

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

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 David Thain
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 monitoring report of internal audit work for 2019/20.

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 Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control”.

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 31st December 2019 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Summary Dashboard:

Total reviews planned for 2019/20:	20 minimum
Reviews finalised to date for 2019/20:	6
Assurance of 'moderate' or below:	5
Reviews awaiting final sign off:	2
Reviews ongoing:	10
Reviews to be completed (Q4):	6
Number of 'High' Priority recommendations reported:	5
Satisfied 'High' priority recommendations to date:	2 in progress, (3 not due)
Productivity:	65% (against targeted 74%)
Overall plan delivery to date:	69% (against target >90%)

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT
(31st October 2019):

2019/20 AUDIT SUMMARY UPDATES:

Compliments and Complaints

The review found the following area of the system was working well:

- There is a policy in place on the orb and website which is fit for purpose.

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

- Complaints Recording Management System Issues
- Complaints process
- Compliments and Complaints Reporting
- GDPR

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

Type of Audit: Full System Audit
Assurance: Moderate
Final Report Issued: 6th December 2019

Treasury Management

The review found the following areas of the system were working well/progress had been made from the previous review:

- Cash flow management.
- Treasury Management Procedures including Reporting.
- Benchmarking of Treasury Data.

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

- Ledger Coding and Reconciliation
- User Access
- iDeal Trading System
- Treasury Training

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

Type of Audit: Full System Audit
Assurance: Moderate
Final Report Issued: 18th October 2019

General Data Processing Regulations – Retention

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

- IT system and infrastructure (Access Rights, Disposal of emails, process for leavers and new starters).

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

- Controls of the retention schedule
- Security of Archived information
- Retention Policy

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

Type of Audit: Full System Audit
Assurance: Limited
Final Report Issued: 5th November 2019

Housing Computer System

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

- The formation of a Project Board comprising of representatives from all working areas within the Housing Service and other affected Service areas.
- The formation of a project team to support a Project Manager, to facilitate the process and support responsible members of the Project Board.
- Identification of Project Leads and Project sponsors within senior management to promote the project development, and to enable timely decision making.
- Engaging with legal and procurement specialists internally and externally.
- The critical and regular monitoring of project risks.

The project for procuring and implementing a new Housing system has faced several delays, which initially caused a number of risks to the success of the project. A preferred contractor has now been selected, and staff are currently developing a plan to implement the system over the period up to January 2021, albeit this deadline is currently under management consideration. Risks regarding the loss of system support for the existing housing system, Saffron, have been mitigated through a contract extension until December 2021. The system chosen is not all-inclusive, and other systems are being utilised where appropriate to ensure suitable functionality that meets the needs of the Housing Service.

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Generally, the Housing System Implementation project is showing a reasonable forward direction of travel, and is supported by a governance structure that promotes and monitors continued progression towards full implementation. No significant areas of concern have been identified within this project and suitable actions have been taken to minimise the risk of project failure.

Summary of assurance levels:

2019/20	
Compliments and Complaints	Moderate
Treasury Management	Moderate
General Data Processing Regulations - Retention	Limited *
Housing Computer System	N/a - Critical Friend

* All 'limited' assurance reviews go before CMT for full consideration.

2019/20 AUDITS ONGOING AS AT 31st DECEMBER 2019

Reviews progressing through draft report or clearance stage and awaiting management sign off:

- Housing Repairs and Maintenance Stocks and Stores (Draft Report)
- Safeguarding (Draft Report)
- Asbestos Regulation Compliance
- Planning Application Process
- Debtors
- Creditors
- Council Tax
- Payroll
- Contract Management Client Side – Rubicon

Reviews progressing through testing stage included:

- Main Ledger
- NNDR
- Benefits

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.

A rolling testing programme on Debtors and Creditors has been undertaken during quarters 1 to 3 inclusive. Testing results so far do not indicate any new or emerging risks to be brought to the attention of Committee. The rolling testing programme results are being amalgamated as at the end of quarter 3 and formal audit reports will be issued with any findings during quarter 4.

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 continues 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 2019/20 Internal Audit Plan and achieving the targets set for the year. As at 31st December 2019 a total of 276 days had been delivered against an overall target of 400 days for 2019/20.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were agreed by the Committee on the 29th July 2019 for 2019/20.

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.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

National Fraud Initiative

- 3.6 There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Redditch Borough Council. The data requirements were uploaded during October and December 2018 with any queries dealt with accordingly. Matches have been returned to the Authority for investigation. A further upload of Council Tax single person data and Election data is now due which will be overseen by WIASS.

Monitoring

- 3.7 To ensure the delivery of the 2019/20 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk. Due to changing circumstances and after consultation a small variation in the plan has been agreed on a risk priority basis with the s151 Officer e.g. refuse service scalability, procurement and risk management which was joint with Bromsgrove District Council will be rolled to 2020. The Redditch business centre review is to be removed and asset management service and gas inspections are to be rolled into 2020/21. Additional days have also been used in a couple of review areas to ensure a comprehensive review was completed which has resulted in an increase in certain budgets. A piece of work in connection with Housing which presented very late in the 2018/19 financial year but was commenced due to its nature continued as part of the 2019/20 plan but required additional days due to the extent of the work. With the adjustment to the plan there remains comprehensive audit coverage for 2019/20.

3.8 **Quality Assurance Improvement Plan**

- 3.9 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. Further improvement has been identified through the self assessment process which was carried out in April 2019 and a quality assurance improvement plan (QAIP) has been formulated and is reported at Appendix 5.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Customer / Equalities and Diversity Implications

- 3.10 There are no implications arising out of this report.
- 3.11 The Worcestershire Internal Audit Shared Service (WAISS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.
- 3.12 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.
- 3.13 WAISS confirms it acts independently in its role and provision of internal audit.

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 2019/20
Appendix 2 ~ Performance indicators 2019/20
Appendix 3 ~ Tracking analysis of previous audits
Appendix 4 ~ 'High' and 'Medium' priority recommendations
Appendix 5 ~ Quality Assurance Improvement Plan

6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

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

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2019/20
1st April 2019 to 31st December 2019

Audit Area	2019/20 PLAN DAYS	Forecasted days to the 31st December 2019	Actual Days used to 31st December 2019
Core Financial Systems (see note 1)	62	56	39
Corporate Audits(see note 2)	74	13	20
Other Systems Audits(see note 2 & 3)	210	135	189
SUB TOTAL	346	204	248
Audit Management Meetings	20	15	16
Corporate Meetings / Reading	9	6	5
Annual Plans, Reports and Audit Committee Support	25	18	7
Other chargeable	0	0	0
SUB TOTAL	54	39	28
TOTAL (see note 4)	400	243	276

Note 1

Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end. A rolling programme has also been introduced for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

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.

Note 4

As indicated in paragraph 3.7 above due to an additional demand against several budgets extra days have been used during the first 3 quarters which has led to a circa 14% increase against actual days used to forecasted days.

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix 2

PERFORMANCE INDICATORS 2019/20

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2019/20. Other key performance indicators link to overall governance requirements of Redditch Borough Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement/Direction of Travel	2019/20 Position (as at 31st December 2019)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 20 Delivered = 6 (plus 2 @ draft report stage)	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	69%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	*65%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	5	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	5	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (<5%)	Nil to report	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	3	When Audit Committee convene

WIASS delivers the internal audit programme in conformance with international standards for the professional practice of internal auditing.

* Productivity is behind target due to a number of days used for training and sickness absence.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 3

Planned Follow Ups:

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action that is planned going forward in regard to the more recent audits providing assurance that a programme of follow up is operating.

To provide the Audit, Governance & Standards Committee with assurance we are following a comprehensive 'follow up' programme to ensure recommendations and risks have been addressed from previous audits. Commentary has been provided on audits as part of the normal reporting process. Previous audit year updates in regard to 'follow ups' will be provided every six months to avoid duplication of information. Any exceptions (i.e. where no action has commenced by the agreed implementation date) will be reported to the Committee.

For some audits undertaken each year 'follow-ups' may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the over all work load and are assessed by the Team Leader.

Follow up in connection with the core financials is undertaken as part of the routine audits that were performed during quarters 3 and 4.

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
2018/19							
Shopmobility	25th January 2019	Community Services	Significant	Reported 3 medium priorities in Conditions of Use – Shop-mobility Equipment, Maintenance Contract and User Access. Follow-up to be completed in 6 months	A follow-up completed in September 2019 found that the 2 medium priority recommendations in regard to Conditions of Use and User Access have been implemented. The 1 'medium' priority recommendation for re-tendering the Maintenance Contract has not yet been implemented, with an expected completion date of February 2020. A further follow-up will be undertaken in February 2020.		
GDPR	13th March 2019	Corporate	Moderate	Reported 2 high and 2 medium priorities in; Awareness, Data Protection Officer, Individual's Rights (RBC only) and Third Party Data Processes. Follow up to be completed in 3 months	Follow up undertaken in August 2019. Outcome reported to CMT in October 2019 with action plan agreed. Follow up scheduled for March 2020.		
On Off Street Parking	12th March 2019	Community Services	Moderate	Reported 1 high and 1 medium priority in On Street Parking Cost to the Council and Value for Money. Follow up to be completed in 3 months	Follow up undertaken October 2019. The 'High' priority recommendation is progressing re. cost to the council. More monitoring is required to ensure a fully embedded action. The 'Medium' priority recommendation has been satisfied. Further follow April 2020.		
Transport (Fleet)	19th June 2019	Operations	Limited	Reported 7 'medium' priority recommendations in extension of the use of vehicle trackers on the fleet, Fuel monitoring to be introduced on an exception basis, Inventory records should be accurately maintained & be consistent with the insurance schedule, Vehicle service & repair files were not accurately maintained, Accident records are not accurate, Driver 'walk round' checks re not consistently carried out and Untaxed vehicle in used.	Follow Up undertaken in October which confirmed all recommendations were either completed or being actively addressed. Further follow up March 2020.		

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
				A follow up will take place in 3 months.			
Risk Management	28th June 2019	Corporate	Limited	Reported 3 'high' and 3 'medium' priority recommendations in Risk Management Meetings, Risk Management Training Information available, Service Risk Register Updates, Risk Management Strategy and Portfolio Holder Monitoring. A follow up will take place in 3 months.	Zurich has been commissioned during October 2019 to assist with the relaunch of corporate risk.		
Health and Safety	20th July 2019	Corporate	Limited	Reported 9 'high' and 5 'medium' priority recommendations in Policies, Fire Safety and Evacuations, Manager IOSH training, Lift Risk Assessments, Fuelling Point Assessment at RBC Depot, Fire Risk Assessment Action Plan, Fire Alarms, Evacuation of less able people from RBC Town Hall, Active and Re-active measures of a terrorist attack, Active and re-active measures of a terrorist attack, Action Plan Update, Financial Analysis and Training Budget, Induction Process and Bespoke H&S training. A follow up will take place in 3 months.	Action plan in place and being monitored by the Health and Safety Officer. A follow up audit is currently taking place.		
2019/20							
St David's House	4 th July 2019	Housing	No	Reported 1 high priority in; Income for additional services being offered and the assistance given to tenants. Follow up to be completed in 1 month at request of CMT.	The follow up in August 19 found that they are travelling in the right direction but still need to finish off procedures and evidence the recommendations. A further follow up to take place October 19.	Update to be provided before Committee by Head of service therefore rescheduled for February 2020.	
Cemetery & Crematorium	24th September	Bereavement Services	Significant	Reported 1 'medium' priority recommendation in Raising of	Apr-20		

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Results of follow Up</u> <u>1st</u>	<u>Results of follow Up</u> <u>2nd</u>	<u>Results of follow Up</u> <u>3rd & 4th</u>
	2019			Invoices. A follow up will take place in 6 months.			
Treasury Management	18th October 2019	Finance	Moderate	Reported 1 'high' and 3 'medium' priority findings in, iDeal Trading System, Treasury Training, Ledger Coding and Reconciliation and User Access. Follow up to be completed in 3 months.	Jan-20		
Document Retention	5th November 2019	Legal	Limited	Reported 2 'high' and 1 'medium' priority recommendations in Controls of the retention schedule, security of archived information and retention policy. Follow up to be completed in 3 months.	Feb-20		
Housing Computer System Implementation	10th December 2019	Housing	Critical Friend	Reported 1 recommendation of System Implementation. Implementation due by March 2020. A follow up will take place in 4 months time.	Apr-20		
Compliments & Complaints	6th December 2019	Corporate	Moderate	Reported 1 'high' and 3 'medium' priority findings in, Complaints Recording Management System Issues, Complaints Process, Compliments and Complaints Reporting and GDPR. Follow up to be completed in 3 months.	Mar-20		

end

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

Definition of Audit Opinion Levels of Assurance

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

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Compliments and Complaints						
Assurance: Moderate						
1	High (RED)	<p>Complaints Management System Issues</p> <p>A review of the complaints system found that:-</p> <p>1) There is no clear audit trail of the customer's journey from the start of the complaint to the end and there is no clear indicator within the system to identify what stage the complaint is at.</p> <p>2) For those complaints still open, reminders are sent to the responsible officer every week but are not escalated or followed up in any other way.</p> <p>3) For 2nd stage complaints Audit found that there was no second stage complaint identification within the Compliments and Complaints system leading to an inability to easily identify those complaints.</p> <p>4) The System Developer confirmed that once a record is deleted it is not archived therefore it is deleted permanently. No</p>	<p>Potentially poor service not being addressed and development opportunity missed if there is no full log of complaints.</p> <p>No clear indicator by management of the amount of complaints that reach stage 2 and the reasons why they are not addressed at stage 1.</p> <p>There is a risk that without having the correct controls in place to monitor records and relevant action effectively it could lead to missed</p>	<p>The review to consider the potential for development of the system to improve the council's way of providing services and for the potential to escalate reminder emails if complaints remain open for longer than a set number of days.</p> <p>If the system proves to be not fit for purpose to consider alternative options that will best fit the Council's requirements in relation to the tracking and monitoring of complaints.</p> <p>The system requires a 2nd stage complaint identification tag to ensure all complaints are dealt with appropriately and provide an opportunity to identify potential service development is maximised.</p> <p>To introduce a true audit trail and back-up process within the system so that if a record is deleted by mistake, it can be identified and reinstated.</p>	<p>Responsible Manager: ICT Operations Manager</p> <p>Implementation date: Quarter 1 2020.</p> <p>1) We would like a full audit trail of the system. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p> <p>2) We would like the overdue complaints to be escalated further. There is project to update Active Directory. Once completed in February we will look to investigate if this is sufficient to use to escalate.</p> <p>3) 2nd stage can be developed so calls can be manually moved into this area. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p> <p>4) Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p>	<p>Not due for completion at time of reporting.</p>

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		footprint remains within the system.	<p>opportunity to develop services and potential reputational damage to the council because services are not handling complaints effectively,</p> <p>There is risk of inappropriate actions being taken potentially leading to fraudulent activity by the deletion of records.</p>			
2	Medium (AMBER)	<p>Complaints Process</p> <p>A review of the complaints system found that complaints can be received through multiple channels but not all complaints that are received by the councils are processed through the dedicated system.</p>	<p>Reputational damage if complaints are not being dealt with in a timely manner and that the Council are not aware of the number of complaints received.</p>	<p>To understand the reason why not all compliments and complaints are logged through the current system and then to evaluate the current system used for the recording of compliments and complaints and review if it is fit for purpose.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: April 2020 (depending on development)</p> <p>Complaints Recording Management System</p> <p>1) The single example provided related to Leisure who stated in their response (from a 4th tier manager) that they know that they need to report it on the complaints system and state that they 'are not great at placing them onto the corporate system but resolve it there and then, timing and workload sometimes overtakes'. There was also a comment from the auditor that other services also said this but no evidence was obtained.</p> <p>Communications will go out to</p>	<p>Not due for completion at time of reporting.</p>

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
					<p>staff to ensure that compliments and complaints are recorded on the system</p> <p>2) User Access rights will be reviewed as part of the 2020 implementation.</p> <p>There are users who have left still on the system however they do not have cases allocated to them and we would like to keep their records on this system to show the interaction with any previous complaints.</p> <p>Any users still on the system will have been removed from ICT 'active directory' and so it is impossible for them to access the system.</p>	
3	Medium (AMBER)	<p>Compliments and Complaints Reporting</p> <p>Although there is a reporting option and facility available within the complaints system, it is not being utilised in order to produce reports for management.</p> <p>An assessment of how service areas deal with complaints has identified that not all of them are processed through the system and therefore the integrity of the data is flawed from a corporate</p>	Incomplete management information could potentially lead to poor decision making and missed opportunity to better performance.	<p>Once the integrity of the data within the system has been assured to consider introducing quarterly reports to senior management in order to provide a strategic overview of how the Councils are performing and help to identify areas of risk though non delivery or poor service.</p> <p>To report on service areas to help them improve and to allow services to analyse trends within complaints.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: 1st Dec 2019**</p> <p>There are no plans to report to service managers as the management are the users of the system and can therefore check their own service area reports.</p> <p>Quarterly reports can be provided to CMT and SMT if required.</p> <p>It is planned to publish complaint data on a monthly basis on the</p>	Seeking confirmation of completion at time of reporting.

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		<p>perspective.</p> <p>There is no overall reporting of compliments although services do share compliments within team meetings.</p>		<p>To consider the use of reporting compliments through staff newsletters/corporate events in order to celebrate success and help to boost morale throughout the Councils.</p>	<p>web, including services whose complaints are over 21 days old.</p> <p>This was delayed due to the roll out of the corporate customer care strategy.</p> <p>**Subject to CMT approval, we will suggest a date of 1st December 2019.</p>	
4	Medium (AMBER)	<p>GDPR</p> <p>There is confusion surrounding where the responsibility lies for the deleting of records from the system and if the process is an automatic process or manual one.</p>	<p>There is risk that if items fall out of retention it may damage the reputation of the council as well as creating a possible financial penalty against the authority.</p> <p>There is a risk that that items could be non-compliant within GDPR regulations and that there is no system control of GDPR files.</p> <p>If there is a risk it is breach of GDPR regulations and potential of financial penalty.</p>	<p>To review the current system and allocate a responsible officer to introduce quarterly checks by the appointed officer to ensure that there is a control in place so any personal record that are found to be non-compliant with the retention cycle are disposed of within the correct year.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: December 2020</p> <p>The complaints system was introduced in 2014 and complaints will be held for 5 years following closure. There are currently no records overdue for deletion, and the first record will be deleted in December 2020.</p> <p>Previous meetings with ICT had stated the system will remove records on an annual basis following 2020 however a check will need to be made to ensure this happens. Added to ICT development list.</p>	<p>Seeking confirmation of completion at time of reporting.</p>

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
Audit: Treasury Management						
Assurance: Moderate						
1	Medium (AMBER)	<p>Ledger Coding and Reconciliation</p> <p>There has not been any formal periodic reconciliation of treasury management activities in the ledger for either Council during the 2019/20 financial period. However it is understood that discussion are being held on the completion of these within the finance team with responsibility expected to sit with the Accountancy Assistants.</p> <p>It was noted during audit testing that one out of four tested Redditch Borough Council borrowing transactions was not correctly coded on the ledger instead being coded to the investment code.</p> <p>Additionally delays were recognised in posting treasury transactions to the ledger in excess of a month.</p>	<p>Failure to correctly account for financial transactions on the ledger, potentially resulting in reputational damage to the Councils.</p>	<p>A formal reconciliation of treasury management activities is required against the ledger postings at agreed intervals to be determined by the Finance Team, to ensure all financial activities have been fully accounted for and coded correctly.</p> <p>A monthly reconciliation would also ensure treasury transactions were posted to the ledger in a timely manner by capturing any unposted transactions.</p>	<p>Management Response: Due to recent changes in the team, and resourcing issues this has not been possible to complete. This has now been remedied with posts being filled, so reconciliations will be undertaken going forwards as well as those which are outstanding.</p> <p>Implementation Date: December 2019</p> <p>Responsible Officer: Financial Services Manager</p>	<p>Seeking confirmation of completion at time of reporting. Rolled forward recommendation from 2018/19.</p>
2	Medium (AMBER)	<p>User Access</p> <p>A user account for an Accountancy Officer with access to the iDealTrade system was not removed at the point of the Officer</p>	<p>Failure to control access to key systems resulting in potential breaches which could result in reputational or financial loss for the</p>	<p>Ensure procedures for removing network access for previous employees are followed. Additional system access must also be removed in a timely manner, and</p>	<p>Management Response: Agreed, as part of the leaving process going forwards access to ideal trade is reviewed to ensure that leavers no longer have access</p>	<p>Seeking confirmation of completion at time of reporting. Rolled forward recommendation from 2018/19.</p>

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		leaving.	authority.	monitored by senior officers in the Finance team. Current access requirements to be reviewed on a periodic basis.	<p>Implementation Date: October 2019</p> <p>Responsible Officer: Financial Services Manager</p>	
3	High (RED)	<p>iDeal Trading System</p> <p>It was identified a number of officers have the ability to raise borrowing adverts on iDeal Trade with no supervision from any other senior officer.</p> <p>The maximum single loan limit was ascertained as £10 million, the limit on the number of adverts that can be placed is unknown.</p> <p>In addition the ability exists to set interest rates and terms (maximum term of 60 months). Interest rates are based on other borrowers on that day, however are not currently evidenced.</p> <p>The Officer raising the debts also sends the bank details to the lender via E-mail, but is not able to change the bank details on the iDeal Trade system.</p> <p>The iDeal Trade system can auto-match and agree a</p>	<p>Best value is not achieved in regards to interest rates/terms.</p> <p>Employee raises unrequired loans.</p> <p>Fraudulent loans are paid into personal bank accounts.</p> <p>Reputational Damage.</p>	<p>A segregation of duties and approval system is introduced to protect employees at each stage.</p> <p>Evidence of best value is recorded e.g. interest rates on the given day.</p>	<p>Managers Response: Agreed, discussed with Arlingclose about putting in an additional step, training on the software has been booked.</p> <p>Implementation Date: October 2019</p> <p>Responsible Officer: Financial Services Manager</p>	<p>Seeking confirmation of completion at time of reporting.</p>

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		deal autonomously if another iDeal Trade partner agrees the terms. An E-mail is generated by the software and sent to a number of officers only after the deal is agreed.				
Audit: Document Retention						
Assurance: Limited						
1	High (RED)	<p>Controls of retention schedule</p> <p>Testing of retained items against the retention schedule indicated that all service areas are archiving information but not all of them are destroying the information in a timely manner. E.g. within the year it requires destroying.</p>	<p>Redditch Borough Council could become non-compliant with GDPR regulation requirements increasing the potential for reputational damage and financial penalty.</p>	<p>To continue to encourage staff through the annual General Data Protection Act training that is provided by the information team to encourage the importance of removing information; it is to be encouraged through the recommendation to establish a clearance day routine to ensure that all documents are destroyed and appropriate actions are taken.</p> <p>Each service to ensure that it manages its data disposal in a timely manner.</p>	<p>Responsible Officers:-</p> <p>ICT Manager</p> <p>ICT Operations Manager</p> <p>Implementation Date: - Q4 2019/20</p> <ol style="list-style-type: none"> 1.) Reminders to staff via the orb to delete records that are passed the retention period. 2.) To conduct a corporate annual clear out to remove documentation that is passed the retention period. 3.) Review the retention schedule to ensure it remains fit for purpose. 	<p>Not due for completion at time of reporting.</p>
2	High (RED)	<p>Security of archived information</p> <p>Hard Copy</p> <p>Testing found that hard copy information that is stored at</p>	<p>There is the potential risk of unauthorised access to</p>	<p>Redditch Borough Council to ensure sensitive information that is</p>	<p>Responsible Officers:</p> <p>ICT Operations Manager</p>	

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan	Follow Up results as at December 2019
		both authorities can be viewed by anyone. Although it is stored within specific areas for services, anyone can access the archives room and sensitive information including personnel files, personal financial records and investigations can be easily accessed.	sensitive information leading to reputation damage and/or a breach of Data Protection Act and General Data Protection Regulations.	being archived is not accessible to staff other than those that require it for their role and responsibilities. Also, the current arrangements to be reviewed to ascertain whether sensitive information is sufficiently protected from unauthorised use.	Head of Legal & Democratic Services (for deeds transfer item) Senior H&S Officer Implementation Date Q1 2020/21 All archive records are to be securely stored if not considered to be 'public' viewing.	Not due for completion at time of reporting.
3	Medium (AMBER)	<u>Retention Policy</u> Testing found although there is a clear retention policy for IT available there is not a clear transparent policy available on the orb page in regard to retention. Review of Policy and Procedure schedule Testing found service areas are not updating the policy and procedure schedule.	If the policy is not transparent and readily available staff will not follow it potentially leading to the non-compliance with statutory requirements, reputation damage and financial loss through fines.	Current retention procedure to be reviewed to ensure it remains fit for purpose and a policy is published on the Orb for staff to reference and follow. These key documents require periodic review and update in line with business need.	Responsible Officer:- ICT Operations Manager Implementation Date Q1 2020/21 To revisit to ensure the retention policy remains fit for purpose and that conversations are happening to keep on top of the retention of documents.	Not due for completion at time of reporting.

end

REDDITCH BOROUGH COUNCIL

Date: 30th JANUARY 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix 5

Quality Assurance Improvement Plan (QAIP) for 2019/20.

Actions for points 1, 2 & 5 reported completed before 20th September 2019. Further progress has been made in regard to the remaining points as indicated below.

Action No.	Area to be actioned	Outcome required	Action	To be undertaken by:	Date to be completed	Completed	Further Action Required
3	2240 - Approving Work prior to starting	Develop a process where by we can QA the testing programme prior to testing being undertaken, and to ensure that a formal sign off has taken place by either Head of Internal Audit or Team Leader	Engage with staff via Team Meetings to agree a process and to adjust the methodology to reflect the initial sign off prior to the testing commencing.	Audit Team Leader	Dec-19	Ongoing. Included in July Team Meeting.	Feedback collated during August/September with live running October 2019 onwards. Monitoring being undertaken to ensure fully embedded. December update: Live running commenced in October. Monitoring continuing.
4	2420 - Timely Completion of Stages	To make improvements in line with completing all stages of audits in a timely manner.	Stage monitoring will be picked up via 1-2-1's and the report monitoring will be picked up with the Audit Tracker "Response" tab (and discussed in 1-2-1's).	Audit Team Leader	Immediate implementation with ongoing monitoring throughout the year	First phase implementation completed but remains ongoing.	Continue to monitor to 31 st March 2020 to ensure fully embedded. December update: Monitoring continuing.