

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

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, Head of Finance and Customer Services
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 2021/22.

2. RECOMMENDATION

2.1 **The Committee is asked to note the report.**

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 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 2021 to 30th September 2021 against the performance indicators agreed for the service and further information on other aspects of the service delivery.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Summary Dashboard 2021/22:

Total reviews planned for 2021/22	15 (minimum originally)
Reviews finalised to date for 2021/22:	1
Assurance of 'moderate' or below:	1
Reviews awaiting final sign off:	3
Reviews ongoing:	9
Reviews to commence (Q3 & Q4):	8
Number of 'High' Priority recommendations reported:	0
Satisfied 'High' priority recommendations to date:	0
Productivity:	57%
Overall plan delivery to date:	30% (against target >90%)

Since the last progress report presented to the Committee, 1 report has been finalised and is reported in Appendix 3.

Follow Up reports that have been finalised since the last progress report presented before Committee are reported in Appendix 4.

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

RESIDUAL 2020/21 AUDITS

Reports that have been completed since the last progress report and reported for information include:

- Use of Agency and Consultant
- Council Tax
- National Non-Domestic Rates
- Benefits
- Health and Safety
- Creditors
- Main Ledger
- Payroll
- St David's House

The outcomes of the above reviews are reported at Appendix 3.

2021/22 AUDITS TAKING PLACE AS AT 30th SEPTEMBER 2021

Due to the implementation of the new financial system and an extended delay to provide audit with a 'read only' access profile the rolling testing programme that should have been continuing during quarters 1 and 2 for Debtors and Creditors has not taken place. The access was established at the end of September but the result will be a smaller sample overall and a reliance on the review testing due to take place in Q3 and Q4 to provide a formal assurance. Payroll has been completed.

The review that has been finalised and reported at Appendix 3 is:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Projects

The reviews at draft report stage are:

- Worcester Regulatory Services
- GDPR
- Strategic Acquisitions

Reviews that had commenced and at planning or testing stages included:

- Treasury Management
- Procurement
- Budget Monitoring
- Grants
- Benefits
- NNDR
- Council Tax
- Gas Inspections
- Asbestos Regulation Compliance

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

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 regarding 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. To assist the service area to move forwards 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. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.3 above.

Internal Audit are continuing to consider new processes emerging from the changing working arrangements that have been necessary to continue to provide the Redditch residents with services because of the pandemic. Plan flexibility is continuing to be required to include and provide assurance on potential areas of change.

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 outcomes of the follow up reviews are reported in full so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied. There are no material exceptions to report currently.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

3.4 AUDIT DAYS

Appendix 1 shows the progress made towards delivering the 2021/22 Internal Audit Plan and achieving the targets set for the year. As at 30st September 2021 a total of 117 days had been delivered against an overall target of 385 days for 2021/22.

Appendix 2 shows the performance indicators for the service. Performance and management indicators were approved by the Committee on the 29th July 2021 for 2021/22.

Appendix 3 provides copies of the reports that have been completed and final reports issued since the previous progress report presented to Committee.

Appendix 4 provides the Committee with 'Follow Up' reports that have been undertaken to monitor audit recommendation implementation progress by management.

Appendix 5 provides an overview of the Quality Assurance Improvement Plan.

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 coordination of uploads.
- Investigations

National Fraud Initiative

- 3.6 NFI data set upload result checks from the most recent data sets have continued. WIASS will continue to provide advice and assistance regarding the process. The next data set upload is December 2021.

Monitoring

- 3.7 To ensure the delivery of the 2021/22 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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 to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems which have been deemed to be 'high' and 'medium' risk. Any changes to the plan will be discussed with the s151 Officer and reported to Committee.

Quality Assurance Improvement Plan

- 3.8 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. A self-assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. Action to date is reported for information at Appendix 5.

Customer / Equalities and Diversity Implications

- 3.9 There are no implications arising out of this report.

Assurance and Independence

- 3.10 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards (as amended). WIASS 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.
- 3.11 WIASS 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 2021/22
Appendix 2 ~ Performance indicators 2021/22
Appendix 3 ~ Finalised audit reports including definitions.2021/22 & 2020/21
Appendix 4 ~ 'Follow-up' reports
Appendix 5 ~ Quality Assurance Improvement Plan

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

6. **BACKGROUND PAPERS**

Individual internal audit reports are held by Internal Audit.

7. **KEY**

N/a

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REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2021/22 1st April 2021 to 30th September 2021

Audit Area	Original 2021/22 Plan Days	Forecasted days to the 31st December 2021	Actual Days used to 30th September 2021
Core Financial Systems (see note 1)	112	112	33
Corporate Audits	76	61	47
Other Systems Audits (see note 2)	143	43	18
SUB TOTAL	331	216	98
Audit Management Meetings	20	15	11
Corporate Meetings / Reading	9	6	4
Annual Plans, Reports and Audit Committee Support	25	18	4
Other chargeable (see note 3)			
SUB TOTAL	54	39	19
TOTAL	385	255	117

Audit days used are rounded to the nearest whole.

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, but internal audit has been unable to deliver this during 2021/22 due to restricted system access. Access was provided during September 2021. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix 2

PERFORMANCE INDICATORS 2021/22

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2021/22. 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	2021/22 Position (as at 30 st September 2021)		Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = 15 (Minimum originally) Delivered = 1 and 3 @ Draft		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	30%		When Audit Committee convene
3	Service productivity	Positive direction year on year	Q2 Average 57% (2020/21 average 62%)		When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to date (2020/21 = 4)		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	1 (2020/21 = 6)		When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (Nil)	Nil to report (2020/21 = 0)		When Audit Committee convene
Customer Satisfaction					
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	1 issued to date Rec'd 1x Excellent 2020/21 1x Excellent		When Audit Committee convene

WIAS conforms to the Public Sector Internal Audit Standards (as amended).

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 3

Appendices A & B are indicated below and are applied to all reports. To save duplication these have been produced once and listed below for information but can also be applied to Appendix 4.

Appendix A

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 its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Appendix B
Definition of Priority of Recommendations

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

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2021/22 Audit Reports.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Projects 2021-22

Date 9th September 2021

Distribution:

- To: Head of Business Transformation, Organisational Development and Digital Strategy
Business Improvement Manager
- CC: Executive Director of Resources and Section 151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	12
2. Audit Scope and objective	12
3. Audit Opinion and Executive Summary	13
4. Detailed Areas of Project Management where controls could be strengthened	14
5. Independence and Ethics:	20
APPENDIX A	Error! Bookmark not defined.

1. Introduction

- 1.1 The audit of the projects process was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2021/22 which is currently in draft and waiting approval by the Governance and Standards Committee on 29th July 2021 and for Bromsgrove District Council which is currently in draft and waiting approval by the Audit, Standards and Governance Committee on 22nd July 2021. The audit was a risk-based systems audit of the projects as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This area of review is fundamental to Strategic Purpose delivery as it supports the achievement of the underlying priorities.
- 1.3 There are no Service risks relevant to this review The Corporate risk relating to this review was:
- COR10 - Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
- 1.4 There is an Inherent risk of fraud via the procurement that is required to deliver large scale projects if controls are not in place and working.
- 1.5 This review was undertaken during the months of May and June 2021.

2 Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the authorities have identified required outcomes of the Projects process both corporately and on an individual project basis, what success looks like, risks to the Councils and have used this to make an informed decision on the procedures required to achieve this.
- 2.2. **The scope covered:**
- The expected outcomes for developing a corporate project register are understood and documented

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Agreements are in place to confirm where corporate responsibility should sit regarding project management oversight and the ability to intervene if project timelines or spend are identified as not meeting documented targets/budgets.
 - Metrics are defined to monitor the effect of the corporate oversight, identify successes and failure in the delivery and monitoring of projects.
 - A developed project management framework exists, and the framework is communicated to and training provided on its use to service areas/project managers. Project Managers feel that they have the right skills/support/training and feel comfortable in their ability to lead and deliver the project.
 - Project management framework templates and guidance are followed.
 - Information generated via said framework provides Senior Management and subsequently Members with useful, accurate and timely information and is appropriate to the audience.
- 2.3. This reviewed covered the period from the date of the revised methodology 18th December 2019 to the current position as at 25th June 2021.
- 2.4. This review did not provide an opinion on whether the business case and subsequent project was the best course of action for the Authorities to realise financial, social or efficiency benefits.

3 Audit Opinion and Executive Summary

- 3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **moderate assurance** in this area because while we acknowledge that measures are going to be put in place to address this, currently there is no corporate oversight and monitoring of the projects and it is unknown how many projects are happening at any given time. While there is no corporate oversight projects are still being delivered within the various service areas. There is a framework in place for the more complex projects, but it is unclear the methodology being followed for other projects. While there is a project framework in place which acts as a control, there are areas which can be strengthened. As the corporate oversight and monitoring is not yet in place, assurance can only be given over the effectiveness of controls within some areas of the system. To aid Management to strengthen controls within these areas actions have been included in the table in **section 4**.
- 3.3 The review found the following areas of the system were working well:
- The Project Management Framework (Framework) provides the Council with a consistent, structured approach to the planning, implementation, management and delivery of projects
 - Detail within the Programme Board Highlight Report and use of RAG rating (Housing Project) highlighting the risks and achievement against the milestones.
 - Using the Issues and lessons learnt log during the project.
 - Continuing to manage projects with the disruption caused by the Covid-19 pandemic

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

3.4 Current Position

The Senior Management Team have agreed to support a better corporate oversight and monitoring of projects after this gap in the process had been identified by the Head of Business Transformation.

To help facilitate this the Business Improvement Manager is in the process of collating details of the current projects to enter on to draft corporate projects register.

It is currently not clear which of these are actual projects and therefore must follow the 'Project Management Framework' (The framework is for in house project management) as testing has identified that some projects, are being deemed by project leads as service improvements, are not following the framework. Therefore, it is not clear how many 'projects' are currently in progress.

This poses a risk in relation to budgets, places a pressure on resourcing in key areas such as finance, legal, IT, procurement if there is no co-ordination on the number, timing of the projects and a potential risk if the project constraints/risks are not being monitored and managed corporately.

In addition to this 'lessons learnt' are not currently being reviewed and shared corporately meaning that improvements are not being used to make improvements to the process, identify training requirements and share learning.

4. Detailed Areas of Project Management where controls could be strengthened

The issues identified during the review have been set out in the table below along with the related risks, recommendation/challenge and Management Consideration and Action Points.

Ref.	Areas where controls could be strengthened	Risk	Recommendation/challenge	Management Considerations & Action Points
Corporate oversight and general understanding of the term 'project'				
1	<p>Corporate understanding of the term 'Project'</p> <p>To understand corporately how a project is to be defined council wide.</p> <p>This may be a loose statement based on criteria such as type, size, value, complexity.</p>	<p>Projects cannot be defined and identified and subsequently not recorded on an accurate and up to date project register. Leading to project overspends, extended duration/missing of milestones, penalties for missing legislative timelines. Poor transparency if project management</p>	<p>A simple flowchart/decision tree could be used to help officers identify what projects must follow the Project Management Framework and what projects such as service improvements fall outside the definition. This could also include where to go for advice if this is not easily determined.</p> <p>This could also help to determine which initiatives need to be included on the projects register and which may be overseen by Management within the individual Service area carrying out the initiative.</p>	<p>The Project Management Framework will be amended to include a flowchart/decision tree to determine which projects require the use of the framework. Project criteria will be determined for inclusion in the framework.</p> <p>The flowchart/decision tree will also detail what categories, definitions, and exceptions will be monitored by the Corporate Management Team and which are service specific.</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		information do not reach relevant Senior Management and Members.		Responsible Officer: Business Improvement Manager By: December 2021
2	<p>Allocation of responsibility for Management oversight, monitoring and intervention to strengthen governance with an additional layer of control.</p> <p>There is currently no defined and understood corporate responsibilities in place for project management oversight and the ability to intervene if project timelines, risk or spend are identified as not meeting documented targets/budgets.</p>		<p>Define and agree clear lines of accountability for corporate oversight within the authority in relation to oversight, monitoring and intervention</p> <p>Once there is allocated corporate responsibility for oversight and reporting with defined timescales. Decide types and level of intervention that could be required and develop processes to apply these in a uniformed and transparent way.</p> <p>Consider, identify and document the realistic number of projects that can be corporately monitored and define how the success of corporate oversight can be tracked, e.g., achievement of project following corporate intervention.</p>	<p>The Project Management Framework will be amended to include clear allocation of responsibility, accountability, and reporting lines.</p> <p>The Business Improvement Manager working with CMT will identify projects to be corporately monitored, this will include how success will be tracked and the use of reporting templates to achieve this.</p> <p>Responsible Officer: Business Improvement Manager By: November 2021</p>
3	<p>Recording, monitoring and reporting of Projects</p> <p>There is no system for the tracking of projects.</p> <p>Implementation of a fit for purpose system used corporately would enable the Council to track projects and their progress and can produce corporate reports that identify success and failures within individual projects, meaningful metrics on overall project achievement (percentage completed, time to deliver, trigger points, risks, flags etc.)</p>		<p>Investigate to see if any of the systems currently operated by the council would be capable of operating a live system to be able to report at any time the progress of the project against the programme milestones, risks, budget. Using RAG ratings for ease of reporting and to use as a trigger / early warning system for reporting of any concerns or emerging risks.</p>	<p>Existing corporate systems will be explored to understand if they are suitable to be used to track project progress. For example, the 4Risk system.</p> <p>If existing systems are unsuitable consideration will be given to procuring an external system. This action will be dependent on the financial position at the time.</p> <p>Responsible Officer: Business Improvement Manager By: March 2022</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>4</p>	<p>Project Risks</p> <p>Testing identified:</p> <ul style="list-style-type: none"> • The issue register does not show the date of the update. All actions remain open • Risk Register. All risks recorded on this register are still shown as active from 2018 to date • There is no evidence as to learning from entries on the lessons learnt register. <p>The issue logs, lessons learnt log and risk logs are being completed and have highlighted areas of concern with regards to the Housing Project such as.</p> <ul style="list-style-type: none"> • Procurement • Lack of policies held by the service, • Delivery of the project and timescales during the pandemic • Resources stretched/left • Service review during the project which impacted on staff availability and staff moving from fixed term contracts to permanent roles within the authority. • Project Lead Reporting on behalf of all areas. • Senior Users and the Project Board accountable for reviewing risks throughout the project. <p>Issues recorded on these logs are being discussed with Senior Users who are part of the project's functions. Solutions are offered. However, the main issue is around resourcing.</p>		<p>Corporate monitoring of the processes and subsequent risks is performed to identify if elements remain unresolved and intervention is required to close, mitigate risk or move forward with the project. For example, ensuring individual items on issues logs are acted upon. In addition, a review of project documents may identify risks not identified by the service area.</p> <p>Where there is a technical issue, this may be more appropriate for key stakeholders to report individually to the board so there is no misunderstanding of the issue.</p> <p>Currently as detailed in appendix A Project Functions within the PID. it appears the project Manager is responsible for reporting risks and issues, but should there also be accountability for reviewing risk by the Senior User and Project Board throughout the project?</p>	<p>The inclusion of technical specialists at Project Board meetings or at CMT meetings along with the Project Manager will be implemented.</p> <p>Responsible Officer: Head of Transformation, OD & Digital Services By: December 2021</p> <p>The review of the Project Management Framework will outline the Senior User and Project Board responsibilities in relation to risks and issues and the actions needed to mitigate them.</p> <p>Responsible Officer: Business Improvement Manager By: December 2021</p>
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REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5	<p>Service Improvement Projects (projects excluded from the Prince 2 methodology)</p> <p>Testing identified:</p> <p>Projects listed on the draft corporate project register were found to have not followed the methodology as they were deemed as service improvements by the project leads.</p>		<p>Decided as to what type of projects should have corporate oversight and monitoring and there is a clear process to follow for any projects that fall outside the project's framework. Explore Microsoft projects application to see if this could be used for projects that fall outside the prince 2 framework.</p> <p>Currently all projects are being managed in house. It would be advisable to consider what oversight the authority would have on projects led by 3rd parties and how the risk would be managed.</p>	<p>Options for the approach to projects identified as being outside of the project framework will be included in the review of this document. Suitable option will be agreed with the CMT. It is anticipated that reporting to CMT will be by exception via the service manager or project lead.</p> <p>Options to ensure feedback is received about the progress of externally managed partner projects will be included in the Project Management Framework after further discussion with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2021</p>
Training and Methodology				
6	<p>Training</p> <p>Testing identified:</p> <p>Officers working on projects outside of the methodology felt comfortable leading the projects due to their technical knowledge and expertise of working within that service. These officers were not aware of the methodology.</p> <p>There are currently 14 staff across RBC and BDC that are recorded as have Prince2 Foundation on the central training record and 6 staff that have completed the Introduction to Project Management training</p>	<p>Lack of trained staff results in projects stalling leading to overspends, delays and reputational damage if the authority is challenged on process.</p> <p>Lack of a robust audit trail could lead to the Authority not being able to respond to challenges and safeguard officers reputation should a decision be challenged at a later date.</p>	<p>There is corporate oversight to ensure that there is sufficient staff that have the skills needed to lead on complex projects. Consider skills needed for projects outside of the framework to ensure Officers are competent to deliver the project/service improvement in line with corporate policy. In service areas where there are no staff trained on Prince 2 ensure there is policy and procedures in place and technical officers have capacity to take time away from their day job to work on the project when considering resources needed for the project.</p> <p>Use the information within the lesson learnt and feedback from the project lead to look for ways to improve the process and ensure officers</p>	<p>Heads of Service will arrange for some of their teams to undertake project management training in order to improve and increase the project management skills within the organisation.</p> <p>Responsible officer: CMT and Business Improvement Manager</p> <p>By: March 2022</p> <p>Following the amendments to the Project Management Framework, the Business Improvement Team will provide and</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

			<p>working on projects are kept up to date with any learning and changes to the process.</p>	<p>facilitate training sessions to service managers. This will include the importance and use of all elements of the framework including: issue logs, lessons learnt and risk logs and the actions required for success.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: February 2022</p>
7	<p>Methodology, Record Keeping and Resourcing</p> <p>Testing identified;</p> <ul style="list-style-type: none"> A Business Case 'Improvement to HRA through Rent Management System' which was approved dated July 2020 on the document but still shown as draft. To prevent any confusion, documents which are approved should be complete and changed to Final. Approval for the business case was not held within the audit trail by the project lead. To safeguard the project lead it would be advisable to hold a copy of approval (where they are not recorded within minutes) for the various stages of the project in a retrievable form such as an email. This is to prevent any misunderstand or future challenges over decisions made. Within the Project Board Project Initiation Document (PID) there were names against suppliers missing. For resilience documents should be fully completed or an audit trail if information provided at a later stage so that information can be retrieved within a timely manner should the project lead not be available. 		<p>Resilience is needed within project team should officers resign or transfer to other positions within the council, or not be available for work due to other commitments/illness. This is especially important for complex projects where individual knowledge is gained on project elements that may not be easily or quickly transferred.</p> <p>A process to evidence approval of the Business Case and Project Board Project Initiation Document (PID and decision making).</p> <p>Maintaining an accurate audit trail held centrally and available to the corporate team will help to understand the decisions that have been made up to that point and the progress to date. Consideration could be given to a deputy</p>	<p>The option to nominate a deputy project manager will be included in the review of the Project Management Framework. Particularly for high value, complex projects. This will be dependent on budget and resource constraints.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2022</p> <p>The need to evidence Business case and PID approval will be actioned with amendments to the Project Management Framework, as well as covered in the training sessions.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2021</p> <p>See point 3 regarding the use of a technical system to store project data.</p> <p>Responsible Officer: Business Improvement Manager</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	<ul style="list-style-type: none"> Within the framework there is a Data Protection Impact Assessment (DPIA) process to evidence compliance with the requirements of the General Data Protection Regulations 2018. The testing established that Data Protection assessment document was still in draft. The framework suggests this needs to be completed if you are starting a project especially when they will be new systems. 		<p>project manager for complex and long projects to improve resilience and avoid a potential single point of failure.</p> <p>The audit trail must contain evidence of approvals/decision making in the event of a challenge and to safeguard the officer.</p> <p>.</p>	By: March 2022
8	<p>Transparency</p> <p>Reference within the methodology for committee reporting on projects was not identified.</p>		<p>Clear process in place to define what project information is reported to members routinely and additionally an escalation process for when project information needs to reported to members due to its nature to ensure transparency.</p>	<p>This process will be defined in the review of the Project Management Framework in consultation with the CMT.</p> <p>Responsible Officer: Business Improvement Manager</p> <p>By: December 2022</p>

5. The way forward

- Decide on what projects follow the Prince 2 Framework and who will decide this.
- How projects will be prioritised.
- A realistic number of projects to deliver and monitor at any one time.
- There is the resourcing and the knowledge within Redditch and Bromsgrove Councils to oversee and monitor projects.
- There are the skills and resources within the authority to provide the technical expertise needed for longer and complex projects and when multiple projects are running at the same time.
- Allocated corporate responsibility for oversight and reporting with defined responsibilities.
- A system that captures projects, is live and up to date, can be used to monitor the milestones, identifies emerging risks and can be used to report to the various audience.
- Agree triggers that require escalation from corporate monitoring i.e., Overspend budget, missed timescales.
- What intervention will there be from senior management.
- Risks, overspends on budgets, programme milestones not met are reported and transparent.
- Link to the Risk Management Strategy and risk registers (4risk system)
- Audit trails including approvals and decisions held centrally.
- Post evaluation of the project to apply lessons learnt.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

6. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2020/21 Residual Audit Reports

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Council Tax 2020-21

Date: 31st March 2021

Distribution:

To: Financial Support Services Manager
Head of Finance and Customer Service

Cc: Chief Executive
Executive Director S151

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

- 1.1. The audit of the Council Tax was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the Council Tax as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. Link to Corporate Priorities and Objectives:
BDC Ensure People get the benefits they need - Work and Financial Independence BDC Plan 2019-2023
BDC Financial Stability - BDC Plan Prioritise 2019 - 2023
RBC Plan 2020-2024 Priorities Financial Stability, High Quality Services
RBC Work and Financial Independence - Ensure People get the benefits they need Plan 2020-2024
- 1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
- COR11: Managing the impact of national changes- financial/social economic or environmental which may have a detrimental impact on service delivery or quality (e.g. Brexit/Universal Credit)
 - COR13: IT systems and infrastructure has a major failure.
- The following entries on the service risk register are relevant to this review:
- REV 3 Failure of support/availability of key systems finance and resources replies upon
 - REV 4 Failure to effectively manage change.
 - REV 7 Performance Information data is not robust
 - REV 11 Reduced collection rates
 - REV 12 Failure to meet audit requirements

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

1.4. This review was undertaken during the month of November 2020.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance that the new collection methods for collecting Council Tax income for the two authorities up to the issue of the summons and the risk to the Authorities with regards to Council Tax debt recovery due to the impact of the Coronavirus has been fully considered.

2.2. The scope covered:

- The methods of collection are working / fit for purpose the methods of collection are working / fit for purpose.
- The impact of Covid-19 on the recovery process and the strategy and plan in place to deal with the net impact on debt for the suspended period.
- The recovery process post lock down.
- A review of the updated position in relation to the 2019/20 audit recommendations

2.3. This review covered the period from 1st April 2020 to the 27th November 2020.

2.4. This review did not cover

- Registration processes and the identification of new dwellings
- User Profiling
- The processing of payments and refunds.
- Procedures for processing Council Tax information, including the setting up of new customer accounts and timely and accurate billing is taking place.
- The application of discounts and exemptions on properties, and the respective billing amounts.

3. Audit Opinion and Executive Summary

3.1. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2. We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but that some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- 3.3. It has been noted that the dashboard collection measures are subject to a revision and requests have been made by the service for the measures and supporting measures to be updated to enable this information to be logged.
- 3.4. The service is aware of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 due to come into force in May 2021.
- 3.5. The corporate and service risk register contains identified risks for the Revenues Service. The monitoring of these risks is carried out on a monthly basis within the service performance report and annually against the 4risk system. However, the footprint within the system does not identify when the risk was last reviewed.
- 3.6. The review found the following areas of the system were working well:
- A new online portal which customers can apply to set up a payment arrangement which, if successful, has the potential to reduce the number of phone calls into the service.
- 3.7. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Previous Audit 2019/20 Follow Up		
Recovery of Prior Debt (Follow Up)	Medium	1
New Matters Arising 2020/21		
Strategic Recovery plans	High	2
Process and procedures	Medium	3

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Issues brought forward from previous 2019/20 audit					
1	M	<p>Recovery of prior debt (Follow Up)</p> <p>The action to address this finding within the 2019/20 audit is still outstanding due to other priorities during the pandemic.</p> <p>A review of resources for recovery of Council Tax and Non-Domestic rates will be completed within the first 6 months of 2020.</p> <p>As part of this review there will be a challenge to the existing Recovery Policy and Debt Collection strategies.</p> <p>This review will ensure that more thorough guidance is provided to teams in relation to actions for collection of debt, methods of enforcement and where applicable write off</p> <p>Implementation Date: 30 September 2020</p>	<p>Loss of potential income to the authority due to limited recovery on aged debt.</p> <p>Adverse collection rates leading to reputational damage and financial hardship.</p>	<p>To incorporate into the service business, plan a clear policy as to how the Council will deal with aged debt and the way it is to be managed going forward to maximise income and take timely action.</p>	<p>Responsible Manager:</p> <p>The review of resources and revision to both the recovery policy and debt collection strategies was delayed as the Revenue Services Team were tasked with the delivery of the Government's Covid-19 business support programme.</p> <p>There was insufficient capacity to both deliver the essential business support and to complete the review.</p> <p>Resource requirements for the service and development of enhanced debt strategies Will be completed in final quarter of 2020/21 and first quarter of 2021/22</p> <p>Implementation Date: 30th June 2021</p>
New matters arising					
2	H	<p>Strategic Recovery Plans Corporate</p> <p>While there is a corporate plan in draft to address recovery and restoration for Redditch Borough Council and an approved corporate plan for Bromsgrove District Council the actions for the Revenues Team are ongoing with no clear milestones as to when these actions will be completed.</p> <p><u>Revenues Service</u></p>	<p>Failure to have Service Business Plans in place has the potential for loss of Council Tax income and leave the service open for challenge.</p> <p>By not having plans in place there is less buy in from the staff and a lack of transparency regarding deliverables. This could result in a</p>	<p>A service business plan is developed to make clear and transparent to all how the Service will manage recovery going forwards, including, how you are dealing with those who have lost jobs, been furloughed or on lower incomes. Where recovery has not had any action for a period (including aged</p>	<p>Responsible Manager:</p> <p>The service is completing a review of resources as noted in recommendation one.</p> <p>The development of a revised service plan, incorporating a recovery plan will be completed as part of the implementation of recommendation one.</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		<p>The service does have plans on how to address the impact of the Coronavirus Pandemic. However, at the time of the audit the service was in the response stage and was prioritising issuing grants as instructed by Central Government. Therefore, at this stage of the audit, there was no written detailed business plan/action plan which addressed this including the finer detail of prioritising debt recovery, balancing resources and resilience within the team, recovery during further lock downs or being placed in higher tiers over the short, medium and long term.</p>	<p>lack of direction, actions taking longer and the potential for further impact on recovery.</p>	<p>debt), customers will need to be informed recovery is re-commencing. A plan will also be required to balance resources with the knowledge and expertise required. Once plans are in place they should be updated and monitored on a regularly basis.</p>	<p>Implementation Date: 30th June 2021</p>
3	M	<p>Process and Procedures</p> <p>Changes to the usual recovery process were forced upon the service due to the pandemic and recovery was paused from March 2020 to August 2020, due to the Courts being closed. During this time the service was unable to proceed past the final reminder. There is no evidence that the usual recovery process has been amended to reflect that there was no recovery action during the first lockdown and what action had been agreed with staff regarding re-profiling, deferring payments and special arrangements.</p> <p>Customer Service Staff were brought in to assist the recovery team with taking phone calls from customers regarding reminder letters. While this has been a support to the business, staff had to be trained and any queries</p>	<p>Failure to have a documented procedure for the collection and recovery during the pandemic could result in challenge for the authorities and reputational damage if customers are treated unfairly or indirect discrimination takes place.</p>	<p>Document the plan/timeline to ensure that the balance between any back log of recovery and prioritisation of resource is achieved.</p> <p>Review success of the temporary procedures e.g. call backs to ensure there are no missed opportunities to develop the current process.</p> <p>As part of the business plan, review skills within the team to ensure there is enough resilience and they are deployed in the most efficient manner.</p> <p>Gain feedback from Customer Service on the process. Ensure that Customer Service staff have the relevant knowledge and</p>	<p>Responsible Manager:</p> <p>The actions highlighted within this recommendation are completed on a monthly basis through</p> <p>Cross Service Meetings. Monitoring of pass backs Review and Provision of training.</p> <p>Further steps will be taken during first quarter of 2021/22 to provide additional training and support to customer services teams</p> <p>Implementation Date: 30th June 2021</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		that could not be answered, referred to the recovery team. Due to the small number of staff within the Recovery Team, there has not always been resourcing to cover their role when not available. For example, attending Court.		expertise to add value for the service and provide written instruction to ensure everyone is treated equally.	
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

NNDR 2020-21

Date: 31st March 2021

Distribution:

To: Financial Support Services Manager
Head of Finance and Customer Services

Cc: Chief Executive
Executive Director S151

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

- 1.1. The audit of the NNDR was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the NNDR as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. Link to Corporate Priorities and Objectives:
BDC Ensure People get the benefits they need - Work and Financial Independence BDC Plan 2019-2023
BDC Financial Stability - BDC Plan Prioritise 2019 - 2023
RBC Plan 2020-2024 Priorities Financial Stability, High Quality Services
RBC Work and Financial Independence - Ensure People get the benefits they need Plan 2020-2024
- 1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:
- COR11: Managing the impact of national changes- financial/social economic or environmental which may have a detrimental impact on service delivery or quality (e.g. Brexit/Universal Credit)
 - COR13: IT systems and infrastructure has a major failure.
- The following entries on the service risk register are relevant to this review:
- REV 3 Failure of support/availability of key systems finance and resources relies upon
 - REV 4 Failure to effectively manage change.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- REV 7 Performance Information data is not robust
- REV 11 Reduced collection rates
- REV 12 Failure to meet audit requirements

1.4. This review was undertaken by during the month of November and December 2020.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance that the new collection methods for collecting NNDR income for the two authorities up to the issue of the summons and the risk to the Authorities with regards to NNDR debt recovery due to the impact of the Coronavirus has been fully considered.

2.2. The scope covered:

- The methods of collection are working / fit for purpose
- The impact of Covid-19 on the recovery process and the strategy and plan in place to deal with the net impact on debt for the suspended period.
- The recovery process post lock down.
- Pre and Post distribution checks have been undertaken on the business support and discretionary Grants.
- A review of the updated position in relation to the 2019/20 audit recommendations.

2.3. This review covered the period from 1st April 2020 to the 14th December 2020.

2.4. This review did not cover

- The processing of payments and refunds.
- The NNDR registration process
- Checking the accuracy of the awards and correct amount of relief awarded
- Debt recovery including and past the point of summons

3. Audit Opinion and Executive Summary

3.1. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2. We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but that some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- 3.3. Covid-19 Grants Local Authorities were instructed by Central Government to pay out the grants as quickly as possible and this has continued with the other grant issues to date. There have been multiple grant schemes following each other giving little time to establish robust anti-fraud measures from the start and Central Government have accepted that there will be error and fraud, due to the priority to get the grants paid to the rate payers quickly.
- 3.4. It has been noted that the dashboard collection measures are subject to a revision and requests have been made by the service for the measures and supporting measures to be updated to enable this information to be logged.
- 3.5. The service is aware of the Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 due to come into force in May 2021.
- 3.6. The corporate and service risk register contains identified risks for the Revenues Service. The monitoring of these risks is carried out on a monthly basis within the service performance report and annually against the 4risk system. However, the footprint within the system does not identify when the risk was last reviewed.
- 3.7. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Previous Audit 2019/20 Follow Up		
Recovery of Prior Debt (Follow Up)	Medium	1
New Matters Arising 2020/21		
Strategic Recovery plans	High	2
Process and Procedures	Medium	3

4. Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response and action plan
Issues brought forward from previous 2019/20 audit					
1	M	<p>Recovery of prior debt (Follow Up)</p> <p>The action to address this finding within the 2019/20 audit is still outstanding due to other priorities during the pandemic.</p> <p>A review of resources for recovery of Council Tax and Non-Domestic rates will be completed within the first 6 months of 2020.</p> <p>As part of this review there will be a challenge to the existing Recovery Policy and Debt Collection strategies.</p> <p>This review will ensure that more thorough guidance is provided to teams in relation to actions for collection of debt, methods of enforcement and where applicable write off</p> <p>Implementation Date:</p> <p>30 September 2020</p>	<p>Loss of potential income to the authority due to limited recovery on aged debt.</p> <p>Adverse collection rates leading to reputational damage and financial hardship.</p>	<p>To incorporate into the service business, plan a clear policy as to how the Council will deal with aged debt and the way it is to be managed going forward to maximise income and take timely action.</p>	<p>Responsible Manager: Implementation Date:</p> <p>The review of resources and revision to both the recovery policy and debt collection strategies was delayed as the Revenue Services Team were tasked with the delivery of the Government's Covid-19 business support programme.</p> <p>There was insufficient capacity to both deliver the essential business support and to complete the review.</p> <p>Resource requirements for the service and development of enhanced debt strategies Will be completed in final quarter of 2020/21 and first quarter of 2021/22</p>
New matters arising					
2	H	<p>Strategic Recovery Plans Corporate</p> <p>While there is a corporate plan in draft to address recovery and restoration for Redditch Borough Council and an approved corporate plan for Bromsgrove District Council the actions for the Revenues Team with regards to business rates are ongoing with no clear milestones as to when these actions will be completed.</p>	<p>Failure to have Service Business Plans in place has the potential for loss of NNDR income and leave the service open for challenge.</p> <p>By not having plans in place there is the potential for less buy in from the staff and a lack of</p>	<p>A service business plan is developed to make clear and transparent to all how the Service will manage recovery going forwards, including, how you are dealing with those who have reduced profit margins, reduced opening. Where recovery has not had any action</p>	<p>Responsible Manager: Implementation Date:</p> <p>The service is completing a review of resources as noted in recommendation one.</p> <p>The development of a revised service plan, incorporating a recovery plan will be completed as</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		<p>Revenues Service The service does have plans on how to address the impact of the Coronavirus Pandemic. However, at the time of the audit the service was in the response stage and was prioritising issuing grants as instructed by Central Government. Therefore, at this stage of the audit, there was no written detailed business plan/action plan which addressed this including the finer detail of prioritising debt recovery, balancing resources and resilience within the team, recovery during further lock downs or being placed in higher tiers over the short, medium and long term.</p>	<p>transparency in regard to deliverables. This could result in a lack of direction, actions taking longer and the potential for further impact on recovery.</p>	<p>for a period (including aged debt), customers will need to be informed recovery is recommencing. A plan will also be required to balance resources with the knowledge and expertise required. Once plans are in place they should be updated and monitored on a regularly basis and communicated to the team.</p>	<p>part of the implementation of recommendation one. Implementation Date: 30th June 2021</p>
3	M	<p>Process and Procedures Changes to the usual recovery process were forced upon the service due to the pandemic and recovery was paused from March 2020 to August 2020, due to the Courts being closed. During this time the service was unable to proceed past the final reminder. There is no evidence that the usual recovery process has been amended to reflect that there was no recovery action during the first lockdown and what action had been agreed with staff regarding re-profiling, deferring payments and special arrangements. Customer Service Staff were brought in to assist the recovery team with taking phone calls from customers regarding reminder letters. While this has been a support to the business, staff had to be trained and any queries</p>	<p>Failure to have a documented procedure for the collection and recovery during the pandemic could result in challenge for the authorities and reputational damage if customers are treated unfairly or indirect discrimination takes place.</p>	<p>Document the plan/timeline to ensure that the balance between any back log of recovery and prioritisation of resource is achieved. Review success of the temporary procedures e.g. call backs, to ensure there are no missed opportunities to develop the current process. As part of the business plan, review skills within the team to ensure there is enough resilience and they are deployed in the most effective manner. Obtain feedback from Customer Services on the process. Ensure that Customer Services staff</p>	<p>The actions highlighted within this recommendation are completed on a monthly basis through Cross Service Meetings. Monitoring of pass backs Review and Provision of training. Further steps will be taken during first quarter of 2021/22 to provide additional training and support to customer services teams Implementation Date: 30th June 2021</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		that could not be answered, referred to the recovery team.		have the relevant knowledge and expertise to add value for the service and provide written instruction, where necessary, to ensure everyone is treated equally and there is a consistent message.	
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Benefits 2020/21

5th March 2021

Distribution:

To: Customer Support Manager
Head of Finance and Customer Services
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

The audit of the Benefits system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of the Benefits system as operated by Redditch Borough Council and Bromsgrove District Council.

1.1. This review relates to the strategic purposes of:

- BDC Plan 2019-23: Strategic Purpose - Work and Financial Independence. Priorities - Financial Stability.
- RBC: Plan 2020-24: Strategic Purposes - Aspiration, Work & Financial independence

1.2. The following Service risks were relevant to this review:

- BEN 1 Fail to adequately resource the service to meet the demand.
- BEN 3 Impact of Welfare Reform Act
- BEN 4 Impact of Introduction of Local Council Tax Scheme
- BEN 6 Impact of ELF Scheme
- BEN 7 Benefits Subsidy
- BEN 9 Failure to meet audit requirements
- BEN 10 Risk Based Verification
- BEN 11 Failure of Corporate Fraud and Compliance Team
- REV 6 Fail to make a timely decision (political direction) to manage changes to the Council Tax Support Scheme
- REV 9 Impact of introduction of Local Council Tax Scheme

1.3. This review was undertaken during the month(s) of November and December.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance on the procedures, policies and performance management in relation to the Benefits system with focus on the impact of the Covid-19 Pandemic and the subsequent shift to agile working and the digital by default approach, Test and trace payments and the Housing Benefit Award Accuracy Initiative. The progress on the development of the new Council Tax Reduction Scheme in preparation for April 2021 was also reviewed.
- 2.2. The scope covered:
- A review of the updated position in relation to the 2019/20 audit recommendations.
 - Compliance with internal processes and external legislation to allow the prompt and accurate processing of new claims and changes of circumstance.
 - The process of recovery, including the classification of overpayments and its effect on subsidy.
 - Progress on new Council Tax Reduction Scheme in preparation for April 2021.
 - Test and Trace Payments
 - Housing Benefit Award Accuracy Initiative.
 - Impact of Covid-19, agile working and digital by default approach.
- 2.3. This review covered the period from April 2020 to the date of the audit.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because 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.
- 3.3. The review found the following areas of the system were working well:
- Compliance with external and internal legislation for prompt and accurate processing of new claims and change of circumstances
 - Monitoring of subsidy
 - Progress on the new Council Tax Reduction Scheme for 2021/22
 - Test and Trace payments
 - Progress on the Housing Benefit Accuracy Award Initiative
 - Adaption to Covid-19 and agile working.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

	Priority (see Appendix B)	Section Recommendation number	4
Reconciliations	Medium	1	

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

Ref.	Priority	Finding	Risk	Recommendation	Management Response:
Issues brought forward from previous audit					
2	M	<p>Reconciliations</p> <p>Ongoing pressures on the Finance team due to the Covid-19 pandemic has meant the finding in the 2019/20 Benefits report has not been adequately addressed. It should be noted progress has been made on ensuring a check is performed that confirms the ledger figures are accurate with all weeks recorded.</p> <p>However, the reconciliation between the BACS documents and the Benefits system in the original finding was still not being undertaken. Discussions have been held and the method of how this reconciliation can be performed has now been identified with an aim to implement by January 2021.</p>	<p>There is the potential for errors, omissions and fraud to go undetected.</p>	<p>Reconciliations are performed for each benefit payment run, reconciling the output report to the BACS payment file to identify any discrepancies.</p>	<p>Management Response: As per the audit findings, the impact of covid, particularly in this area, has had a major impact on the teams ability to implement the recommendation. As the situation is "stabilising" now with the workloads and demands these will be put in place and undertaken.</p> <p>Implementation Date: 30/04/2021</p> <p>Responsible Manager: Customer Support Manager in conjunction with Finance</p>
New matters arising					
No matters to raise from the work undertaken in 2020/21					

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Creditors 2020/21

27th April 2021

Distribution:

- To: Head of Finance and Customer Services
Senior Payments Officer
- Cc: Executive Director of Resources and S151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

- 1.1 The audit of the Creditors System was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the creditors system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review does not relate directly to the strategic purposes but does underpin them as it is the system that is used to make payments for goods and services.
- 1.3 There were no risks on the Corporate Risk Register relevant to this review. The following Service Risks that were relevant to this review:
- 117 - Creditor Payments - unable to make payments to creditors due to failure of system or printer.
 - 119 - Failure to manage cash flow for Redditch Borough Council - unable to pay creditors and salaries
 - 189 - Failure to manage budgets
- 1.4 There is a potential risk of fraud in this area in the form of invoice fraud, insider fraud, phishing E-mails.
- 1.5 This review was undertaken during the months of December 2020 and January 2021.

2. Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance that that controls and risk management arrangements are in place and working to mitigate the risks known to exist within any creditor system/process
- 2.2 The scope of the audit was:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Due diligence processes for new creditors
- Creditor maintenance (verification of amendments)
- Uptake and avoidance of creditor rewards and penalties
- Purchase order process
- Invoice payment process
- BACS payments
- Creditor reconciliations
- Implementation of Technology One
- Contractor payments made during Covid-19.

2.3 The review covered the period from April 2020 to 31st January 2021

2.4 This review did not cover the tendering of contracts under the Procurement Code.

3. Audit Opinion and Executive Summary

3.1. From the audit work carried out we have given an opinion of **Significant Assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2. We have given an opinion of **significant assurance** in this area because there is a sound system of control in place, but some our testing has identified some isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas.

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

- Setting up of new suppliers and amendments to suppliers' details
- There is a reconciliation with the main ledger at the end of each year
- Invoice payments process

3.4 It should be noted that:

- Authorisation levels are being streamlined within the new Finance system. There will be less levels of authorisation and these will be aligned to an officer's role profile rather than being individually assigned.
- There were no advanced payments made to contractors in relation to the Covid-19 pandemic
- The testing was undertaken on the Efin system which on 8th February 2021 was replaced with the Technology One system. However Internal audit did ascertain that there were controls in place to ensure the accurate transfer of data from the old to the new system.

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

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	Priority (see Appendix B)	Section 4 Recommendation number
Disputed Invoices and Late Payments/ Raising of orders	Medium	1

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Disputed Invoices and Late Payments/ Raising of orders</p> <p>Under the current system invoices can go to services prior to being passed onto the payments team. It is therefore not easy for the date of receipt of the invoice or for disputes dealt with by services to be noted on the system.</p> <p>With relation to raising of orders testing found that:</p> <p>RBC - 6 out of 70 invoices had the order raised after the invoice date.</p> <p>However, the old system would not allow for a purchase order to be amended if it did not match the Invoice and so a new order was created effectively losing the audit trail and the original date the order was raised.</p>	<p>Financial loss and reputational damage if suppliers are paid late.</p>	<p>With the introduction of a new system it is the ideal time to insist that all invoices are sent to a central location e.g. PO Box Number and must be addressed to the payments team.</p> <p>This will allow for tracking of late receipt of invoices, notes on the system on resolution of disputed invoice and monitoring of prompt payment of invoices to ensure that the council does not incur interest penalties for late payments.</p> <p>It is also the ideal time to clearly define those supplies that must have an order raised and those that are exempt.</p> <p>As the process of raising an order commits expenditure against budgets the need for orders to be raised prior to receipt of the goods/service must be monitored to ensure that this happens making budget monitoring much more efficient and meaningful.</p>	<p>Responsible Manager:</p> <p>Senior Payments Officer</p> <p>Agreed. The suggested process is the one that has been built into the new system. Training is being rolled out to managers on this new process to ensure compliance with it moving forwards.</p> <p>Implementation date:</p> <p>August 2021</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Main Ledger 2020/21

27th April 2021

Distribution:

To: Head of Finance and Customer Services

Cc: Executive Director of Resources and S151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective	23
3. Audit Opinion and Executive Summary	23
4. Detailed Findings and Recommendations	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

- 1.1 The audit of the Main Ledger system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of the Main Ledger system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2 This review does not relate directly to the strategic purposes. However, this system records all financial transactions of the Councils and therefore underpins all strategic purposes.
- 1.3 There were no risks on the Corporate Risk register that related to this review. The following Service risk was relevant to this review:
- FIN1 - Fail to provide adequate support to managers to manage their budgets
- 1.4 There is a potential for fraud regarding the management override of controls and classification of Revenue/ Capital expenditure.
- 1.5 This review was undertaken during the month March 2021

2 Audit Scope and objective

- 2.1 This review has been undertaken to provide assurance that the main ledger provides Management with data that is valid, accurate, complete and timely for decision making and that savings and revenue budgets are monitored and that it was accurate to the point of switch over to the new ERP system.
- 2.2 The scope covered:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Reconciliations, bank, accounts receivable, payroll, pensions, accounts payable etc. are taking place and on a timely basis
- Suspense accounts are being monitored and cleared
- Journal authorisations, backing papers and reasonableness
- Savings and Revenue Budget Monitoring

2.3 This reviewed covered the period from 1st April 2020 to 28th February 2021

2.4 This review did not cover the new finance system and does not look at the process for compiling the Statement of Accounts as this is an External Audit function.

3 Audit Opinion and Executive Summary

3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2 We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

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

- There is a budget setting timetable and budgets are sent to Members for challenge
- There is a clearly identified savings programme
- Budgets are monitored and quarterly monitoring reports are presented to Members
- There was a check in place to ensure that data had been transferred from the old to the new finance system accurately

3.4 The new system can provide the opportunity to improve the process around journals. Whereas the supporting documents have been retained by the individual raising the journal there is now the opportunity to either attach these to the system or for them to be held centrally.

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

	Priority (see Appendix B)	Section 4 Recommendation number
Reconciliations	Medium	1
Suspense Accounts	Medium	2

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Reconciliations</p> <p>At the time of the audit reconciliations were not all up to date and some had not been completed at all e.g. Payroll.</p> <p>This means that any miscoding's or items not posted to the ledger are not identified at an early stage.</p> <p>IA acknowledges that with the introduction of the new integrated Finance system that this should improve however the reconciliations within the old system need to be finalised first to ensure that the year-end Statement of Accounts data is correctly stated.</p>	<p>Challenge, reputation damage and financial loss if decisions are being made on inaccurate and poor quality data.</p>	<p>Reconciliations are be kept up to date and produced on a monthly basis.</p> <p>This will ensure the quality of the data within the main ledger which is used for management decision making.</p> <p>It will also help with the Year-end compilation of the Statement of Accounts and provide better working papers for External Audit.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Implementation date:</p> <p>The reconciliations are now up to date. Going forwards, the new system will enable the reconciliations to be done on a regular basis. This will be fully functional going forwards by August 2021</p>
2	M	<p>Suspense Accounts</p> <p>Testing of suspense accounts found that these are not regularly monitored and cleared and therefore it is hard to ascertain exactly what the remaining balance on the account relates to.</p>	<p>Challenge and reputational damage if debts are being chased that are not due balances on accounts are inaccurate.</p>	<p>Suspense accounts should be regularly monitored and cleared. Where items need to remain in the suspense account they should be clearly marked so that the balance can be identified back to individual postings.</p> <p>The suspense account to be used to identify system/user issues which can help to improve processes and reduce resource requirements.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Implementation date:</p> <p>Agreed. These are now up to date. Moving forwards the new system will automatically be reconciling a lot of the transactions reducing the volume of suspense items. This will be fully functional by August 2021.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Health and Safety Training Records 2020/21

15th March 2021

Distribution:

To: Senior Health and Safety Advisor
Human Resources and Development Manager
Head of Transformation and Organisational Development

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

1. Introduction

The audit of Health and Safety Training Records was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk based systems audit of Health and Safety Training Records as operated by Redditch Borough Council and Bromsgrove District Council.

1.1. This area of review is fundamental to all areas within the Corporate priorities as corporate health and safety and well-being is a statutory requirement.

1.2. The following Corporate risks were relevant to this review:

- Non-compliance with Health and Safety Legislation

The following Service Risks were relevant to this review:

- Failure to be pro-active on Health and Safety Matters
- Failure to adequately manage health & safety
- Failure to ensure the health & safety of the Public / Staff and visitors using services

1.3. This review was undertaken during the months of October – January 2021.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2. Audit Scope and objective

- 2.1. This review has been undertaken to provide assurance that the policy and process surrounding health and safety, specifically health and safety training, including identification of required training, deployment of training for both new and existing employees and the maintenance of training records. In addition, an assessment of the impact of Covid-19 on the recommendations still outstanding from the 2018-19 Health and Safety report along with the remaining risks was considered.
- 2.2. The scope covered:
- Health and safety training policies and adherence thereto
 - Identification and monitoring of training (including where staff have been redeployed)
 - Deployment of training
 - Maintenance of records.
 - Remaining recommendations from the 2018-19 Health and Safety report.
- 2.3. This reviewed covered policies and procedures in place at the time of the audit.
- 2.4. This review did not cover:
- Risk assessment and risk management in relation to Health and Safety.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **moderate assurance** in this area because 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.
- 3.3. The review found the following areas of the system were working well:
- Progress on the recommendations included in the 2018/19 Health and Safety Report
 - Management Review of Health and Safety Policies
 - Budget management via Bid System
 - Progress towards defining management responsibilities for identifying training
 - Delivery of training via expected means e.g. face to face, E-learning etc.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

	Priority (see Appendix B)	Section Recommendation number	4
Training Records and subsequent limitations	High	1	

3.5. One area to also note was the collation and monitoring of information relating to temporary redeployment. The audit confirmed that there was no corporate understanding of the number of Officers redeployed at any one time during the pandemic. A lessons learned would be that the collation of this information would allow in future times of redeployment to monitor services that are the most deeply affected, if there is a continual resourcing issue, and if the staff redeployed are the most suitable for the role.

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

Ref.	Priority	Finding	Risk	Recommendation	Management Response
New matters arising from 2020/21 audit testing					
1	H	<p>Training Records and subsequent limitations</p> <p>The diverse nature of the information repositories used to store training records are creating inefficiencies and leading to unmitigated risk in relation to the effective, purposeful, monitoring and tracking of the Authorities training in relation to Health and Safety (and other training areas).</p> <p>Positive assurance could not be given over the timely deployment of training courses. This is due to the lack of a centrally held training records system that can provide accurate reporting on any individuals training record, the frequency of delivery of training and</p>	<p>Failure to identify and monitor training and training needs for officers throughout the authority leading to;</p> <p>Failure to evidence conformance with health and safety legislation and;</p> <p>Lack of efficiency when delivering training courses (e.g. grouping training possibilities)</p> <p>Leading to reputational risk and possible financial loss through fines.</p>	<p>In addition to the abilities afforded following the implementation of the new system, a designated responsibility for training records should be established to allow the centralisation of training records, to allow reporting abilities to be utilised.</p> <p>Furthermore, a forum/communication line between service managers, training records teams and Health and Safety should be established to allow the updating</p>	<p>Responsible Manager: Human Resources Manager</p> <p>Implementation Date: November 2021</p> <p>Management Response: Following the implementation of the new system, it will be a requirement that all training will be recorded on the system to include training coordinated corporately and at service levels.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

		<p>the percentage completion of training of applicable candidates.</p> <p>A training system does exist, but the reporting functionalities seen during the audit are limited in scope and do not provide useable reports to achieve the metrics expected as outlined above. It also provides limited confidence in the accuracy of the information contained with varying numbers of officers recorded as completing what is deemed mandatory training, for example recording 18 officers only completing the Display Screen Equipment training, despite an obviously larger number of officers regularly accessing laptops and/or desktop PC's.</p> <p>Testing did also identify a number of locally held records for Environmental Services and Housing Repair and Maintenance, these again held no consistent data and could not be used to identify any individuals training records accurately with large gaps in fundamental training courses and outdated training records.</p>		<p>of any training completed to be promptly recorded on the sole, centrally held training record system. This would also allow the frequency of training to be set within the system to prompt the delivery of refresher courses.</p>	<p>Training will be required in service areas, if they are the training administrators for their specific area.</p> <p>The system will generate reminders to Managers, Employees and HR when renewal dates are approaching.</p>
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Critical Review – Use of Agency staff and consultants 2020-21

4th March 2021

Distribution:

To: Head of Finance and Interim Section 151 Officer
Team Leader – Contracts and Commercial
Procurement Officer
Senior Business Support Accounting Technician
Head of Business Transformation, Organisational Development and Digital Strategy
Human Resources & Development Manager

CC: Chief Executive
Deputy Chief Executive.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction.....	56
2. Critical Review Scope.....	56
3. Critical Review Overview and Executive Summary.....	57
4. Detailed Challenges.....	58
5. Overall Conclusion.....	65
6. Independence and Ethics:.....	66

1. Introduction

- 1.1 The Critical Review of the use of agency staff and consultants was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020. The review was a critical review to analyse, evaluate and challenge the use of agency staff and consultants as operated by Redditch Borough Council.
- 1.2 This review relates to all corporate priorities and objectives.
- 1.3 The following corporate risk register entries were relevant to this review: -
- COR 10 – Decisions made to address financial pressures and implement new projects that are not informed by robust data and evidence
- The following service risk register entries were relevant to this review: -
- Fin 4 - Fail to effectively manage high value procurements resulting in breach of EU procurement rules.
- 1.4 This review was undertaken during the months of July, August and September 2020.

2. Critical Review Scope

- 2.1. This review has been undertaken to evaluate, analyse and challenge:
- The use of and adherence to procurement rules bringing in consultants.
 - The use of Matrix for the hiring of agency workers and if not then the correct procurement procedures and frameworks are being used.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Agency workers and consultants used since the Section 24 notice was given and during the pandemic to ensure these were used as part of critical service requirements.

2.2. The scope covered:

- Process of bringing in agency workers and consultants.
- Monitoring of procurement projects around the hiring of agency staff and use of consultants.
- Service Requirements
- Budget analysis and monitoring

2.3. This review did not cover:

- Other types of procurement projects
- The Due North - Pro-actis system functionality

3. Critical Review Overview and Executive Summary

3.1. As this is a critical review there is no level of assurance given.

3.2 During the review the auditor had meetings with multiple officers involved in the services across both Redditch Borough Council and Bromsgrove District Council to gain an understanding on the processes that are undertaken when bringing in agency workers or using consultants. Also, to gain an insight into what barriers may exist to prevent services following any procedure rules or processes. **(See Section 4 below)**

3.3 As part of the review the auditor also had meetings with multiple services to gain an understanding on what agency staff and consultants have been used since the Section 24 notice and what controls/monitoring are in place to ensure that the Councils are only working under business critical requirements.

3.4 It Should be noted that although there was a section 24 notice in place that due to Covid-19 the authority needed to use additional agency staff to help support the services including Environmental Services, Customer Services, Housing and Repairs and Maintenance as these service are front facing and were serving the needs of the public during this time.

3.5 The review found the following areas were working well:

- Procurement training – there has been training sessions carried out in carrying out procurement exercises.
- Service assessment of the requirement to fill the positions for both authorities prior to engaging agency staff includes: -
 - regulation requirement.
 - Risk assessment outcomes
 - how feasible it is for current staff to be able to carry out the work or if additional support is needed.
 - how feasible it is for current staff to do the work, based on current skill sets or if they require to bring in a specialist to aid the authority.
 - workflow and if it will meet the strategy for the authority and service plan.
 - On funds available to bring in additional resource.
 - Staffing resources are low and require fillers to ensure that business continuity is in place.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Adherence to the procurement rules and process of consultants -
 - Out of the five service areas that were spoken with, only 3 out of the 5 have used consultants in the last 5years, of which all three services, environmental services, legal services and planning have existing frameworks in place where they were able to find the necessary consultants to assist.
 - Service areas were aware of the procurement rules and understood that if they required a consultant that was outside of the existing frameworks, that they would be liaising with the procurement team and would carry out a procurement exercise using the procurement rules and guidelines, however this has not yet needed to happen.

3.6 There were some areas of the system that audit have challenged Management on:

Challenge	Section 4 Challenge number
Use of Matrix	1
Compliance with legislation	2
Budgetary and actual spends on agency and consultancy workers	3

4. Detailed Challenges

The challenges identified during the review have been set out in the table below along with the related risks and management action plan.

Ref.	Current Position	Challenge	Risk	Management Responses
1	<p>Use of Matrix</p> <p>Redditch Borough Council and Bromsgrove District Council have an exclusive contract with Matrix. This means that under the current terms of the contract, service areas should only be bringing in agency staff via agencies that fall under the Matrix umbrella.</p> <p>The correct process for hiring agency staff through MATRIX should be that, service areas speak with their service manager for approval and liaise with HR for advice on the agency staff and skillset required and then once agreed, officers should then log a job on Matrix, this is done via a portal. Service areas should only be using</p>	<p>1.) During the review it was found that not all processes are being adhered to, so can both Redditch Borough Council and Bromsgrove District Council provide assurance that there is a robust control in place to monitor the in-take of agency staff through Matrix, as well as the in-take of agency staff from agencies outside of Matrix including the use of exemption forms?</p> <p>2.) Is enough being done to assess if Matrix is fit for purpose and fits the needs of the Council to find and bring in agency staff who are skilled and qualified in the job</p>	<p>Reputational damage and financial loss if the council is not compliant with contract terms and conditions requirements when using Agencies outside of Matrix.</p> <p>The Council can be bound by Agency terms and conditions for a number of years and finders' fees and penalty payments can be triggered inadvertently. Need</p>	<p>HR & OD Manager Comments</p> <p>The decision to continue with Matrix was taken at a Corporate level with a commitment from services to reduce their reliance on agency staff. The contract was extended on a plus 1 to allow the flexibility to review once the use and spend of agency staff is reflective of the requirement moving forward thus enabling a review of the actual requirements and not on a like for like basis.</p> <p>HR are clear with Mangers that only Matrix can be used for agency staff</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>agencies that are under their umbrella to seek the correct candidate to fill the roll on the terms set out by the authority for the period required.</p> <p>Matrix do look at the councils spend on the website to see if we are using other agencies.</p> <p>However, the Councils face several barriers to using this agreement.</p> <p>1.) Specialist skills - all tested service mentioned that Matrix do not tend to have officers with specialist skillsets on their books and therefore the authority have to find these officers themselves.</p> <p>2.) Time - All tested service areas mentioned that although Matrix are paid to bring in the agencies and do the leg work, the service areas are finding that they have to do the leg work to find the correct agency staff and are also having to upload data on to the Matrix portal themselves.</p> <p>3.) Qualification / skillset - 3 out of the 6 tested services mentioned that when using matrix, candidates could be individuals who do not have the correct skillset stated in the requirements.</p> <p>4.) Agencies - 2 out of the 6 services reviewed mentioned that Matrix will not contact agencies outside of their umbrella and it is the authority that has to ask other agencies/candidates to sign up through Matrix.</p> <p>5.) Not engaging - 1 out of the 6 services mentioned that Matrix is not engaging enough with the service throughout the process.</p> <p>6.) Communication - It was learnt during the review that service areas are not</p>	<p>role advertised?</p> <p>3.) Is there value for money within this contract especially considering the additional resources used by the Services to undertake their own groundwork in the identifying, and engaging of agency staff themselves? If not then is there evidence that the council is proactively challenging matrix on its provision under the contract.</p> <p>4.) Have the Council considered the benefit of providing feedback surveys to staff on the use of Matrix to help the authority form a better working relationship with Matrix for future agency work hire and also to aid the authority with future contract specifications for the use of agency workers?</p> <p>5.) Has the authority looked at other avenues to support service areas with bringing in specialists especially when the Matrix contract ends?</p> <p>6.) As service areas need to bring in specialists from outside of Matrix, are both authorities able to provide assurance that there is the correct level of support in place to support services to go to other agencies if it provides value to the authority in enabling it to reach its goals?</p> <p>7.) As discussions with several service areas has raised concerns around Matrix not having specialists on their books, is the authority able to provide assurance that Matrix can find and provide specialists to</p>	<p>whole organisation visibility of potential employees subject to historic agency T&Cs</p> <p>Reputational damage and possible compensation claims if the agency workers and consultants are not qualified to undertake the role they are employed for.</p>	<p>There is a clear agreement with Matrix that if the contract is not providing the level or specialist staff required that they will source the required companies to extend the agencies available to us on Matrix. Issues need to be reported to HR to ensure this can be picked up with our account managers.</p> <p>Procurement Responses</p> <p>The Matrix contract needs to be managed to ensure they are fulfilling the requirements. Officers need to speak to Matrix if they are not getting the correct candidates through so they have the opportunity to resolve this, HR as contract managers should be involved also.</p> <p>There are other compliant contracts with other neutral vendors similar to Matrix available.</p> <p>Some agencies will not sign up to Matrix as they do not want to lose the large margins they achieve by signing up direct with the council. Matrix protects the council from this.</p> <p>Matrix provides candidates but it is ultimately for service areas to assess skills and qualifications before offering a placement.</p> <p>No whole organisation oversight of staff who have worked on temporary contracts outside of Matrix and may therefore trigger fees if re-employed.</p>
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REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	reporting issues to HR about issues with Matrix which means that the barriers are not be resolved.	aid the services deliver their service strategy?		
2	<p>Compliance with Legislation</p> <p>Adherence to the procurement rules and process of agency staff</p> <p>As part of the review a sample testing was carried out on various service areas to ensure that any agency staff being brought in for use falls in line and adheres to the procurement process of the terms and conditions of the contract set up with MATRIX.</p> <p>Although all services are set up on MATRIX there have been occasions where agency staff were brought in via other agencies directly and not through MATRIX. This occurred mainly where a specialist was required that could not be found via MATRIX. In these cases, the service found that they had to do the leg work. Also, if they happened to use another means to the company MATRIX, an exemption was not always signed or put in place and that legal and procurement were unaware until an issue presented itself.</p> <p>It is acknowledged that over the last 5 years things have improved across the authority as now if the authority requires a specialist, they would ask the agency to communicate with Matrix directly. However there have been instances where staff were brought in outside of Matrix in the last year.</p>	<p>1.) Following discussions with service areas there were instances learnt where services over the last 5 years have not been adhering to the procurement process. Therefore, can the authority provide assurance that there is a sound control in place to investigate weaknesses in the system?</p> <p>2.) Are both authorities able to provide assurance that if service areas are not following the correct procedure rules for using agency staff and consultants that there are sanctions set up and in place to mitigate the risks to the authority?</p> <p>3.) Is the Council undertaking enough monitoring of the length of service of agency workers to ensure that they do not breach Council and government (HMRC) rules.</p> <p>Challenges around Section 24 notice</p> <p>4.) Since the section 24 notice was given, there was an employment freeze unless it is business critical, is the authority able to give assurance that it is confident that all services would have a full understanding of what business critical entails especially in the current times with COVID-19.</p>	<p>Reputational damage and financial loss if the council is not compliant with procurement and legislative requirements when using Agency workers and consultants.</p>	<p>HR & OD Comments</p> <p>HR are clear that we will not support Managers accessing agencies outside of Matrix</p> <p>HR have no knowledge if Managers go to other agencies, this block needs to be in place and service and HOS level to ensure order / invoices are not approved.</p> <p>Procurement Comments</p> <p>Any staff used outside of Matrix is a breach of the contract procedure rules and a breach of the Matrix contract.</p> <p>No process for legal review of agency terms and conditions outside of Matrix</p> <p>All relevant staff should have attended Procurement Training in the past year and should be aware of the Procurement Rules. Future procurement training should directly address the issue of temporary staff.</p>

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>Currently there are several members of staff who work for the council as an agency worker, however in line with Government legislation if a temp is not provided a contract at the end of their existing contract of 1 or 2 years, then the authority needs to show that there is a fair reason for not renewing the contract. If staff have worked for more than 4 years then they should automatically become a permanent employee.</p> <p>The review found that contracts have been rolled forwards consistently and contracts have not been offered to make staff full time employees.</p> <p>Procurement process for use of agency staff</p> <p>Currently both Redditch Borough Council and Bromsgrove District Council are under an exclusive contract with the company MATRIX who are responsible for providing the authority all agency staff. Under the current procurement rules and as part of the terms and conditions of the existing contract service areas should follow the procurement process of the contract with MATRIX and should not be signing any new agency staff via anyone other than MATRIX.</p> <p>If another agency signed up to Matrix and then was used by the authority, then it would be deemed as appropriate as the authority would still be using Matrix. Under the current procured contract, exemptions should not be given in any circumstance and all other 3rd party agencies must be set up via Matrix before being used. This</p>			
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REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	would mean that the 3rd party agency is required to have a contract set up with Matrix directly and not the authority.			
3	<p>Budgetary and actual spends on agency and consultancy workers</p> <p>Monitoring the use of consultants</p> <p>As part of the review discussions were held with several service areas to understand how they would monitor the intake and use of consultants and monitor the budget spent.</p> <p>During the review conversations were held with procurement and six service areas including Legal, Planning, Customer services, Environmental Services, Repairs and Maintenance and Housing.</p> <p>The review found that: -</p> <p>1.) 4 out of the 6 tested service areas are using consultants.</p> <p>2.) All services which are using consultants or specialists are currently part of existing frameworks.</p> <p>3 All call offs from frameworks and contracts must be registered on the proactis (Due north) system. There are also two copies of the contract. One is held by procurement for monitoring and the other is held by the service area.</p> <p>4.) 2 out of the 4 service areas which use consultants have a budget in place to forecast how much will be spent for consultant usage.</p> <p>5.) The remaining 2 service areas (Planning and Legal) have a budget designated for consultants, but do not have a fixed yearly budget as they may require specialists on an ad-hoc basis. To</p>	<p>Challenges</p> <p>1.) If there is no consistency in the recording of actual expenditure on agency workers and consultants how is the Council ensuring that it is being fully transparent with its expenditure for these cost areas? Would it not be better to have a cost code for these areas even if there is no budget allocation so that there could be full monitoring and transparency especially with the current S24 and the need to reduce the costs of the council now and in the coming years. As there have been limitations within the current financial system is this something that is being considered and implemented for the new financial system?</p> <p>2.) How is the Council able to fully monitor its reliance on the provision of agency workers and the use of consultants in order to review this expenditure with the aim to reduce future costs.</p> <p>3.) Can the authority provide assurance that if they are using an incorrect cost code that there is a clear audit trail in place in case of challenge?</p> <p>4.) As consultants and agency staff are paid a higher rate to work in comparison to full time staff, is the authority able to provide assurance under the Section 24 notice, that agency staff and consultants are only brought in as an absolute last resort</p>	<p>Reputational damage and financial loss with savings under S24 not being achieved if the council is unable to effectively monitor the costs of using agency workers and consultants.</p>	<p>Finance Comments: -</p> <p>The finance team will encourage with budget holders on monthly and quarterly budget monitoring that the dedicated account code for agency workers is monitored and reviewed along with the relevant budget manager. It is also expected when the new ERP finance system is implemented budget holders will be able to see live expenditure and therefore able to monitor more efficiently any mis coded and/or expected agency expenditure immediately rather than relying on current spreadsheets sent monthly.</p> <p>Procurement comments: -</p> <p>There is a cost code for agency staff, but query whether it is used consistently or appropriately?</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>reduce the risk, they have regular discussions with the designated accountant for the service area.</p> <p>Monitoring of in-take of agency staff As part of the review discussions were held around how in general the council and service areas within the council are monitoring the in-take of agency staff and how the contracts of agency workers are monitored to ensure that the council is compliant.</p> <p>It was learnt that corporately: -</p> <p>1.) Business cases are taken forward as an agenda item for in-takes of agency staff in front of CMT and agreed or agreed in committee if there is a bigger purpose to bring in a higher volume of agency workers.</p> <p>2.) If agency staff are hired through MATRIX then HR would be able to monitor the in-take of staff through agencies that come under MATRIX umbrella.</p> <p>3.) If service areas bring in agency staff from places other than MATRIX then there is more risk associated as the HR team are not able to monitor the contract and often it is too late by the time procurement are aware to prevent any legal/financial implications to the authority.</p> <p>During the review audit carried out discussions with 6 different service areas including Legal, Planning, Customer services, Housing, Repairs and Maintenance and Environmental services. From the review it was found that out of 6 tested services: -</p> <p>1.) 5 out of 6 service areas have used agency staff in the last 5 years.</p>	<p>when other avenues have been explored?</p> <p>5.) With certain service areas requiring specialists to be able to do the job role this has caused some issues with employing permanent employees into the role. Is the council confident that it has explored all avenues e.g. market supplements, benefits packages etc while still complying with the councils current pay model and terms and conditions of employment, in order to address this and ensure that the Council is using the most cost effective method of providing a service to the Public.</p> <p>6.) During the review it was found that the controls for bringing in agency staff should be that the head of service signs it off and then it goes to CMT for approval. However, as it was learnt during the review that some services have gone to agencies outside of Matrix, can the authority provide the assurance that CMT are aware of services going to other agencies outside of Matrix?</p>		
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AUDIT, GOVERNANCE & STANDARDS COMMITTEE

<p>2.) Out of those 5 services, all 5 would hold conversations with HR to gain advice and make them aware of any new agency recruits signed through MATRIX.</p> <p>3.) 3 out of the 5 services tend to talk to procurement about using agency staff and gain advice.</p> <p>4.) All of the service areas would look at the service requirements and present a business case to their head of service, where they would then sit with head of finance to see if there can be a budget in place to bring in an agency member.</p> <p>5.) 4 out of the 5 services that use agency staff have a dedicated cost codes for using agency staff, whilst the remaining service uses staff salary cost code, which means that there is a gap in the audit trail of tracking financial analysis.</p> <p>6.) It was admitted that some agency staff have been working for the council for more than 12 months (12 weeks without a finder's fee) and not offered a full-time contract, so there is a weakness in the monitoring of staff from a service perspective. As well as this there is risk that the authority is breaching IR35 and is at risk of repaying the tax savings that the authority made.</p> <p>7.) All service stated that if they were to take up new consultants they would liaise and sit with procurement to set up a new consultant through procurement rules. Each service also stated that they have received training on how to conduct appropriate procurement projects.</p> <p>Section 24 notice – intake of consultants and agency workers</p> <p>Since the Section 24 notice was given, there has been an in-take of agency staff</p>			
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REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

	<p>and consultants to help support the services within the authority to carry out day-to-day duties and give professional advice.</p> <p>Currently Agency staff and consultants that are brought in have to be both signed off by the head of service and also agreed at CMT prior to being used.</p> <p>Budget monitoring is down to the individual service areas to monitor and all services have been given their own unique cost code for agency staff and consultants to be put on.</p> <p>However, not all service areas are using the correct budget code when using agency staff and are posting agency staff costs to the same cost codes as full-time staff, which means there is no clear audit trail. (clear to budget case)</p> <p>During the review the authorities were going through a difficult time with the COVID-19 pandemic and front-line services have needed to bring in agency staff to support those services deemed as business critical.</p>			
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5. Overall Conclusion

The Critical review looked at the process of bringing in agency workers and consultants and monitoring of procurement projects at both Redditch Borough Council and Bromsgrove District Council. The review also looked at the Matrix contract and the barriers that are preventing service areas from hiring agency staff through Matrix.

Although it can be noted that in the last 5 years since the last internal audit report was carried out there have been improvements to the procurement process in using agency staff and consultants and service areas are aware of the correct processes that needs to be undertaken after procurement training was carried out to help services understand the correct procedures that they should be adhering to.

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

However the review has identified some risks still remain for example when a specialist is required Matrix has not always been able to provide a satisfactory candidate therefore service areas have had to go to other agencies to find the required agency worker with the specialist skillsets. and that Procurement have not always been aware of this unless an issue presented itself. Therefore, challenges have been made on how fit for purpose and value for money the Matrix contract is and going forward if this is the best solution for the Council's when hiring Agency Workers.

6. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the review no non-audit or audit related services have been undertaken for the Council within this area.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Payroll 2020-21

27th April 2021

Distribution:

- To: Head of Finance and Customer Services
Payroll and Project Team Leader
- Cc: Executive Director of Resources and S151 Officer
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

1. Introduction	22
2. Audit Scope and objective.....	23
3. Audit Opinion and Executive Summary.....	23
4. Detailed Findings and Recommendations.....	24
Independence and Ethics:	27
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

5. Introduction

- 5.1. The audit of the Payroll system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2020/21 as approved by the Audit, Governance and Standards Committee on 27th July 2020. The audit was a risk based systems audit of the Payroll System as operated by Redditch Borough Council.
- 5.2. This area of review does not relate directly to the strategic purposes but does underpin them all as it is the system used for the paying of salaries to the workforce with out whom the strategic purposes could not be achieved.
- 1.3 There were no risks on the corporate risk register relevant to this review. The service risk relevant to this review was:
- FIN 3 - Unable to provide payroll service at key times
- 1.4 This area is a high risk for fraud with the potential for payments to ghost employees/ enhanced unauthorised increases in pay or for payments to non-employee bank accounts if controls are not in place and working effectively.
- 1.5 This review was undertaken by Helen Tiffney during the month of March 2021

2 Audit Scope and objective

- 2.1 This review was undertaken to provide assurance that only Bona Fide employees were paid, that payments are made in a timely manner are accurate and all adjustments to pay are only actioned upon authorisation.
- 2.2 The scope of the audit covered:

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

- Starters and Leavers processes
- Bona fide employees – Checking of payslips, PAYE, NIC and Pensions
- Third party payments – Union Subs, charity, SAYE, Pension and HMRC payments.
- Payroll Reconciliation
- Follow up of the 2019-20 recommendations

2.3 The review covered the period 1st April 2020 to 28th February 2021

2.4 This review did not cover:

- The new payroll system which will be fully audited as part of the 2021/22 audit plan
- The setting of pay rates
- The correct treatment of pensions as this is an area of specialism
- Wyre Forest District Council Payroll

3 Audit Opinion and Executive Summary

3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2 We have given an opinion of **moderate assurance** in this area because there is a sound system of control in place but some of the expected controls are not in place and / or are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

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

- Employees are bona fide and NIC, PAYE and Pensions have been correctly calculated.
- Authorisation was available for starters and information was correctly entered on the payroll system
- Those recommendations from the 12019/20 report that could be implemented have been and the others will be implemented with the introduction of the new payroll system. The only one outstanding was in relation to GDPR and hard copy information that could not be reviewed at this time but will be included in the 2021/22 review

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

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

	Priority (see Appendix B)	Section 4 Recommendation number
Payroll Reconciliations	High	1
Deduction form Salary Third Party Payments	Medium	2

4 Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	H	<p>Payroll Reconciliations</p> <p>Payroll to main ledger reconciliations at the time of the audit had not been fully completed.</p>	<p>Poor information for decision making leading to financial loss.</p>	<p>Payroll reconciliations to the main ledger to be completed on a monthly basis. To ensure that the information within the main ledger has been correctly coded and agrees with the information in the payroll system.</p> <p>However, going forward this should be a much simpler process as the introduction of a new HR/Payroll and Finance system means that the payroll and finance system will be integrated.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Payroll is due to go live within the next few months on the new Tech One ERP system and therefore this will no longer be an issue, as payroll will be immediately posted to the finance system once it is run.</p> <p>Implementation date:</p> <p>anticipated July 2021</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

2	H	<p>Deduction from Salary Third Party Payments</p> <p>All Salary Third Party payments have individual cost centres.</p> <p>Testing of these codes found that:</p> <ul style="list-style-type: none"> • There is no regular review of these codes as payments are not always altered in line with the salary deductions, payments are made over to third parties without showing the corresponding deduction and in one case Rubicon salary deductions had been posted to an RBC account. • The brought forward balance does not represent an amount owed and does not correspond to the next payment made. • There is no consistency in posting to these codes for example Student loan payments were made against the student loan cost code for part of the year and then they were included in the PAYE code. Overpayments returned from HMRC against NIC were posted to the Student Loan code. 	<p>Inefficient working practices and financial loss from penalties and reputational damage if salary deductions are not correctly paid over to the third party in a timely manner.</p>	<p>That all balances on salary deduction third party codes are reviewed to ensure that the balance is meaningful and can be reconciled back to amounts actually owed by the Council.</p> <p>Going forward that the Salary Deduction Third Party Codes are reviewed as part of the Payroll reconciliation process and in the case of PAYE/NIC and Pension codes fully reconciled to ensure that payments due are made in a timely manner and for the correct amount.</p> <p>Codes to be used consistently to ensure that the process is efficient and does not become resource heavy.</p>	<p>Responsible Manager:</p> <p>Head of Finance and Customer Services</p> <p>Payroll codes have been reviewed as part of the new system implementation and going forward as all the information is held in one place in the ERP system, this should result in more efficient payroll reconciliations. Codes used in the new system have to pass validation checks set up by finance to be used.</p> <p>Implementation date:</p> <p>anticipated July 2021</p>
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5.

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5 Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



**St David's House - Collection of income in relation to additional services during the Coronavirus
Pandemic
2020/21**

Final - Initial Assessment for Quarter 4 Audit - 28th September 2020

Distribution:

To: Head of Community and Housing Services
Business Manager

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

Section A - Justification of Audit	74
Section B - Conclusion - Current Position statement	74
Section C - Follow-up	3
APPENDIX A	4

Section A - Justification of Audit

The 2019/20 audit of St David's financial controls provided an assurance level of **no assurance** due to the lack of effective controls. As a result of this review the Council implemented controls to reduce the risks within the identified areas. The purpose of this initial assessment was to identify if there had been any removal/changes to the financial controls as a result of the Coronavirus Pandemic in addition to identifying other potential risks to the service before carrying out a full audit with testing in quarter 4 (January – March 2021).

Section B - Conclusion - Current Position statement

The financial controls that were put in place prior to Covid-19 have remained in place and have mitigated any risk due to the fact that there has not be any cash handling and all tenants are now being invoiced for additional services such as lunch and laundry.

During the initial assessment an emerging risk has been identified due to the Community Services Manager having left the authority but contracted to remain for a minimal number of hours per week until the end of December 2020 in addition to the Registered Manager retiring in November 2020. However, plans have been put in place to replace the Registered Manager with a Care Manager under an external contract.

The Council is therefore going to prepare a business case, including a financial assessment to consider a new business model for St David's House.

The Council should ensure this risk is entered onto the service risk register.

This initial assessment was undertaken during the month of September 2020.

Section C – Follow- up

Internal Audit can confirm that a risk was added to the 4Risk system - Housing Service Risk Register on 1st October 2020 in relation to the risk identified during this review. The risk was recorded as a high risk and has a review date at the end of October 2020.

Team Leader
2nd October 2020

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 4

FOLLOW-UP REPORTS:

Since the previous progress report reported to Committee there have been two finalised 'Follow-Up' reports.

Worcestershire Internal Audit Shared Service



Planning Applications Including Sec 106 agreements 2019/20

2nd Follow-up Report - 8th June 2021

Distribution:

To: Head of Planning and Regeneration
Senior Accounting Technician
Area Planning Manager
Legal Services Team Leader - Property & Planning
Business Support Technician

CC: Executive Director & Deputy Chief Executive
Chief Executive

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

Section A - Justification of Audit Follow-up Approach	76
Section B - Conclusion - Current Position statement.....	76
Section C – Current Position – (please see Appendix B for definition of priorities).....	4
APPENDIX A	Error! Bookmark not defined.
APPENDIX B	Error! Bookmark not defined.

Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 04/02/2020 with the first follow up report on 27/10/2020 and is being followed up again because:

- 1 medium priority recommendation was still outstanding; and
- At least three months have passed since the previous follow-up:

Please note that recommendation implemented from the previous follow up have not been included in this report

The following audit approach has therefore been applied:

- The 1 medium priority recommendations still outstanding from the first follow up have been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Moderate Assurance** over the control environment and this is the second follow-up. The first follow up report found that one recommendation had not been implemented.

The 2nd follow-up found that the 1 'medium' priority recommendation detailed in the table in Section C has now been fully implemented and Internal Audit are satisfied that as the recommendations has now been fully implemented, no further follow ups will be required.

This follow up was undertaken during the month of June 2021.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 23/10/2020</u>	<u>2nd Follow up Position as at 08/10/2020</u>
1 Medium	<p>Section 106 agreements Monitoring</p> <p>To conduct a full review of the monitoring that takes place currently in relation to Section 106 agreements monetary and non-monetary and determine if the current monitoring process used is fit for purpose and fits the needs of the council. This review needs to consider if additional monitoring is required in relation to the capture of expenditure against each individual S106 agreement, especially as this is the ideal opportunity with the implementation of a new finance system.</p>	<p>Responsible Manager: Strategic Planning and Conservation Manager</p> <p>Implementation date: June 2020</p> <p>Agreed Strategic Planning and Conservation Manager will lead on this</p>	<p>Not Implemented</p> <p>The service appointed an officer responsible for the Section 106 agreements, however due to unforeseen circumstances (Covid-19 pandemic) and staffing issues, this has meant that the date of implementation became unrealistic.</p> <p>In addition to this the implementation of the new finance system has also been delayed due to the impact of Covid-19.</p>	<p>Implemented</p> <p>Since the first follow up; the service has appointed an officer with responsibility for the Section 106 agreements, This role will be responsible for S106 monitoring and in particular keeping the spreadsheet used for recording all S106 agreements up to date.</p>

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Worcestershire Internal Audit Shared Service



Shop Mobility 208/19

3rd Follow-up Report - 27th April 2021

Distribution:

To: Dial-A Ride - Community Transport and Shop Mobility Manager
Head of Community and Housing Services

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

Contents

Section A - Justification of Audit Follow-up Approach.....	79
Section B – Conclusion.....	80
Section C – Current Postion	4
APPENDIX A	6
APPENDIX B	7

Section A - Justification of Audit Follow-up Approach

The date of the final audit report was 25/01/2019, the date of the first follow up audit report was 17/09/2019 with the second follow up report on 29/07/2020 and is being followed up again because:

- 1 medium priority recommendation was still outstanding: and
- At least three months have passed since the previous follow-up:

Please note that recommendation implemented from previous follow ups have not been included in this report

The following audit approach has therefore been applied:

- The 1 medium priority recommendation still outstanding from the previous follow up has been updated with the current position.
- Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Significant Assurance** over the control environment and this is the third follow-up. The first and second follow-up reports found that one medium priority recommendation had been partially implemented.

The completion of the final medium priority recommendation required the tendering for a Shopmobility maintenance contract. Unfortunately, due to the Covid-19 pandemic this exercise was delayed.

This contract has now been successfully awarded and therefore Internal Audit is satisfied that all recommendations have been fully implemented reducing the risk to the Council.

No further follow ups are required.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

This follow up was undertaken during the month of April 2021.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>2nd Follow up Position as at 29/07/2020</u>	<u>3rd Follow up Position as at 27th April 2021</u>
1 Medium	Maintenance Contract Ensure the Shopmobility maintenance contract is re-tendered in accordance with the Procurement Code, to ensure the Council is achieving best value.	Management Response: A new maintenance contract will be entered into following RBC procurement rules. The current contract expires 27 th June 2019 Responsible Manager: Head of Community Services. Service Manager responsibility to be determined following a service review. Implementation date: 31 st March 2019	Partially Implemented This has been delayed due to Covid-19. However, the draft specification has been written and this will be added to the Council's etendering portal in August 2020.	Implemented There is now a contract for the Shopmobility maintenance which was procured using the Councils Procurement Code and etendering portal. The contract has a start date of April 2021 and runs for three years.

REDDITCH BOROUGH COUNCIL

Date: 28th October 2021

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 5

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	September 2021	September 2021 Charter provided to all Partner Committees as part of the Annual Report reporting cycle. Action completed.
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	June 2021: Auditor enrolled with IIA and continuing training to obtain further professional qualifications. Progressing.
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-22	Ongoing	June 2021: Being monitored Progressing.
4	2500.A1 - Follow Up	More efficient and timely follow up regarding reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-22	Ongoing	June 2021: Included in Auditors work plan for the year. Being monitored and tracked and discussed at 1:2:1s Progressing.