management of the benefits service.

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

- Ensuring that overpayment recovery actions are undertaken in a timely and effective manner for all outstanding amounts, and ensuring sufficient actions have been undertaken prior to request for write-off.
- The timely updating and maintaining of performance measures on the Dashboard.
- Ensuring there is a regular formal review of system users.

There were three 'medium' and one 'low' priority recommendations reported.

Type of Audit: Full System Audit
Assurance: Significant
Report Issued: 1st August 2018

Debtors

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

- Raising of invoices/credit notes in line with the Council's approved fees and charges.
- Authorisations of debts written off
- Segregation of duties
- System access

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

- Manual processes outside of the system

There was one 'medium' priority recommendation reported.

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Type of Audit: Full System Audit
Assurance: Significant
Report Issued: 4th June 2018

Housing Allocations

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

- The process for measuring and monitoring the allocation of proportion of priority allocations made in relation to all allocations, is in place and performance for a five month period ending January 2018 confirmed that the initial target is being achieved.
- Priority matches made on social/medical grounds were consistently found to be supported by authorised priority reports

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

- An agreed and consistent approach to record keeping is followed to ensure compliance with GDPR
- Consistent approach to evidence retention
- Overcrowding
- Closing cases on ABRITAS
- Priority Matches Security Records

There was a 'high', five 'medium' and a 'low' priority recommendation reported.

Type of Audit: Full System Audit
Assurance: Limited
Report Issued: 1st October 2018

Summary of assurance levels:

2017/18	
Main Ledger	Significant
Benefits	Significant
Debtors	Significant
Housing - Allocations	Limited

Audits completed to draft report stage with discussions continuing with management include:

- Contract Management (Follow Up)

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2018/19 reviews which were at draft report stage as at the 30th September 2018 included.

GDPR
Health and Safety

2018/19 reviews which were on going as at the 30th September 2018 included.

Shop Mobility
Car Parking
Stores
Essential Living Fund
Discretionary Housing Payments
Council Tax Hardship fund
Universal Credit
Treasury Management

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 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.

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3.4 AUDIT DAYS

Appendix 1 shows the progress made towards delivering the 2018/19 Internal Audit Plan and achieving the targets set for the year. As at 30th September 2018 a total of 141 days had been delivered against an overall target of 400 days for 2018/19.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were agreed by the Committee on the 26th April 2018 for 2018/19.

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. 2018/19 there is a planned 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is run by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role at a local level 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.

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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.

5. APPENDICES

Appendix 1 ~ Internal Audit Plan delivery 2018/19

Appendix 2 ~ Performance indicators 2018/19

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.

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 2018/19 1st April 2017 to 30th September 2018

Audit Area	2018/19 PLAN DAYS	Forecasted days to the 30 th September 2018	Days used to 30 th September 2018
Core Financial Systems (see note 1)	67	9	3
Corporate Audits(see note 2)	47	18	43
Other Systems Audits(see note 3)	232	108	79
TOTAL	346	135	125
Audit Management Meetings	20	10	8
Corporate Meetings / Reading	9	5	3
Annual Plans, Reports and Audit Committee Support	25	13	5
Other chargeable	0	0	0
TOTAL	54	28	16
GRAND TOTAL	400	163	141

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

Due to the nature of some of the reviews additional resource was allocated resulting in additional days.

Note 3

A number of the budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters. If there is little demand for certain budgets this is reflected in the overall usage, however, it does not necessarily reduce the coverage of the overall plan.

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Appendix 2

PERFORMANCE INDICATORS 2018/19

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2018/19. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4 to KPI 6. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2018/19 Position (as at 30 th September 2018)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 16 Delivered = 2 in draft (8 in progress)	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	35%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	*58%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to report	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to report	When Audit Committee convene
6	'Follow Up' results (2017/18 onwards)	Management action plan implementation date exceeded (<5%)	1	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report	When Audit Committee convene

WIASS conforms to the Public Sector Internal Audit Standards 2013.

*Service productivity is an aspirational target. Four new staff starting in Q1 has impacted on this figure but we are seeking to increase this as the year continues.

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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>
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	Audit met with Director of Finance and Resource on 4/1/18. The Matrix contract has been extended for 12 months therefore follow up will be scheduled for towards the contract expiry date April 2018. The follow up in July 2018 found that all recommendations had been satisfactorily implemented. No further follow ups are 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.	Due to the current project in relation to possible changes to the future provision of this service the follow up has been delayed pending the outcome of the project. A follow-up was undertaken in December 2017, and found that the two action points in relation to the terms & conditions and the management software have been sufficiently addressed. No further follow-ups are required.
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	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.	Due to the current project in relation to possible changes to the future provision of this service the follow up has been delayed pending the outcome of the project.	A follow-up undertaken in June 2018 found that the 1 outstanding recommendation relating to invoice reconciliation had been implemented. No further follow-ups are required.

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				and security. Follow up in 3 months.			
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, insurance, contract documents and meetings. Contract specification, variations and contractor meetings have been satisfied.	Progress on this audit is monitored on an on going basis. Corporate Management (CMT) and the Head of Internal Audit Shared Service are made aware of developments in relation to the recommendations made. No follow-up is required at this stage.		
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.	A new system is being put in place to change reporting measures this is currently awaiting agreement to the new approach but should be in place for reporting in March 2018. A follow up to be carried out in May 2018 to look at what is now in place and if it is working	A follow up in May 2018 found that 2 high priority recommendations in relation to resilience and timeliness and the 1 medium priority recommendation in relation to additional information had been implemented. The high priority recommendation in relation to integrity of information was in progress. A further follow up to be scheduled.	
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.	1st follow up took place on 30/8/17 no recommendations have been implemented but work towards had been progressed and there is research looking at moving into electronic application which all districts will have to agree to. A further follow up is being scheduled.	As some of the Partners have changed the way that they collect monies this has been superseded and therefore audit will complete a full review in 12 to 18 mths time. No further follow-ups are required.	

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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>
Palace Theatre	29th June 17	Leisure Services	Significant	1 medium priority recommendation was made in relation to resilience.	Follow up March 2018 found the medium priority recommendation to be partially implemented and is ongoing. A further follow to be scheduled.		
PitcherOak Golf Course	29th June 17	Leisure Services	Significant	2 Medium priority recommendations were made in relation to documentation and the location of the safe.	Follow up took place March 2018 and both recommendations have been satisfied. No further follow up are required.		
Building Control	10th August 17	Planning and Regeneration	Significant	1 medium priority recommendation was made in relation to the year end financial statement. A Follow up will take place at the next production of the Annual Accounts May 18	The follow up in July 2018 found that the recommendation had been satisfactorily implemented. No further follow up are required.		
Procurement	30th August 17	Finance/Legal	Moderate	This audit report made 5 medium priority recommendations relating to the strategy, training, procuring of agency staff, frameworks and resilience of e-procurement system.	Follow up to be scheduled.		
Homelessness	6th November 2017	Housing	Significant	One medium priority recommendation was made relating to data protection and access to the Arbitras system.	The follow up in June 2018 found that the one medium priority recommendation is in progress. A further follow up will be undertaken in 3 months time.		
Cash Collection	14th November 2017	Cash Collection	Moderate	The report found four recommendations; 1 high and 3 medium relating to the suspense account, refund checks, over and	The follow up in May 2018 found that the three medium recommendations had been implemented and the one high recommendation in relation to		

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				under investigations and administrative errors.	the suspense account was in progress. A further follow up will be undertaken in 6 months time.		
Customer Services	14th November 2017	Customer Services	Moderate	The report found 6 recommendations; 5 medium and 1 low relating to minutes of meetings, phone recordings, housing options frontline, complaints system, website, self service computer.	The follow up in May 18 found that out of the 5 medium priority recommendations 4 had been implemented and the 1 in relation to Housing options is in progress. A follow up will take place in 3 months.		
Disabled Facility Grants	28th September 2017	Community Services	Moderate	The report found 1 high priority and 2 medium priority recommendations in relation to Records retention and security, Registration of Land Charges and Private Sector Home Repairs Assistance policy.	The follow up in February 2018 found that the three recommendations are in progress. The amount of work required to fully implement two of the recommendations means that this work although progressing is taking time in order to get it correct. The other recommendation needs to be placed before Members before it is fully implemented. A further follow up to be scheduled.		
St David's House	Housing	4th October 2017	Moderate	The report found 1 high and 5 medium priority recommendations in relation to Care Cost Returns, Handbooks, Hospitality Reporting, Procurement Card, Training, and Induction.	The follow up in March 2018 found that 1 High and 4 medium priority recommendations had been implemented. 1 medium priority in relation to induction was in progress. A further follow up to be scheduled.		
Environmental Waste	27 th November 2017	Environmental Services	Moderate	The report found 1 high and 4 medium priority recommendations in	Follow up currently be undertaken.		

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				relation to Bulky Waste Receipt Books, Business Waste Charges, Fees and Charges, Bulky Waste quotes and Garden Waste Invoices.			
Payroll	14th February 2018	Finance	Moderate	Reported 1 'high' and 2 'medium' priority recommendations ; sickness reporting and pay, establishment and expense claims form	Follow up in May 2018 found that all recommendations had been implemented. No further follow-up required.		
Records Management	5th January 2018	Corporate	Limited	Reported 5 high and 1 medium priority recommendations; Implementation of the information security policy, inventory of IT equipment, retention and disposal schedule, confidential waste collection, storage of documents on the Orb, and GC Sx email accounts	Will be followed up as part of the 2018/19 GDPR audit.		
Debtors	4th June 2018	Finance	Significant	Reported 1 medium priority recommendation; Manual Processes outside the system	Will be followed up as part of the 2018/19 audit.		
Benefits	30th July 2018	Finance	Significant	Reported 3 medium and 2 low priority recommendations; Overpayment, Write-Offs, Performance Information, Overpayment Classification and User Access Reviews	Will be followed up as part of the 2018/19 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: Main Ledger					
Assurance: Significant					
Summary: Full system review					
1	Medium	<p><u>HRA reconciliation</u></p> <p>The HRA reconciliation was not up to date at the time of audit. When reviewed in January 2018 reconciliations had been completed up to September 2017.</p> <p>Further review also confirmed that journal postings for the HRA were not posted monthly between July – September 2017</p>	<p>Errors arising may not be promptly identified and corrected which may impact upon end of year accounts leading to reputational damage.</p> <p>Inaccurate budgetary position shown leading to incorrect management decisions being taken and possible financial loss.</p>	Reconciliations must be timely.	<p>Management Response:</p> <p>Responsible Manager:</p> <p>Financial Services Manager</p> <p>Agreed to put in place a reconciliation schedule to ensure that they are carried out on a regular basis, as appropriate.</p> <p>Implementation date:</p> <p>4th April 2018</p>
2	Medium	<p><u>Reconciliation schedule</u></p> <p>A reconciliation schedule is used by Finance as a visual monitor to identify reconciliations that are outstanding. However Audit testing confirmed some 'blanks' on the schedule in particular the payroll reconciliation, which at the time of audit had not been completed at all. – This has been reported separately.</p> <p>The HRA reconciliation is not included on the schedule for monitoring purposes.</p>	<p>Imbalances are not promptly identified leading to possible challenge and reputational damage especially if this causes delays to the completion of the year end Statement of Accounts.</p>	<p>Whilst appreciating there have been changes in staffing and duties during the year, it is important that reconciliations are managed to ensure they remain timely.</p> <p>In addition as the HRA reconciliation is particularly important, this must be added to the schedule for future monitoring purposes.</p>	<p>Management Response:</p> <p>Responsible Manager:</p> <p>Financial Services Manager</p> <p>Agreed to put in place a reconciliation schedule to ensure that they are carried out on a regular basis, as appropriate</p> <p>Implementation date:</p> <p>4th April 2018</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Benefits					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	<p><u>Overpayments</u></p> <p>From a random selection of 30 outstanding overpayments for each authority at the time of the audit work, 2 Bromsgrove District Council overpayments and 1 for Redditch Borough Council did not show sufficient evidence of being progressed or resolved.</p>	<p>Risk of financial loss in instances where money is not recovered in a reasonable timeframe, which could potentially result in some reputational damage.</p>	<p>Ensure all outstanding overpayments are monitored, and suitable actions are taken in a timely manner and recorded against the relevant account.</p>	<p>Management Response:</p> <p>Revised operational measures implemented for HB overpayment – revision to working procedures to ensure timely notification of debt cases not progressing through recovery.</p> <p>Responsible Manager: Income Recovery Team Leader</p> <p>Implementation Date: 30th September 2018</p>
2	Medium	<p><u>Write-offs</u></p> <p>From a random sample of 15 write-offs processed during the 2017/18 financial year for each authority, 2 write-offs for Bromsgrove District Council and 1 write-off for Redditch Borough Council did not have sufficient evidence to show that suitable recovery actions had been made to attempt to retrieve the outstanding balances.</p> <p>In addition, most write-offs are currently processed at the end of the financial year, rather than as a periodic review during the financial year.</p>	<p>Failure to ensure sufficient actions have been evidenced to recover outstanding monies prior to write-off could result in reputational damage or potential financial loss in instances where monies could have been recovered.</p>	<p>Ensure that sufficient actions have been taken to recover the debts prior to write-off, and are fully recorded on the respective account in achieve maximum income for the Authority.</p> <p>To consider periodic reviews of write-offs to ensure these are completed in a timely manner, and that the year-end process does not become too onerous resulting in delays in completion.</p>	<p>Management Response:</p> <p>Reminder to team to ensure write off procedures are adhered to and actions are documented.</p> <p>Responsible Manager: Income Recovery Team Leader</p> <p>Implementation Date: April 2018</p>
3	Medium	<p><u>Performance Information</u></p> <p>Responsibilities for measures on the dashboard have been defined for both authorities, but several identify staff who</p>	<p>Risk of reputational damage if performance is not transparent and</p>	<p>The Performance Dashboard information should be updated regularly and in a timely</p>	<p>Management Response:</p> <p>Revised operational measures implemented for HB overpayment. Measures will be updated and monitored</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>no longer work for the organisation.</p> <p>In addition, there is evidence to show many of the measures have not been updated for several months, with the last update showing in August 2017 (as at the time of the audit work).</p> <p>Average processing times recorded were very high at the start of the financial year when a new system was being introduced, and have since reduced. Further reductions may be required to ensure completion of workload within a reasonable timeframe.</p>	correctly and fully reported timely manner.	<p>manner e.g. monthly/ quarterly.</p> <p>Changes to the responsibilities for managing this process should be updated in a timely manner and posts should be identified rather than individuals in order to future proof the process.</p> <p>Reasons for spikes in performance should be investigated and noted on the dashboard for transparency. Should the Service fail to improve performance, there should be an investigation to determine issues affecting the efficiency and effectiveness of the service and how these can be addressed.</p>	<p>on a monthly basis going forwards.</p> <p>Responsible Manager: Financial Support Services Manager</p> <p>Implementation Date: 1st May 2018</p>
Audit: Debtors					
Assurance: Significant					
Summary: Full systems audit					
1	Medium	<p><u>Manual processes outside of the system.</u></p> <p>Testing did not identify any exceptions. Debts are written off after correct authorisation has been obtained, and, refunds are only made after they have been authorised.</p> <p>However, there are a lot of processes that are completed manually outside of the system such as the recording of debts written off and the screen printing of refunds in order to provide the</p>	<p>If the write off and refunds are not undertaken on a regular basis then there could be reputational damage with the council being seen to hold on to money that is not theirs or show debts that there is no likelihood of recovering.</p>	<p>As part of the finance system review to look at those processes that the debtors team are currently undertaking outside of the system to ensure that these processes can be accommodated by any new process/system introduced.</p> <p>This will help to ensure that a</p>	<p>Management Response:</p> <p>Fully agree with this recommendation and keen to progress.</p> <p>Responsible Manager: Senior Revenues Officer//Income Recovery Team Leader</p>

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		<p>information required for reporting. This makes the processes inefficient and resource heavy especially when there are long term absences within the team.</p> <p>In the case of refunds there is no audit trail held within the system.</p>		<p>full audit trail is available and maintained, and, the processes become more efficient to reduce resource pressures when there are periods of long term absence.</p>	<p>Implementation date: In line with implementation of new finance system</p>
Audit: Housing - Allocations					
Assurance: Limited					
Summary: Full systems audit					
1	High	<p><u>Record Keeping</u></p> <p>There is an inconsistent approach regarding record keeping in particular those supporting the allocation of property.</p> <ul style="list-style-type: none"> Records are held electronically on ABRITAS Manual files held in Housing Options Manual (Tenancy) files held at Locality offices <p>In some instances duplicated records occur. Audit testing was unable to locate supporting records in 3 cases</p> <p>Once a case is closed all manual records that are held in Housing Options are passed to Localities for filing on the Tenancy File. At one Locality office all records are filed on the tenancy file and at another they are all confidentially destroyed as they are assumed to be held on ABRITAS.</p>	<p>There is a risk that prime records could be lost and in the event of a challenge transparency cannot be demonstrated.</p> <p>Risk of a fine under the General Data Protection Legislation under the 'right to be forgotten' requirement of the legislation.</p>	<p>A standard to be determined as to how and where records are to be kept and due to the sensitivity and personal information held how compliance with the General Data Protection Regulation will be achieved in the long and short term.</p>	<p>Management Response:</p> <p>Responsible Manager: Housing Services Manager Housing Options Manager</p> <p>Implementation date: September 2018</p> <p>We are currently working with data protection colleagues who will help us to determine the best course of action.</p>

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		In addition there is a risk under the General Data Protection Regulation as records cannot be deleted from the ABRITAS system should this be requested by an individual.			
2	Medium	<p><u>Evidence Retention</u></p> <p>Testing found that:</p> <p>Housing Register Applicants</p> <p>Evidence to confirm residency and identification was not consistently obtained.</p> <p>Housing Register Applicants – Transfers</p> <p>There is an inconsistent approach when obtaining supporting evidence and even application forms from existing council tenants. This may be a result of transfer requests being accepted by Locality Offices and the application created directly into ABRITAS system.</p> <p>Whilst accepting residency is confirmed an application form should be completed and id evidence should be provided as standard.</p> <p>In 26% of sample (5 cases) reviewed it was difficult to support the allocation that was made. This was due to the following reasons:</p> <ul style="list-style-type: none"> • Inadequate residency and/or identification evidence 	<p>Council properties are inappropriately allocated leading to public criticism lack of transparency and reputation damage if the Council is challenged.</p>	<p>There needs to be a decision taken as to what evidence is to be obtained and how this is to be recorded on the system taking into account the requirements of the General Data Protection regulation.</p> <p>There then needs to be checks to ensure that this is consistently applied by all officers across the Council.</p>	<p>Management Response:</p> <p>Responsible Manager:</p> <p>Housing Services Manager Housing Options Manager</p> <p>Implementation date:</p> <p>December 2018</p> <p>We are currently in the process of revising the allocations policy and this will be determined as part of the changes along with guidance for officers.</p>

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		<ul style="list-style-type: none">• Lack of evidence to confirm tenancy had actually ceased• Lack of an application form <p>Housing Allocations (Bronze)</p> <p>A review of allocations made to owner occupiers found that in one case:</p> <ul style="list-style-type: none">• The applicant was admitted to the housing register on the basis that she could not cope in her existing property. The application file does not contain details of any evaluation of the existing property and any work/adaptions that could have been made to make life easier. There is also no independent medical evidence provided. <p>In this case, supporting evidence was not ideal.</p> <p>Production of Identification evidence at sign up</p> <p>There is an inconsistent approach across the Localities to formally request this at the tenancy sign up.</p> <p>In addition Audit testing did identify some very poor scanned images e.g. passports/driving licences.</p> <p>It is unsure if this is an operator or equipment error but is unsatisfactory where prime documents are involved</p>			

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		and are being used as key evidence.			
3	Medium	<p><u>Overcrowding</u></p> <p>Limited checks (confirmation through visits or discussions with landlords) are carried out to confirm claims for overcrowding. Housing Register applicants do not always provide tenancy agreements as evidence.</p>	<p>Contrived household situations may not be detected leading to council houses being incorrectly allocated potentially leading to challenge and reputation damage.</p>	<p>Whilst accepting the pressures on resources consideration should be given to introducing sample visits/confirming property size with landlords to provide assurance that claims are genuine.</p>	<p>Responsible Manager: Housing Options Manager</p> <p>Implementation date: Completed</p> <p>The risk is minimum as all Council properties are checked on Saffron to confirm size and tenancy details. Private rented is checked via Zoopla and when there is a disparity officer will either contact the Landlord or carry out a home visit.</p>
4	Medium	<p><u>Closing Cases on ABRITAS</u></p> <p>Priority cases should be closed on the system in a timely manner to ensure that the status of the application is correctly shown. Failure to do this could lead to inaccurate reports being provided from ABRITAS thus providing poor management information.</p> <p>In 1 case the case was still active even though the applicant had been housed and in another remained active for over a month after being housed.</p>	<p>Inaccurate reports and statistical information is provided leading to ill informed decisions being taken which in turn could lead to challenge.</p>	<p>All officers to be reminded of the necessity to close cases on the system in a timely manner in order to reduce the risk to the Council.</p>	<p>Management Response:</p> <p>Responsible Manager: Housing Options Manager</p> <p>Implementation date: Completed</p> <p>Housing Options Manager has provided report showing outstanding cases that need completing on Barites. Locality Teams are updating RBC lettings and Housing Options Office is updating RSL lettings.</p>

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5	Medium	<p><u>Priority Matches Record Security</u></p> <p>The record is not password restricted and access is freely available to Housing Option Staff and staff at Locality Offices. Whilst the record is held on the restricted and shared drive and subject to back up routines there is the potential for error, data integrity loss and inconsistent record keeping.</p>	<p>Scope for error leading to offers of tenancy being made incorrectly / not being made leading to complaint and challenge.</p>	<p>Whilst acknowledging proposed changes to procedures (ABRITAS to be used to allocate all priority matches) it is intended to keep the priority match spread sheet for visual aid purposes. This being the case it is recommended that options are explored for securing this record in order that integrity is maintained.</p>	<p>Management Response:</p> <p>Responsible Manager: Housing Services Manager</p> <p>Implementation date: September 2018</p> <p>It is possible that this spread sheet when the current system is replaced will no longer be used as a working document; in the meantime security of the spreadsheet with the help of IT will be implemented.</p>
6	Medium	<p><u>Housing Application Form</u></p> <p>The application form makes references to service improvements that were made in 2007. It also makes reference to obtaining application forms from locality offices which is not now the process that is followed.</p>	<p>Information displayed on the application form is out dated & potentially misleading leading to unnecessary challenge/adverse comment and confusion.</p>	<p>Consideration to be given to revising the Housing Application form at the next appropriate time to reflect current working practice.</p>	<p>Management Response:</p> <p>Responsible Manager: Housing Options Manager</p> <p>Implementation date: Completed</p> <p>Application forms can be obtained from Locality Offices. The form advises customers can take their completed application together with original documents to be photocopied free of charge to a Locality Office. Information in the form gives details of each Locality including opening days and times. Housing Options Manager will ensure all services that provide customers with application forms are using the most up to date version</p>
end					