



**BROMSGROVE DISTRICT COUNCIL**

**MEETING OF THE AUDIT BOARD**

**THURSDAY 18TH SEPTEMBER 2014**  
**AT 6.00 P.M.**

**COMMITTEE ROOM, THE COUNCIL HOUSE, BURCOT LANE, BROMSGROVE**

**MEMBERS:** Councillors H. J. Jones (Chairman), M. T. Buxton (Vice-Chairman), S. J. Baxter, B. T. Cooper, S. J. Dudley, P. A. Harrison and P. M. McDonald

**AGENDA**

1. To receive apologies for absence and notification of substitutes
2. Declarations of Interest  
To invite Councillors to declare any Disclosable Pecuniary Interests or Other Disclosable Interests they may have in items on the agenda, and to confirm the nature of those interests.
3. To confirm the accuracy of the minutes of the meeting of the Audit Board held on 19th June 2014 (Pages 1 - 8)
4. Departmental Risk Register Presentation - Business Transformation
5. Benefit Fraud - Quarter 1 (Pages 9 - 18)
6. Minutes of the Meeting of the Overview and Scrutiny Board held on 14th July 2014 (Pages 19 - 28)
  - a) To receive and note the minutes
  - b) To consider any recommendations contained within the minutes
7. April - June 2014/2015 Financial Savings Monitoring (Pages 29 - 32)
8. Internal Audit Monitoring Report (Pages 33 - 70)

9. Risk Management Monitoring Group - verbal update
10. Contracts Register - verbal update
11. Audit Board Work Programme 2014/2015 (Pages 71 - 72)
12. To consider any other business, details of which have been notified to the Head of Legal, Equalities and Democratic Services prior to the commencement of the meeting and which the Chairman, by reason of special circumstances, considers to be of so urgent a nature that it cannot wait until the next meeting

K. DICKS  
Chief Executive

The Council House  
Burcot Lane  
BROMSGROVE  
Worcestershire  
B60 1AA

9th September 2014



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## BROMSGROVE DISTRICT COUNCIL

### MEETING OF THE AUDIT BOARD

THURSDAY, 19TH JUNE 2014 AT 6.00 P.M.

PRESENT: Councillors S. J. Baxter, M. T. Buxton, S. J. Dudley (during Minute No's 1/14 to 12/14), H. J. Jones, R. J. Laight (substituting for Councillor P. A. Harrison and C. J. Spencer (substituting for Councillor B. T. Cooper)

Invitees: Ms Z. Thomas, Grant Thornton

Officers: Ms. J. Pickering, Mr. A. Bromage, Ms. A. De Warr, Mr. K. Hirons and Mrs. P. Ross

1/14 **ELECTION OF CHAIRMAN**

**RESOLVED** that Councillor H. J. Jones be elected as Chairman of the Board for the ensuing municipal year.

2/14 **ELECTION OF VICE-CHAIRMAN**

**RESOLVED** that Councillor M. T. Buxton be elected as Vice-Chairman of the Board for the ensuing municipal year.

3/14 **APOLOGIES**

Apologies for absence were received from Councillors B. T. Cooper, P. A. Harrison and P. M. McDonald.

4/14 **DECLARATIONS OF INTEREST**

No declarations of interest were received.

5/14 **MINUTES**

The minutes of the meeting of the Audit Board held on 20th March 2014 were submitted.

The Executive Director, Finance and Corporate Resources provided the Board with a verbal update with regard to Minute No. 42/13. There was a Human Resources approval checklist for commencement and termination forms, which included payments and annual leave entitlement. Internal Audit had recommended that the Council's Whistleblowing Policy be updated. The Executive Director, Finance and Corporate Resources to ensure that the policy details that staff would be able to raise any concerns with Councillors.

With regard to Minute No. 44/13, Members agreed to a verbal update on ICT Resilience from the Executive Director, Finance and Corporate Resources and that the Democratic Services Officer be tasked to email details of the verbal update to all Audit Board Members.

**RESOLVED** that, subject to the information as detailed in the preamble above, the minutes be approved as a correct record.

6/14

## **GRANT THORNTON - AUDITING STANDARDS 2013/2014**

The Chairman welcomed Ms. Z. Thomas (Engagement Manager) from Grant Thornton to the meeting.

The Board was asked to note the Grant Thornton Auditing Standards Report 2013/2014 and the Management responses within the report.

Ms. Z. Thomas introduced the report and briefly explained the purpose of the report. Members' attention was drawn to the Fraud Risk Assessment questions, as detailed on pages 16 to 19 in the report. With regard to an unanswered question, Question 4 – "Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)". The Executive Director, Finance and Corporate Resources informed Members that with regard to financial reporting, all reports were subject to a number of validation and controls by finance and Heads of Service therefore the potential for override was of a low risk.

The Executive Director, Finance and Corporate Resources informed Members that the Council's fraud and corruption polices were in the process of being updated and that the updated polices would be presented to the next meeting of the Board.

**RESOLVED** that the Grant Thornton Auditing Standards report for 2013/2014 be noted.

7/14

## **GRANT THORNTON AUDIT PLAN 2013/2014**

The Board was asked to note the Grant Thornton Audit Plan 2013/2014.

Ms. Z. Thomas introduced the report and briefly explained that in planning their audit, Grant Thornton needed to understand the challenges and opportunities the Council was facing; the challenges / opportunities had been detailed on page 42 in the report. Grant Thornton would undertake a review of the Financial Resilience as part of their Value For Money (VFM) conclusion. They would review the Council's Medium Term Financial Plan (MTFP) and consider whether improvements had been made in budgetary control to support the successful delivery of the plan. As part of the VFM conclusion they would continue to monitor the Council's path to transformation. Where savings had been specifically attributed to transformation in the MTFP they would consider how these savings were being identified and reported.

As a result of interim audit work there were some concerns that the Corporate Risk Register provided did not link directly with the Council's strategic priorities. The Executive Director, Finance and Corporate Resources informed Members that the updated Corporate Risk Register now linked to the Council's strategic priorities; and that the updated Corporate Risk Register had been included on the agenda, Agenda Item No. 15, to be discussed by the Board. The Executive Director, Finance and Corporate Resources responded to further questions from Members on the results of the interim audit work with regard to the financial services manager posting journals.

Ms. Z. Thomas further informed the Board that with regard to VFM and in view of future financial commitments to capital schemes, Grant Thornton would undertake a high level review of planning around these projects.

**RESOLVED** that the Grant Thornton Audit Plan 2013/2014 be noted and agreed.

8/14 **GRANT THORNTON PROGRESS UPDATE 2013/2014**

The Board was asked to note the Grant Thornton Audit Board Update for 2013/2014.

Ms. Z. Thomas introduced the report and drew Members' attention to page 61 in the report, Progress at June 2014. Ms. Z. Thomas agreed to provide Members with a copy of Grant Thornton's publication, 'A guide to local authority accounts'. The guide was designed to help Members of Audit Committee's discharge their responsibilities for the financial statements. It aimed to help Members to understand and challenge the accounts, supporting notes and other statements. Ms. Z. Thomas highlighted page 65 in the report – Audit Commission Value for Money (VFM) Profiles and suggested that Members viewed their Council's VFM Profile on the Audit Commission VFM Profiles website, as detailed on page 65 in the report.

With regard to page 63 in the report – Accounts – our top issues, the Chairman raised the question "How do Audit Board Members pick up the top issues"? The Executive Director, Finance and Corporate Resources responded and agreed to provide Members with an update before the next meeting of the Board.

**RESOLVED** that the Grant Thornton Audit Board Update for 2013/2014 be noted.

9/14 **DEPARTMENTAL RISK REGISTER PRESENTATION - ENVIRONMENTAL SERVICES**

The Chairman welcomed Mr. K. Hirons, Environmental Services Manager to the meeting.

Mr. K. Hirons expressed sincere apologies from Guy Revans, Head of Environmental Services. Mr. K. Hirons provided Members with a presentation

detailing operational risks for environmental services. The presentation slides detailed the services provided by environmental services, risk management principles and operational risks. Mr. K. Hirons responded to Member's questions with regard to Health and Safety for employees and members of the public. Members questioned the lack of detail in the presentation. The Executive Director, Finance and Corporate resources informed Members that each service area also completed a very detailed risk management programme. The detailed programmes would be time consuming to present to an Audit Board Meeting, due to the level of detail, but Members could meet with senior officers to look at the more detailed risk management programme for their service area. Members agreed with this suggestion and the Democratic Services Officer was tasked to coordinate requests received from Audit Board Members to view detailed risk management programmes.

The Chairman thanked the Environmental Services Manager for his presentation.

10/14

## **ANNUAL GOVERNANCE STATEMENT 2013/2014**

The Board considered the draft Annual Governance Statement 2013/2014 for inclusion in the Statement of Accounts 2013/2014.

The Executive Director, Finance and Corporate Resources introduced the report and in doing so informed Members that authorities were expected to publish the Annual Governance Statement (AGS) for 2013/2014 with their Statement of Accounts. The preparation and publication of an Annual Governance Statement was necessary in order to meet the statutory requirement set out in Regulation 4(2) of the Accounts and Audit (Amendment) (England) Regulations 2006 to prepare a Statement on Internal Control (SIC) in accordance with 'proper practices'.

Appendix 1 to the report detailed the draft Annual Governance Statement 2013/2014. In response to Councillor Buxton, the Executive Director, Finance and Corporate Resources agreed that reference to staff 1-2-1- meetings and the recent staff survey be included in the Annual Governance Statement. The Executive Director, Finance and Corporate Resources drew Members' attention to page 77 in the report and informed Members that during 2013/2014 only one complaint had been made to the Standards Committee with no further action taken.

The Executive Director, Finance and Corporate Resources responded to Ms. Z. Thomas and agreed that reference to the limited assurance audits should be included within the Annual Governance Statement.

**RESOLVED** that, subject to the amendments as referred to in the preamble above, the Annual Governance Statement 2013/2014 be included in the Statement of Accounts for 2013/2014.



11/14

## **BENEFITS FRAUD INVESTIGATIONS UPDATE - QUARTER 4**

The Board considered a report which detailed the performance of the Benefits Services Fraud Investigation service for the period 1st January 2014 to 31st March 2014, Quarter 4.

As agreed at the Audit Board meeting held on 20th March 2014, information on the new benefit system and the potential for increased fraud was included in the report, along with temporal data as requested by Members.

The Head of Customer Access and Financial Support introduced the report and in doing so informed the Board that as detailed in the report, during the three month period overpayments of £189,046.77 in Housing Benefit were identified. Council Tax Reduction caused by claimant error was no longer measured.

Fraud investigation could impact upon other areas of benefit administration. The biggest impact was upon the identification of overpaid Housing Benefit and excess payments of Council Tax Benefit/Reduction. Some of these overpayments could be large and could distort the apparent recovery rate of overpayments. Overpayments on the files closed during quarter 4 totalled £8,730.38 in Housing Benefit and £4,926.07 in Council Tax Benefit/Reduction.

During Quarter 4, 39 fraud referrals were received and considered for investigation by the team. The report highlighted where the referrals had been received from, data-matching, official sources and members of the public. 17 of the 20 referrals from members of the public were allegations relating to undeclared partners.

Many fraud referrals related to benefits paid by both Bromsgrove District Council and the Department for Work and Pensions (DWP). In these cases a joint approach was taken to ensure that the full extent of offending was uncovered and the appropriate action was taken by both bodies. This also maximised staffing resources by preventing duplicate investigation work and depending on workloads either body could take the lead.

Appendix 3 to the report detailed the numbers of referrals and subsequent outcomes for 2013/14, compared with the two previous years. The trend indicated a reduction in referrals but this was largely due to changes in the way some were recorded and also the automation of a large number of changes which had reduced the likelihood of changes not being picked up.

Quite a large number of the referrals would not be taken up. This could be for a variety of reasons such as duplicate referrals where an investigation was already taking place; no benefit in payment, the information in the allegation was already correctly declared alleged or would have no effect on the claim.

Cases where the allegation would have no effect on the Housing Benefit / Council Tax Support claim but could impact on DWP benefits or Tax Credits were referred to the appropriate organisation to investigate.

The timescale for the implementation of the Single Fraud Investigation Service (SFIS), as announced as part of the Government's Welfare reform plans had now been released and despite the rest of the county joining in November this year, Bromsgrove and Redditch would not join the organisation until February 2016. Staff were being kept fully informed and work would commence six months prior to the start date of February 2016.

The Head of Customer Access and Financial Support highlighted that it was important to note that the local authority would not be responsible for monitoring fraud in the Universal Credit system. This would transfer to the Single Fraud Investigation Service. However we would retain responsibility to manage non-welfare fraud such as the Council Tax Support Scheme. Readiness planning was taking place and the team were looking at how we could help our customers, digital by default, there would be a need for support to be in place for those who absolutely needed help. The team would look at on-line offerings, voluntary sector groups and budget helping assistance.

**RESOLVED** that the Benefits Services Fraud Investigations update for 1st January 2014 to 31st March 2014, quarter 4 be noted

12/14

## **INTERNAL AUDIT ANNUAL REPORT 2013/2014**

The Board considered the 2013/2014 Internal Audit Annual Report for the period 1st April 2013 to 31st March 2014 along with the Audit Opinion and Commentary.

The Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed the Board that the Annual Report was a combination of all the reports presented to the Board during the last twelve months. As detailed in Appendix 1 to the report, during 2013/2014 there were 285 chargeable audit days delivered. This equated to a delivery of 95% against a target for the year of 90%. Appendix 2 to the report provided a breakdown of the audits completed and the overall assurance. Appendix 3 to the report provided the audit opinion and commentary.

The Worcestershire Internal Audit Shared Service (WIASS) had achieved and delivered the full 2013/2014 internal audit plan.

The majority of the completed audits had been allocated an audit assurance of either 'moderate' or above meaning that there was generally a sound system of internal control in place, no significant control issues had been encountered and no material losses had been identified during a time of continued significant transformation and change.

The data received from the Client Feedback Analysis 2013/2014, showed that clients were satisfied with the audit process and service. The feedback was used to assess the effectiveness of internal audit and to help improve and enhance the internal audit function.

**RESOLVED** that the 2013/2014 Internal Audit Annual Report for the period 1st April 2013 to 31st March 2014 along with the Audit Opinion and Commentary, be noted.

13/14 **INTERNAL AUDIT MONITORING REPORT**

The Board considered a report which detailed the monitoring report of internal audit work and performance for 2013/2014.

The Service Manager, Worcestershire Internal Audit Shared Service introduced the report and in doing so informed Members that the report provided commentary on Internal Audit's performance against the performance indicators agreed for the service. The report also included the 2012/2013 audit where further work was requested and had been undertaken throughout the 2013/2014 audit year.

The Service Manager, Worcestershire Internal Audit Shared Service responded to Councillor S. J. Baxter with regard to trend analysis and implementation dates being changed. Members were informed that implementation dates were managed. The Section 151 officer would be made aware and if there was a genuine reason as to why the implementation date was to be changed the Section 151 officer would sign it off. If concerns were noted with regard to implementation dates being changed for no apparent reason the Audit Board would be made aware.

**RESOLVED** that the monitoring report of internal audit work and performance for 2013/2014 be noted.

14/14 **ICT RESILIENCE - VERBAL UPDATE**

As referred to in Minute Number 5/14 above.

15/14 **CORPORATE RISK REGISTER**

The Board received a report on the updated 2014/2015 corporate risks to be included in the Corporate Risk Register.

The Executive Director, Finance and Corporate Resources introduced the report and in doing drew Members' attention to the Corporate Risks 2014/2015 as detailed at section 3.5 in the report. As requested by the Board Corporate Fraud and Individual Election Registration had been added to the risks. The Executive Director, Finance and Corporate Resources responded to Ms. Z. Thomas and agreed that the Corporate Risks should link to the Council's strategic purposes and this would be raised with the Corporate Management Team.

**RESOLVED** that, subject to the amendment as detailed in the preamble above, the Corporate Risks 2014/2015 be agreed.

16/14 **AUDIT BOARD DRAFT ANNUAL REPORT 2013/2014**

Members considered the draft Audit Board End of Year Report 2013/2014. The report was a factual report with input from Board Members for the municipal year 2013/2014.

**RESOLVED** that the draft Audit Board Annual Report 2013/2014 be presented as the final report to the next meeting of Council for information.

17/14 **AUDIT BOARD WORK PROGRAMME 2014/2015**

The Board considered the Work Programme for 2014/2015.

Following a brief discussion on the number and volume of reports presented to Audit Board meetings, the Board agreed that officers be tasked to review the Work Programme for 2014/2015.

**RESOLVED:**

- (a) that the Work Programme for 2014/2015 be noted; and
- (b) that officers be tasked to review the Work Programme for 2014/2015.

The meeting closed at 7.27 p.m.

Chairman

### AUDIT BOARD

Date 18<sup>th</sup> September 2014

#### BENEFITS FRAUD – QUARTER 1 UPDATE

Relevant Portfolio Holder	Cllr Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda de Warr, Head of Customer Access and Financial Support
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

#### 1. SUMMARY OF PROPOSALS

To advise Members on the performance of the Benefits Services Fraud Investigation service. This report gives performance information for the team from 1 April 2014 to 30 June 2014.

#### 2. RECOMMENDATIONS

The Committee is asked to RESOLVE that subject to any comments, the report be noted.

#### 3. KEY ISSUES

##### Financial Implications

- 3.1 Direct expenditure for the year from 1 April 2013 until 31 March 2014 was £15.9m in Housing Benefit and £4.6m in Council Tax Support.
- 3.2 During the 3 month period total overpayments of £180k in Housing Benefit were identified. Claimant error in respect of Council Tax Support is no longer classified as an overpayment and this amount is no longer measured, although recovery mechanisms are in place. Measures are being put in place to enable us to better evaluate Council Tax Support overpayment.
- 3.3 Overpayments on fraud investigations closed during the period of this report totalled £51k in Housing Benefit and £9k in Council Tax Support. Some of these overpayments may be included in the totals identified as shown in 3.2 but because investigations can sometimes continue for a considerable time after the overpayment is calculated, many of these will have been calculated in prior to 1 April 2014.

### **AUDIT BOARD**

Date 18<sup>th</sup> September 2014

#### Legal Implications

- 3.4 There are no specific legal implications.

#### Service/Operational Implications

- 3.5 The Benefits Service decides entitlement to Housing Benefit and Council Tax Support in the local area. A shared dedicated counter fraud team is in place and their purpose is to prevent and deter fraud in addition to investigating any suspicions of fraudulent activity against the Authority. The team have completed the nationally recognised best practice qualifications in Professionalism in Security (PinS) appropriate to their role.
- 3.6 As at 30 June 2014 there were 5435 live Housing Benefit claims and 5062 Council Tax Reduction claims in payment. Approximately 48% of the caseload is made up of people of working age which results in a large number of claims from customers who are moving in and out of work and also claiming other out of work benefits.
- 3.7 Although improvements to measures to make this transition easier for customers have been put in place, it still remains an area of risk of fraud and error entering the system. As both Housing Benefit and Council Tax Reduction are means tested benefits there are potential financial incentives to under declare income and savings or not to report a partner who may be working or have other income.
- 3.8 During this quarter 19 fraud referrals were received and considered for investigation by the team.
- 3.9 10 of these referrals were from official sources. 2 of these were joint working invitations received from the DWP and the other 8 from within Bromsgrove District Council (BDC), showing the value of maintaining awareness of benefit fraud with employees.
- 3.10 The remaining 9 referrals came from members of the public, demonstrating the value of maintaining a high level of fraud awareness within the local community. The majority of these referrals were allegations relating to occupancy of properties, either undeclared partners or non-dependants or allegations that the customer was not residing at the address. This type of fraud is often difficult to identify through data-matching and is not always likely to be identified by staff and it is pleasing to see that this is the type of fraud being reported by residents. An increase in the number of referrals from the public is always experienced following reports of successful prosecutions appearing in the local press giving details of the case and how to report suspicions of benefit fraud. This practice is understood to deter fraud as one of the main concerns of customers who are being interviewed

### **AUDIT BOARD**

Date 18<sup>th</sup> September 2014

under caution for benefit fraud offences is that their name will appear in the paper.

- 3.11 Many fraud referrals relate to benefits paid by both BDC and the DWP. In these cases, a joint approach is taken to ensure that the full extent of offending is uncovered and the appropriate action is taken by both bodies. This also maximises staffing resources by preventing duplicate investigation work and depending on workloads either body can take the lead.
- 3.12 15 investigations were closed during the period and fraud or error was established in 11 of these.
- 3.13 Two customers were prosecuted. One of these related to undeclared student income and earnings, the other to an undeclared non-dependant in the property.
- 3.14 Three claimants accepted a caution as an alternative to prosecution. One of these related to an undeclared private pension, one to undeclared tax credits and the other to undeclared work.
- 3.15 Six cases were closed without sanctions although overpayments were identified on them. There must be sufficient evidence to prosecute for any sanction to be considered. At times this cannot be obtained and the file must therefore be closed without sanction.
- 3.16 Fraud investigation can impact upon other areas of benefit administration. The biggest impact is upon the identification of overpaid Housing Benefit and excess payments of Council Tax Support. Some of these overpayments can be extremely large and can distort the apparent recovery rate of overpayments.
- 3.17 A shared Investigation Team working across both Bromsgrove District and Redditch Borough is now in place. A Senior Investigation Officer has been recruited to lead the team to February 2016 when they are due to transfer to the Single Fraud Investigation Service (SFIS).
- 3.18 The team will continue to investigate claims for Council Tax Support in order for decisions to be made on the future of this function which is not transferring to SFIS.
- 3.19 A counter fraud fund has been made available through the Department for Communities and Local Government for local authorities to submit bids to enable the investigation of non-benefit related fraud. The Government is particularly keen to fund innovative joint proposals and an application is currently being prepared for submission to enable investigation to be made and evaluated in respect of Council Tax Support fraud.

## **AUDIT BOARD**

Date 18<sup>th</sup> September 2014

### **Customer / Equalities and Diversity Implications**

- 3.20 A robust mechanism for pursuing Housing Benefit and Council Tax Support Fraud is important to customers who expect to see action taken to reduce fraud and overpayment of benefits.

### **4. RISK MANAGEMENT**

- 4.1 Without adequate performance monitoring arrangements there is a risk that the Benefits Service could lose subsidy and additional costs could be incurred. In addition, without effective counter fraud activity increased numbers of claims where no or reduced entitlement would remain in payment and add to the service cost.

### **5. APPENDICES**

- Appendix 1 - Example cases  
Appendix 2 - Additional demographic information  
Appendix 3 - Trends data

### **6. BACKGROUND PAPERS**

None

### **7. KEY**

#### **AUTHOR OF REPORT**

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## Quarter 1 - Example Cases

### Case 1

A 26 year old woman was prosecuted after it was identified through the National Fraud Initiative data-matching exercise that she was receiving student income. The investigation also established that the customer had failed to declare that she had ceased to be self-employed as she started working for a care home before she became a student with a bursary and student loan. A review form had also been completed during the period of offending, but the customer failed to declare her true circumstances at that time.

An overpayment of Housing Benefit totalling £9,401.60 was established and is now being repaid through monthly instalments.

The customer was sentenced to a 12 month conditional discharge and ordered to pay a £15 victim surcharge.

### Case 2

A 74 year old man accepted a caution as an alternative to prosecution after it was identified through a HBMS data-match that he was receiving income from an annuity.

When interviewed under caution the man fully admitted that he had failed to declare both the income and the account that it was paid into because he knew that he would not qualify for Housing Benefit and Council Tax Support if he had done.

Housing Benefit of £1,051 and Council Tax Support of £323 was overpaid and it was considered appropriate to offer a caution because of the full admission and amount involved in this case. The overpaid Housing Benefit is being recovered through monthly instalments.

### Case 3

The investigation into the claim of a 22 year old woman was closed without sanction after the case was rejected for prosecution by the legal team.

This investigation began after anonymous information was received alleging that the customer was living with her partner who was serving in the armed forces. Evidence was obtained to show that a false tenancy agreement had been obtained from a member of staff in a letting agency showing the customer as a sole tenant whereas the tenancy had been granted in joint names with the undeclared partner. The customer was interviewed under caution using this and other evidence linking the partner to the property.

Using all of the information obtained, the Benefit Team decided that the claim had been incorrectly in payment and calculated overpayments of £6,814 Housing Benefit and £748 Council Tax Support.

The case was referred for prosecution but was rejected by the Legal Team as it was considered that although a significant amount of evidence had been obtained, the offences could not be proven beyond reasonable doubt.

The overpayment stands and recovery is currently being pursued.

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## APPENDIX 2

### FRAUD CASES – DEMOGRAPHIC INFORMATION

This table gives additional information on the nature and demographic profile of cases of benefit fraud where sanctions were applied during the period covered by this report.

Gender	Status	No. dep children	Tenancy type	Area	Fraud type	Outcome
Female	Single	1	Private tenant	Aston Fields	Student income/work	Prosecution
Female	Single	0	Housing Association	Stoke Prior	Non-dependant	Prosecution
Male	Partnered	0	Private tenant	Walkers Heath	Private pension	Caution
Female	Single	1	Housing Association	Sidemoor	Tax Credits	Caution
Female	Partnered	2	Housing Association	Hopwood	Work	Caution

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## Fraud Trends - 2011 to 30 June 2014

Fraud type	2011/12	2012/13	2013/14	2014/15
Undeclared income	37	67	46	1
Working and drawing	19	10	18	5
Contrived tenancy	2			
Employer fraud		1		
HBMS Data Match*	88	12	2	
Landlord fraud	1	1		
Living together	34	36	54	4
Non-commercial tenancy	1			1
Non-dependants	20	13	10	3
Non-residency	4	8	18	4
Other	10	9	8	
Property owner			1	
Student award				
Undeclared capital	11	6	8	1
<b>Total referrals</b>	<b>227</b>	<b>163</b>	<b>165</b>	<b>19</b>

\* Referrals under the HBMS Data Match fraud type have reduced because they are now recorded using the type of discrepancy that the match is identifying, e.g. when identifying an undeclared pension this would be recorded as undeclared income.

Referral source	2011/12	2012/13	2013/14	2014/15
Members of public	54	32	65	9
Data matching	114	66	52	
Official source	59	65	48	10
<b>Total referrals</b>	<b>227</b>	<b>163</b>	<b>165</b>	<b>19</b>

The significant reduction in the number of referrals from Data Matching is a general trend following the automation of information regarding benefits and Tax Credits between local authorities and DWP. This trend has also decreased the number of cases of lower level fraud where a caution or administrative penalty would quite often have previously been offered.

Closures by fraud type	2014/15
Undeclared income	4
Working and drawing	3
Living together	1
Non-dependants	1
Student award	2
<b>Total closures</b>	<b>11</b>

Closures by referral source	2014/15
Members of public	1
Data matching	5
Official source	5
<b>Total closures</b>	<b>11</b>

# Agenda Item 5

<b>Outcomes</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Penalty	7	6	1	
Caution	45	32	21	3
Prosecution	3	9	10	2
No sanction		26	17	6

## **BROMSGROVE DISTRICT COUNCIL**

### **MEETING OF THE OVERVIEW AND SCRUTINY BOARD**

**MONDAY, 14TH JULY 2014 AT 6.00 P.M.**

PRESENT: Councillors L. C. R. Mallett (Chairman), H. J. Jones (Vice-Chairman),  
C. J. Bloore, J. S. Brogan, R. A. Clarke, S. R. Colella, R. J. Laight,  
P. Lammas, R. J. Shannon, C. J. Spencer and C. J. Tidmarsh

Officers: Mr. K. Dicks, Ms. J. Bayley and Ms. A. Scarce

#### 17/14 **APOLOGIES**

Apologies for absence were received on behalf of Councillors B. T. Cooper and S. P. Shannon.

#### 18/14 **DECLARATIONS OF INTEREST AND WHIPPING ARRANGEMENTS**

Councillors J. S. Brogan and C. J. Spencer declared other disclosable interests in respect of Item No. 5 as members of the Artrix Operating Trust.

Councillors R. A. Clarke, R. J. Laight and P. Lammas declared other disclosable interests in respect of Item No. 5 as members of the Artrix Holding Trust.

Councillor R. J. Shannon declared an other disclosable interest in Item No. 5 due to a close personal relationship with an employee of the Artrix.

Members agreed that a general declaration of an other disclosable interest in respect of Item No. 9 should be made for every member of the Board as it was acknowledged that all Members (or their families) would use the leisure facilities provided by the Council at some point.

#### 19/14 **MINUTES**

The minutes of the meeting of the Overview and Scrutiny Board held on 16th June 2014 were submitted.

Members commented that there had been a single spelling mistake on page 7 of the minutes where "n" had been recorded rather than "on".

The Chairman advised Members that the Cabinet had considered the Board's two recommendations on the subject of the staff survey. In relation to the first recommendation, on the subject of a statement in favour of a zero tolerance approach to bullying and harassment of staff being added to the top ten recommendations arising from the survey, the Cabinet had fully endorsed the Board's proposals. However, the Cabinet had debated for some time the

Board's second proposal, in respect of providing elected Members with access to the staff finder system on the Council's intranet. This proposal had subsequently been referred on to the Chief Executive for further consideration.

The four recommendations proposed on behalf of the Leisure Provision Task Group had also been debated. In respect of the first of these recommendations Cabinet had concluded that it was not necessary for the Audit Board to consider the financial implications of the proposed new leisure centre. Members expressed some concerns about this response and suggested that due to the significant amount of funding involved and the proposed borrowing levels there was a need for the Audit Board to investigate this matter further. Members also noted that they had the power to refer the recommendation to the Audit Board directly.

In respect of the group's second proposal the Cabinet had suggested that it would not be appropriate for them to make a decision about the work of a Task Group as this needed to be determined by the Overview and Scrutiny Board. However, they had no objections to this proposal. The Cabinet had noted the third and fourth recommendations proposed by the Board but had made it clear that they did not agree with the Board's conclusions in relation to their fourth recommendation.

**RECOMMENDED** to the Audit Board that financial concerns around the increased membership that will be needed to ensure good annual revenue should be addressed through an Audit Board investigation of the figures; and

**RESOLVED** that, subject to the amendment to the minutes detailed in the preamble above, the minutes be approved.

20/14

## **WRS JOINT SCRUTINY TASK GROUP - FINAL REPORT**

Councillor R. J. Laight, the Council's representative on the Joint Worcestershire Regulatory Services (WRS) Scrutiny Task Group and Chairman of the review, presented the Task Group's recommendations.

During the delivery of this presentation the following issues were highlighted for Members' consideration.

- Meetings of the group had been co-ordinated by the Council's Democratic Services team because Bromsgrove District Council was the host authority for WRS.
- The subject had been reviewed as a joint scrutiny exercise partly because all of the 7 Councils in Worcestershire were members of the shared service. Members were also advised that it had been a requirement of the original partnership agreement that WRS would not be subject to scrutiny by the Overview and Scrutiny Boards at each partner authority.
- The review had been detailed and lengthy, holding a total of 15 meetings.
- There had been cross party consensus within the group on its final recommendations.



# Agenda Item 6

Overview and Scrutiny Board  
14th July 2014

- The report had already been considered by Redditch Borough Council and Wychavon District Council's Overview and Scrutiny Committees which had both endorsed all of the group's recommendations.
- Wyre Forest District Council had also considered the report, but had deferred making a decision.
- The report would be presented for the consideration of the Worcestershire Shared Services Joint Committee on 2nd October 2014. The findings of the Joint Committee would subsequently be reported back to the Cabinets at each partner authority for further consideration.
- Members were informed that meetings of the Joint Committee were open to the public. It was suggested that Members might be interested in attending the meeting of the Committee in October to observe the decision making process in action.
- Any feedback from the Board on this report would be detailed in the minutes of the meeting and attached as an addendum to the report when presented to the Joint Committee.
- Members of the group had been concerned that further reductions in partners' financial contributions could have a detrimental impact on public safety, due to the nature of the services provided by WRS.
- The Task Group had been particularly concerned about the approach that had been adopted by some partners to funding the shared service. Members were suggesting that in some cases partners had prioritised their interests, particularly during discussions about finances, which was not necessarily conducive to effective partnership working.
- The Task Group had also been concerned about the governance arrangements for WRS and were proposing significant changes designed to enhance the shared service.
- Members had received evidence from a number of expert witnesses during the review. Councillor Laight was particularly keen to thank the Head of Regulatory Services for his constructive contributions to the review.

Following delivery of the presentation a number of points were raised during discussion of the group's recommendations:

- The Head of Regulatory Services had advised the group that any further reductions beyond the current budget level would have an impact on service provision as there would be fewer Officers than was needed to deliver services at their current levels.
- Budget reductions would potentially lead to further job losses and could result in a reduction in Officer capacity to react to major crises (such as outbreaks of foot and mouth disease).
- A reduction in the budget available to the shared service could also impact on the potential for Officers to undertake preventative work. In this context there was a risk that WRS would become a purely reactive service.
- Concerns were raised about accountability for WRS and the difficulties that had been encountered in the first 4 years of operation. It was confirmed that the Joint Committee was accountable for the shared service as the elected Members appointed to it made decisions in respect of the partnership and monitored the performance of services.

# Agenda Item 6

Overview and Scrutiny Board  
14th July 2014

- The partnership had been established in 2010. At that time the significant changes to local government that would subsequently occur, particularly those resulting from financial austerity, had not been anticipated and it had not been possible to predict that challenges would arise in the way that they had.
- Communication problems involving the Worcestershire Hub Service were highlighted within the review. It was anticipated that the new in house communications service would address these problems and improve the service to the customer. The designated Member Liaison Officer, if introduced, would also help to resolve this problem.
- Attempts had been made to consult with Worcestershire County Council regarding their proposed budget cuts. However, a letter sent to the Leader of the Council and relevant Officers had not been taken into account as part of the budget setting process and a response had only been received following further enquiries.
- The Board noted that the County Council and the district Councils had different statutory responsibilities in relation to regulatory services.
- Some Members suggested that if the budget reductions proposed by Worcestershire County Council were critical consideration might need to be given in future to the district Councils working together alone in order to make sure that the partnership remained sustainable. However, the Board acknowledged that this idea would need to be subject to further investigation.
- The review had not necessarily been undertaken at the most appropriate time as it coincided with significant changes for the partnership, including initial discussions about the potential for WRS to enter into a strategic partnership with an external partner.
- Some concerns were expressed that due to the criticisms contained within the report some organisations might be deterred from entering into a strategic partnership with WRS and this could therefore weaken any final partnership arrangements. However, Officers confirmed that four organisations had already expressed an interest in the potential to enter into a strategic partnership with WRS, though no detail could be provided on the progress that had been made with this matter at the time of the meeting.
- Officers confirmed that any decision to enter into a strategic partnership with an external partner would need to be made by the Cabinets at each local authority.
- Members expressed an interest in learning more about the proposed strategic partnership and the implications for the future of WRS. As Officers had already delivered briefings on this subject to other partners, it was agreed that a similar briefing should be requested for Bromsgrove.
- The Council's two elected representatives on the Joint Committee had both been consulted as part of the review. However, whilst they had been advised of the outcomes of the review it had not been felt that it would be appropriate to invite them to speak to the Board on this matter because they had been expert witnesses.
- Amanda Scarce and Jess Bayley, the Democratic Services Officers who had supported the review, were thanked for their help with the exercise. There was a suggestion that further joint scrutiny exercises would be

useful in the future. However, for those to be effective, participating Councils would need to provide more constructive support to the host authority.

The level of funding reductions that had been proposed by Worcestershire County Council for the following three year period were discussed in particular detail. Members were disappointed to learn that this could lead to a significant reduction in the number of Trading Standards Officers employed by WRS and that this could have a detrimental impact on the quality of the trading standards service in the county. Members also noted that in order to manage any future crises involving trading standards WRS might need to hire staff on a temporary basis from other regulatory services which could potentially lead to an increase in financial costs for the partnership. Alongside these considerations Members expressed concerns that the proposed contribution from Worcestershire County Council would not cover the overheads and other costs of the partnership.

Members also noted that a number of district Councils had also requested that specific savings be achieved, particularly Worcester City Council and Wyre Forest District Council. Officers advised that any reductions in financial contribution would be accompanied by a corresponding reduction in service levels within those Councils' boarders. However, Members were concerned that the cumulative impact of all these reductions would be detrimental for the partnership as a whole and, in particular, would undermine the sustainability of the shared service in the long-term.

Whilst Members concurred that the Group's proposals should be endorsed the Board agreed that the concerns they had raised during their debate should also be highlighted for the consideration of the Joint Committee. The Board therefore

**RECOMMENDED** to the Worcestershire Shared Services Joint Committee that

1. the 12 recommendations of the Joint WRS Scrutiny Task Group be endorsed; and
2. the Board's concerns, that further reductions in the financial contributions from partners could risk the future of the partnership and the safety of residents, be noted;

**RESOLVED** that

1. the Head of Regulatory Services be invited to a future meeting of the Overview and Scrutiny Board, together with the Council's Member representatives on the Worcestershire Shared Services Joint Committee, to deliver a briefing on the subject of the strategic partnership plans for WRS; and
2. the report be noted.

The Board considered the Cabinet's response to the Artrix Outreach Provision Task Group's report. Officers confirmed that the Cabinet had endorsed the recommendations subject to minor amendments. These recommendations would be added to the Board's Recommendation Tracker and updates would be requested from relevant Officers and partners.

The Chairman commented that he had discussed the Cabinet's response with Councillor S. P. Shannon, who had chaired the Task Group exercise. Councillor Shannon had welcomed the Cabinet's response to the Group's proposals and had asked the Board to note his thanks to all the other members of the group for their hard work. The Board also thanked Councillor Shannon for his work in chairing the review.

22/14

## **TO REVIEW THE TASK GROUP GUIDELINES & SCOPING DOCUMENTS**

The Board considered the Inquiry/Task Group Procedure Guidelines. During consideration of these guidelines the following points were discussed:

- The guidelines were followed by the Board when considering any requests to launch Task Groups. However, they were not included in the constitution and there was the potential to formalise the requirements.
- Short, Sharp Reviews could be undertaken to explore subjects relatively quickly and these exercises could help Members to determine whether a more detailed Task Group review of the subject would be appropriate.
- The Board had launched only one Short, Sharp Review to date; the MUGA (Multi Use Games Area) in Alvechurch in 2010.
- There was the potential to combine the topic proposal form and the scoping checklist. This would ensure that the Board could consider more detail when deciding whether a subject was suitable for further scrutiny and help to reduce the timescales involved in launching a review.
- Interest had recently increased amongst Members in participating in Task Group exercises resulting in competition for places on groups.
- There was the potential to review the minimum and maximum number of Councillors. The Board could also consider the option of reintroducing a form that would need to be completed by Councillors explaining what they could contribute to a review.
- Nominations to Task Groups could also be reviewed. Officers explained that at some other local authorities group leaders nominated Members to groups.
- The timeframes for Task Group exercises could be assessed. Whilst Task Groups were required to complete reviews within 2 – 5 months at present the Board could consider providing greater flexibility over timescales if considered appropriate for the subject.
- Task Group Chairmen already provided verbal updates to the Board on the progress of a review. Interim reports could also be introduced as a requirement to enable the Board to identify any problems with a review as and when they occurred as well as to determine whether it was worth continuing with an exercise.

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- The arrangements for presenting task group final reports to both the Board and Cabinet could also be assessed. Members were advised that at some other Councils the Chairman of a task group would deliver a short presentation to the Board and then Cabinet, supported at the table by the lead Democratic Services Officer for the task group.

The Chairman explained that he would discuss all of these suggestions in further detail with Officers. He suggested that Members consider any additional changes that could be made to the scrutiny process and report back to him prior to the following meeting of the Board. Members agreed that this subject should also be considered in further detail at that meeting, subject to the Board's work programme.

**RESOLVED** that the subject be considered in detail at a future meeting of the Board.

23/14

## **QUARTERLY RECOMMENDATION TRACKER**

The Board considered the Recommendation Tracker Report and noted that there were a number of recommendations where action remained outstanding.

The Chairman suggested that the outstanding recommendations in respect of the Planning Policy Task Group could be discussed with the Head of Planning and Regeneration at the next meeting of the Board.

A number of the recommendations that had been proposed by the Air Quality Task Group in 2013 were in the process of being implemented. In particular, Officers reported that the Worcestershire Health and Wellbeing Board was due to consider relevant recommendations at its meeting on 22nd July.

Members expressed concerns about the lack of information that had been received in respect of the recommendations made by the Youth Provision Task Group. Members agreed that as the 12 month review of the Task Group Report was due in September a more detailed response should be brought back to the Board at that time..

The Chairman also suggested that it was not appropriate for Democratic Services Officers to have to spend time chasing other Officers for updates on progress that had been made in implementing recommendations. The Board was therefore advised that he would undertake to chase relevant Officer for an update on progress with this matter.

**RESOLVED** that the report be noted.

24/14

## **JOINT INTEGRATED WASTE SERVICES SCRUTINY TASK GROUP**

Following the previous meeting of the Board Officers had contacted Worcestershire County Council (WCC) to discuss the terms of reference for the review. The lead support Officer from WCC had confirmed that as a district Council remained a member of this Task Group (Worcester City

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Council) this exercise would continue to be classified as a Joint Task Group review. There were no plans to alter the terms of reference.

The reasons why other district Councils had decided not to participate in this exercise were briefly debated. In particular, it was noted that Redditch Borough Council's Overview and Scrutiny Committee had decided not to participate as there had been cross party consensus that a shared waste collection and disposal service was not suitable for the Borough.

The suitability of the Council remaining involved in this Task Group exercise was debated in some detail. Some Members suggested that it was important to provide the Council with an opportunity to influence the work of this group. Members noted that as this review was being undertaken as a scrutiny exercise participation in the review would not commit the Council to entering into a shared waste collection and disposal service as Task Groups did not have any decision making powers. There was also no guarantee that the Task Group would recommend the introduction of a countywide shared service. However, concerns were expressed by other Members about the time that would be required and the potential for constructive outcomes to be achieved when only a limited number of district Councils would be participating in the exercise.

Officers advised that the scrutiny team at WCC had requested further information from the Head of Environmental Services about the Council's waste collection service. A number of Members expressed concerns about providing this information, particularly if it would require Officers to spend a significant amount of time responding. However, Members also noted that out of courtesy it would be appropriate to respond to this request for information. It was noted that this response could be highlighted as good practice if and when the Council co-ordinated any future joint scrutiny exercises.

Members noted that the group's final report would need to be referred back to the Council if proposals were brought forward to introduce an integrated waste service in Worcestershire. The Board would have the option to scrutinise the report at this stage.

**RESOLVED** that

1. Officers should respond to the Joint Integrated Waste Services Scrutiny Task Group's request for information about the Council's waste collection service as and when appropriate and should use their discretion when determining the level of information that could reasonably be provided; and
2. Bromsgrove District Council's Overview and Scrutiny Board withdraw from the Joint Integrated Waste Services Scrutiny Task Group.

25/14

## **LEISURE PROVISION TASK GROUP**

Councillor C. J. Spencer, Chairman of the Leisure Provision Task Group, explained that the next meeting of the group would take place on Thursday 17th July.

Councillor C. J. Bloore explained that following the previous meeting of the Board he had discussed leisure provision within the district with local sports clubs. Many of these clubs had reported that costs at the Ryland Centre for use of sports hall facilities had increased recently and they were therefore using facilities in Redditch. Members agreed that this issue and the implications for participation in leisure activities in the district should be considered further by the Task Group.

The Chairman thanked Councillor Spencer for producing a detailed written report for Members' consideration at the previous meeting of the Board and that this had helped to facilitate a constructive debate of the matter.

26/14

## **WCC HEALTH OVERVIEW AND SCRUTINY COMMITTEE**

The Chairman read out a statement that had been provided by Councillor B. T. Cooper, the Council's representative on the Worcestershire Health Overview and Scrutiny Committee (HOSC) in which Councillor Cooper had explained that the most recent meeting of the HOSC was devoted to a presentation by Worcestershire Health and Care Trust on 'Community Services development: the next phase of integration'.

In view of the concerns expressed by the Board, about possible charging for incontinence pads, Councillor Cooper had raised the issue at the HOSC. The Chairman of HOSC had reported that he was aware of the issue and would be discussing the matter further with the Chairman of Worcestershire County Council's Overview and Scrutiny Performance Board to ascertain whether HOSC could deal with the matter in the future. Councillor Cooper understood that this conversation had subsequently taken place and that the issue of charging for pads had been raised but no decision had been made.

At the request of Councillor Cooper copies of the draft minutes from the meeting of the HOSC held on 17th June were circulated for the consideration of the Board.

27/14

## **CABINET WORK PROGRAMME**

Members considered the Cabinet Work Programme for the period 1st August to 30th November 2014.

The Chairman expressed disappointment that the layout of the Cabinet Work Programme had not changed as discussed at previous meetings of the Board. Members also suggested that it remained unclear whether some items listed on the Cabinet Work Programme were key decisions. In particular, Members requested further clarification as to whether the Council-owned land on Aintree Close, Catshill, was worth more than £50,000 and therefore likely to be the subject of a key decision.

The Town Centre Public Realm Phase 2 was also discussed and Members commented that they had received a presentation on the first phase of this

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project the previous year. It was agreed that a further presentation to the Board on the second phase would therefore be useful.

The Chairman explained that due to the timing of the Board meetings, which took place a week after the Cabinet met, it was currently difficult for the Board to pre-scrutinise items listed on the Cabinet's Work Programme constructively. He informed Members that he would therefore approach the Leader to discuss the potential to alter the order of the meetings of the two Committees in future years to enable the Board to undertake pre-scrutiny more effectively.

**RESOLVED** that

1. a presentation be delivered at a future meeting of the Board on the subject of the Town Centre Public Realm Phase 2; and
2. the Cabinet Work Programme for the period 1st August to 30th November 2014 be noted.

28/14

## **ACTION LIST**

Officers explained that information received regarding the parts for CCTV equipment had been circulated for Members consideration outside the meeting.

**RESOLVED** that the Action List be noted.

29/14

## **OVERVIEW AND SCRUTINY BOARD WORK PROGRAMME**

The Chairman commented that following the addition of a number of items to the Board's Work Programme during the meeting the agenda for the September meeting of the Board was relatively large. He suggested that consideration should therefore be given to holding an additional meeting. Members commented that any additional meeting should take place in September as it was likely that many Members and Officers would be on leave in August. Members agreed that a suitable date should therefore be identified in September and that Officers should work with the Chairman to identify any items that could be postponed for consideration at a later meeting in the municipal year.

**RESOLVED** that

1. Officers investigate the potential to hold an additional meeting of the Board in September in consultation with the Chairman;
2. Officers draft a series of questions for the consideration of the Head of Planning and Regeneration and the relevant Portfolio Holder and circulate for the consideration of Board Members; and
3. the Committee's Work Programme be noted.

The meeting closed at 8.10 p.m.

Chairman



### AUDIT BOARD

18<sup>th</sup> SEPTEMBER 2014

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#### APRIL - DECEMBER (QUARTER 3) FINANCE MONITORING REPORT 2013 /14

<b>Relevant Portfolio Holder</b>	Councillor Roger Hollingworth
<b>Portfolio Holder Consulted</b>	-
<b>Relevant Head of Service</b>	Jayne Pickering – Exec Director Finance and Resources
<b>Ward(s) Affected</b>	All Wards
<b>Ward Councillor(s) Consulted</b>	No
<b>Key Decision / Non-Key Decision</b>	Non–Key Decision

#### 1. SUMMARY OF PROPOSALS

To report to the Board the monitoring of the projected savings for 2014/15. This report includes the delivery of savings and additional income for the period April 2014 – June 2014.

#### 2. RECOMMENDATIONS

- 2.1 That the Board note the current financial position for projected savings as presented in the report.

#### 3. KEY ISSUES

- 3.1 This report provides a statement to show the projected saving for 2014/15 for each strategic purpose and the delivery of the saving for the period April – June 2014. This report is separate to the main financial monitoring report that is presented to Cabinet as it focuses on the delivery of savings rather than the overall financial position of the Council.
- 3.2 The External Auditors, Grant Thornton, have recommended that the delivery of savings be monitored more closely to ensure that the Council is meeting savings in the way that was expected when the budget was set. This monitoring is recommended to be undertaken by the Audit Board and the statement attached at Appendix 1 was agreed at the meeting in March 2014 to be used for monitoring purposes.

## **AUDIT BOARD**

**18<sup>th</sup> SEPTEMBER 2014**

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- 3.3 As members may be aware during the budget process, heads of service propose savings that are to be delivered during future financial years. The budget allocation is then reduced to reflect the proposed saving and officers meet on a monthly basis to ensure that all estimated reductions to budget are being delivered.
- 3.4 Appendix 1 shows that for the period April – June there are no concerns in the delivery of the savings to budget. A number of the projections were based on reductions in cost following service reviews and due to the timing of the restructures a number of savings will, as expected, not be achieved until the next quarter.

3.5 **Legal Implications**

None as a direct result of this report.

3.6 **Service/Operational Implications**

Timely and accurate financial monitoring ensures that services can be delivered as agreed within the financial budgets of the Council

3.7 **Customer / Equalities and Diversity Implications**

None, as a direct result of this report.

4. **RISK MANAGEMENT**

Effective financial management is included in the Corporate Risk Register.

5. **APPENDICES**

Appendix 1 – Saving monitoring April – June 2014

6. **BACKGROUND PAPERS**

Available from Financial Services

**AUTHOR OF REPORT**

Name: Jayne Pickering – Executive Director Finance and Resources  
Email: j.pickering@bromsgroveandredditch.gov.uk  
Tel: (01527) 881400

## REVENUE SAVINGS 2014/15 - APRIL - JUNE

APPENDIX 1

Strategic Purpose	2014-15 £'000	Quarter Position 2014/15 £'000	Variance Quarter Position 2014/15 £'000	Comments on variance	Saving Description General / Service Redesign / Additional Income
<b>Enabling</b>					
Worcestershire Regulatory Services	-50	-13	0		Savings generated from the service review and efficiencies within WRS
Customer Services	-59	-15	0		Service review following redesign of the service to mitigate impact of WCC cuts to funding
Audit Fees	-15	-4	0		Contract reduction in Audit Fees
Director of Planning	-29	-7	0		
Head of Service Restructure (Finance and Resources)	-42	-11	0		Savings from the redesign of the management team within Financial Resources
Valuation Services (Property)	-37	-9	0		Renegotiation of Contract for Services
Replacement Financial System	-20	-5	0		Review of costs associated with new financial system
Financial Services ; Accountancy / Payments / Payroll	-35	0	9	Shortfall due to timing	The review of accountancy , payroll and payments is underway and therefore the saving will not be achieved until later in the financial year
Legal & Democratic Services redesign	-22	-6	0		Review of vacant posts and redesign of the service provided
Legal Services	-8	-2	0		General Reductions on budgets following review
Transformation	-62	-16	8		There is a slight shortfall at present due to the timing of some contract payments. It is estimated that this will be achieved by the end of the financial year.
<b>Keep my Place, Safe and Looking Good</b>					
CCTV Contract	-32	-8	0		There is currently excess income being delivered from the out of hours contract for CCTV and Lifeline
Career break for 3 months	-4	-1	0	Shortfall due to timing	General savings from reduction in costs
Environmental Services - Redesign of service delivery	-108	-27	27		The redesign of the support and other services within Environmental to include; bereavement, waste collection and management has commenced and therefore the savings will be achieved by the end of the financial year

## REVENUE SAVINGS 2014/15 - APRIL - JUNE

APPENDIX 1

Strategic Purpose	2014-15 £'000	Quarter Position 2014/15 £'000	Variance Quarter Position 2014/15 £'000	Comments on variance	Saving Description General / Service Redesign / Additional Income
Planning Services ( Building Control)	-14	-4	0		Reduction in hours in some of the vacant posts has delivered an underspend to the budget
<b>Provide Good Things for me to See, Do and Visit</b>					
Leisure Services redesign of provision and structure to deliver services	-151	-38	4		The redesign of the service is to be reviewed and therefore there is a slight shortfall in the delivery of this saving. However the overall financial position of the department will result in the total saving being achieved.
Additional Market Income	-25	-6	6	Shortfall due to timing	It is expected that additional income will be delivered once the market moves to the newly developed high street. There are new stalls to be utilised and new markets are anticipated
<b>Help me Run a Successful Business</b>					
Town Centre Manager	-30	-8	0		Income is being recharged to other Councils as a result of the Town Centre Manager work
<b>TOTAL</b>	<b>-743</b>				

### **AUDIT BOARD**

Date: 18<sup>th</sup> September 2014

#### **THE INTERNAL AUDIT MONITORING REPORT OF THE SERVICE MANAGER OF THE WORCESTERSHIRE INTERNAL AUDITSHARED SERVICE.**

Relevant Portfolio Holder	Councillor Roger Hollingworth
Portfolio Holder Consulted	Yes
Relevant Head of Service	Sam Morgan, Financial Services Manager
Ward(s) Affected	All Wards
Ward Councillor(s) Consulted	No
Key Decision / Non-Key Decision	Non–Key Decision

### **1. SUMMARY OF PROPOSALS**

1.1 To present:

- the monitoring report of internal audit work and performance for 2014/15

### **2. RECOMMENDATIONS**

2.1 **The Board is asked to RESOLVE that the report be noted.**

### **3. KEY ISSUES**

#### **Financial Implications**

3.1 There are no direct financial implications arising out of this report.

#### **Legal Implications**

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2011 to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”.

#### **Service / Operational Implications**

3.3 The involvement of Members in progress monitoring is considered to be an important facet of good corporate governance, contributing to the internal control assurance given in the Council’s Annual Governance Statement.

### **AUDIT BOARD**

**Date: 18<sup>th</sup> September 2014**

This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2014 to 31<sup>st</sup> August 2014 against the performance indicators agreed for the service.

#### AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST REPORT:

##### 2012/13 AUDIT COMPLETION

##### Shared Service ~ (Shared Service/Transformation Savings and Clarity of Reporting to the Members)

The critical review of the Corporate Governance (Shared Service/Transformation Savings and Clarity of Reporting to the Members) was requested by the members of the Shared Services Committee to review the accuracy of the savings and the clarity of the information provided to the committee. It was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council for 2012/13. This audit reached draft report stage but, in discussion, the s151 Officer requested further work to be undertaken in this area. The audit, therefore, continued during 2013/14 and has now been finalised. The outcome of the review was although management have a clear understanding of Transformation of services there is room for improvements to be made in the way that this is captured and reported to Members. To address this discussions have taken place with the Executive Director ~ Finance and Corporate Resources on areas for consideration including providing clarity into the different types of shared service, consistent reporting, presentation using business plan methodology and clarity over savings to be achieved.

Final Report Issued: 9<sup>th</sup> May 2014  
Assurance: N/a ~ Critical Review

##### 2013/14 AUDITS COMPLETED

##### Strategic Housing (Final Report stage)

The review was a critical appraisal concentrating on the Choice Based Letting process as it is provided, in partnership, by Bromsgrove District Council. The appraisal included consideration of the plans to develop housing allocation processes to ensure value for money and financial efficiencies to best meet the needs of local residents. This review did not give an assurance opinion over the control environment due to its nature as a critical appraisal. The review critically reviewed control objectives including Choice Based Lettings, administered through the Home Choice Plus Partnership to ensure they are fully meeting the needs of Bromsgrove District Council's local community and is providing value for money. Also, it assessed whether there are fit for purpose alternative

### AUDIT BOARD

Date: 18<sup>th</sup> September 2014

processes for addressing the housing allocation needs of local residents. It looked at whether these are being fully developed, including consideration of good practice, any alternate processes developed are fully considered in order to determine if Choice Based Letting and the Partnership model is the most appropriate, cost effective and efficient method for allocating housing provision, and, the outcome of any scrutiny of local social housing providers undertaken by the Homes and Communities Agency (HCA) is utilised by the council to ensure the quality of provision in the council's area. The appraisal found good progress had been made in putting in place a revised Allocations Policy to satisfy legislation and in an attempt to best meet the needs of vulnerable households with a connection to the Partnership area. Following the conclusion of the new policy's consultation period, the views of stakeholders now need to be considered and reported back to Bromsgrove District Council's Cabinet members for decision. If, following the completion of the consultation, there is still concern regarding the new policy's local connection requirements, officers and members will need to consider whether the small number of properties awarded to households from the Home Choice Plus Partnership but outside of Bromsgrove District Council, which analysis has shown to be the case, is enough to warrant the potential costs involved in leaving the partnership and setting up a stand alone system. Given the notice periods required to leave the Partnership, and as there is not yet a clear view of whether a stand alone process for Choice Based Lettings is required by Bromsgrove District Council or what that might look like, it is likely that the council will have to adopt the Home Choice Plus Partnership's new Allocation Policy from September 2014. This, however, will give the opportunity to assess the success of the policy in meeting Bromsgrove's residents' needs over time, which can be backed up by factual analysis, with the potential to review for April 2015.

Final Report Issued: 10<sup>th</sup> July 2014  
Assurance: N/a ~ Critical Review

#### Regulatory Services ~ Hackney Carriage and Private Hire (Final Report stage)

The review was a full system audit concentrating on Hackney Carriage / Private Hire Taxi Licencing processes and enforcement activity of Worcestershire Regulatory Services Shared Service. The audit did not cover any other types of licencing carried out by Worcestershire Regulatory Services as a shared service, for example Alcohol Licences etc. The review considered whether control objectives of Regulatory Services (Hackney Carriage//Private Hire Taxi Licencing) were being achieved including areas such as Hackney Carriage and Private Hire Taxi new application licences are only being granted with the appropriate supporting evidence and payment as well as being in line with legislation and each council's agreed Policy. Also, it considered whether the renewal application licences are only being granted with the appropriate supporting evidence and payment and are in line with legislation and each council's agreed Policy. Other areas of consideration included whether a process

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is in place to ensure licences are renewed at the appropriate time, and, monitoring and enforcement arrangements are in place to ensure the public is protected. The review found new and renewed licences for Hackney Carriage / Private Hire Taxi drivers, vehicles and operators are issued by Regulatory Services Licensing Officers only on receipt of required supporting documents and with evidence of payment to districts, which is in line with each council's policy and the legislation. The Uniform system has been live since June 2013 and is being used to record all new applications with renewal records being updated on an ongoing basis. Work is underway in team meetings to further standardise officers' use of the system, and is moving towards full roll out of the Electronic Document and Records Management System (ERDMS) so that all supporting evidence will be scanned into to the Uniform system. However, there remain issues with the integrity of the historical data transferred to Uniform from previous systems, and data cleansing has not yet been fully completed. A new Licensing Officer with an Information Technology background has been recruited and is working on Uniform as a 'project' to improve the integrity of the data held. Due to the data issues, a full reconciliation of licences issued by Worcestershire Regulatory Services compared to income received for licensing to districts cannot yet be completed. A plan for regular licence checks and safety inspections is in place which meets individual Licensing Committee's requirements. A new process has been developed to centrally record all issues raised with drivers, vehicles and operators by district area using Uniform. It is currently too early to judge how successful this is, but ongoing monitoring will be undertaken by the Worcestershire Shared Service Joint Committee as one of the performance measures in the 2014/15 Service Plan.

Final Report Issued: 23<sup>rd</sup> June 2014

Assurance: Moderate

#### Depot and Stores ~ Small Tools and Plant (Final Report stage)

The review was a full system audit concentrating on the Small Tools and Plant system. It reviewed control objectives of the Small Tools and Plant systems to ensure that Inventories are maintained for all small tools and plant. It also considered whether all small tools and plant is purchased and disposed of in accordance with the Council's policies and financial regulations, servicing and maintenance records are kept for all small tools and plant where appropriate, stock including fuel is secure, controlled and can be accounted for, and, adequate insurance coverage is maintained for all plant and machinery. The review found some work has been undertaken in the Grounds Maintenance service area to enhance the system of control for the monitoring of small plants and tools but some of the key controls are not yet in place and / or are not operating effectively, but on the whole are not material. Assurance has been given over the effectiveness of controls within some areas of the system. An inventory system, supported by a number of small plant registers which include photographs of individual items of equipment, has been put in place. However,



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this system needs to be further developed and formally communicated so that every disposal is documented, formally authorised in line with the financial regulations, and records are maintained. Unique numbers are assigned to equipment to identify it, however these are re-used when tools are replaced which makes the monitoring of equipment more complex. All small plant and tools are returned to the Depot at the end of each working day and are not stored in vans. However, security of items held in the Ground Maintenance area of the Depot could be further improved.

Final Report Issued: 8<sup>th</sup> August 2014  
Assurance: Significant

#### Corporate Governance (Protecting the Public Purse) (Final Report stage)

The review was a full review concentrating on the policies and procedures in place. The review did not give an assurance level or provide recommendations but provided evidence of how the Council is or is not conforming to Protecting the Public Purse 2013 as well as assessing policies and procedures in relation to the Audit Commissions Protecting the Public Purse 2014. The review along with the work undertaken with regard to Corporate anti fraud found there were areas where there was inconsistency and application of controls.

Final Report Issued: 9<sup>th</sup> May 2014  
Assurance: N/A ~ Critical Review

#### ICT (Final Report stage)

The review was a full systems audit concentrating on the controls in operation by IT Services to provide measures of success including ICT helpdesk functionality since the merging of the service for Redditch Borough Council and Bromsgrove District Council. Also included was the control around the starters and leavers from the point where network access is requested, and, whether there is effective and efficient control around the disposal of IT equipment. The audit did not cover the starters and leavers procedures followed by Human Resources, or, the controls around the acquisition of IT equipment as this is covered under Procurement. The review identified weaknesses with regard to the limited number of elements audited in the design and operation of key controls which have resulted in or could result in increased risk and failure to meet the organisation's objectives in the areas reviewed. Internal Audit identified that there are control weaknesses with regard to the Council's ICT inventory and disposals. Isolated weaknesses were also evident with regard to user account administration, and, the measures of activity monitoring.

Final Report Issued: 2<sup>nd</sup> September 2014  
Assurance: Limited

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#### 2014/15 AUDIT COMPLETED

#### Equality and Diversity (Final Report Stage)

The review was a full systems audit concentrating on Equality and Diversity. The review provided assurance for areas including whether the council has an Equality and Diversity Policy that is aligned to the requirements of the Equality Act 2010, policies are made available to staff and staff are made aware of any changes or updates as they happen and frontline staff are given appropriate training for their role. It also considered whether all council employees are required to undertake Equality and Diversity training, information is readily available to the community in all languages and all methods of communication such as Braille, large print, audio cd etc, and, controls ensure that there is clarity and consistency around the approval and allocation of the Equalities Grant. The review found overall 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. The Equality and Diversity web pages are constantly updated to ensure all information is available to the community. However, the Equal Opportunity Policy has not yet been approved and finalised. Control weaknesses that open up the council to increased risk were identified in relation to the Equal Opportunity Policy, Equality and Diversity training and the Terms of Reference of the Equality and Diversity Forum.

Final Report issued: 28<sup>th</sup> August 2014  
Assurance: Moderate

#### Summary of Assurance Levels:

<b><u>Audit</u></b>	<b><u>Assurance Level</u></b>
<b>2012/2013</b>	
Transformational ~ Transparency of Savings and Reporting to Members	N/A ~ Critical Review
<b>2013/2014</b>	
Strategic Housing	N/A ~ Critical Review
Regulatory Services ~ Hackney Carriage and Private Hire	Moderate
Depot and Stores ~ Small Tools and Plant	Significant
Corporate Governance ~ Protecting the Public Purse	N/A ~ Critical Review
ICT	Limited
<b>2014/2015</b>	
Equality and Diversity	Moderate

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2013/14 Audit requiring management sign off and nearing finalisation.

#### Transformation ~ Corporate Anti Fraud (Report stage)

The review was a full system audit concentrating on areas for Corporate Anti Fraud including policies and the strategic overview to reduce opportunity for fraud and corruption, promote awareness of potential fraud to all staff members, how the organisation manages it's policies to include new legislation, and, declaration registers are in place and monitored. The review, coupled with the Protecting the Public Purse work, found weaknesses in the design and inconsistent application of controls in some of the areas reviewed. Internal audit testing identified that Bromsgrove District Council are not actively promoting fraud awareness throughout the authority. Further work is continuing in this area to ensure a pragmatic approach is adopted for all the areas identified.

Report Issued: 6<sup>th</sup> June 2014

Assurance: To be confirmed when finalised

#### S106's (Draft Report stage)

The review was a full system audit concentrating on S106 Agreements from the point the agreement is signed and will cover the S106 Agreements in place at the time of the audit. The review will not cover the reasoning behind or procedures undertaken to obtain agreement to a S106 Agreements.

Draft Report Issued: 8<sup>th</sup> August 2014

Assurance: To be confirmed when finalised

#### 2014/15 AUDITS ONGOING AS AT 31<sup>st</sup> AUGUST 2014.

#### Data Security (Draft Report Stage)

The review is a full system audit of the Data Security, Storage, Publication and Disposal systems operated by Bromsgrove District Council. There are no specific areas that the audit will not cover. The review will provide assurance on areas including whether the Council has a clear, documented information and security data policy which covers the storage, retention, security, publication and disposal of all data including IT related and this is made available to all staff, a process in place to ensure all data is registered where necessary and stored in accordance with Council policies and procedures and the Data Protection Act 1998; periodic reviews are undertaken to ensure compliance, publication of data and Freedom of Information requests are controlled in accordance with legislation and Council Policy, appropriate plans to address the imminent implications of the Local Government Transparency Code 2014 are in place, the Council is compliant with Public Services Network Code of Connection, the Council has a named data

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protection officer (DPO); training is provided on an ongoing basis to ensure all staff are made aware of how data and information should be registered and controlled, retention periods are clearly laid down for storage of information and data which also takes into consideration any statutory requirements; data is stored in accordance with these periods and for no longer than necessary, and, all data and information is disposed of in a controlled and secure manner in accordance with Council policy.

Draft Report Issued: 7<sup>th</sup> August 2014  
Assurance: To be confirmed when finalised

#### Communications and Media (Fieldwork Review Stage)

The review is a full systems audit concentrating on areas to provide assurance including whether the Corporate Communication Strategy is up to date and being delivered, with evidence of the action plans being addressed, income generating streams are being monitored and reviewed to ensure that any set targets are viable and being achieved and reported accordingly, customer interfaces (e.g. website) are reviewed and updated in a timely manner to a given standard with a clear line of responsibility and accountability, and, Bromsgrove District Council Communication standards and Communication Strategy are published as guidance for managers and Council Members. The review has not included the Print room operations and procedures.

Current position: Fieldwork Review Stage  
Assurance: To be confirmed when finalised

#### Asset Management (Fieldwork Review Stage)

The review is a full system audit of the Asset Management concentrating on areas to provide assurance including whether the council has a clear, documented asset management policy in place which covers the acquisition and disposal of assets and their valuation, an Asset Management Strategy plan is in place to support its long term objectives and priorities for the management of assets and these are being met, and, the council is following best value and best practice across the county. The audit is a strategic overview of Asset Management and did not cover the day to day maintenance of the Asset Register.

Current position: Fieldwork Review Stage  
Assurance: To be confirmed when finalised

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#### Elections (Fieldwork ongoing)

The review is a full system audit concentrating on Electoral Services as it is operated by Bromsgrove District Council and the plans and progress being made to ensure the introduction of Individual Electoral Registration is successful. The audit will provide assurance with regard to areas including whether the Register of Electors is compiled and accessed in line with statutory requirements; there are up to date guidelines, procedures and checks in place to ensure that elections follow the conditions as laid down in relevant legislation; and, Elections are assessed against the Government's published Performance Standards, and the performance of Electoral Services' is sufficiently monitored by the Authority. Also included will be whether Election costs are accurately recorded, processes for payments to election staff are robust and are able to support recharges made to other bodies, and, plans are in place to ensure the new Individual Registration process is complete by December 2014 in time for the Parliamentary Elections, in line with statutory requirements and will include the new processes being developed to ensure they are robust and fit for purpose.

Current position: Fieldwork ongoing

Assurance: To be confirmed when finalised

#### Trade Waste (Fieldwork ongoing)

The review is a full system audit concentrating on the domestic refuse collection including garden waste collection. The review will provide assurance on areas including the accuracy and reliability of data produced and used by management to monitor and improve service performance, confirmation of effective planning/optimising of time/resources of waste collection routes, and, that income due is collected at the approved rates in a timely manner, correctly coded, and, arrears are actively pursued. Other areas to be included in the review include stocks of wheelie bins and sacks are properly controlled and that budgetary control is effective. The following areas will not be included within the scope of the audit trade waste, cesspool emptying and bulky waste.

Current position: Fieldwork ongoing

Assurance: To be confirmed when finalised

The outcome of the above audits will be reported to the Board in due course when management have confirmed an action plan and the audits finalised.

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#### 3.4 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the targets set for the year. As at 31<sup>st</sup> August 2014 a total of 100 days had been delivered against a target of 300 days for 2013/14.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Board on the 20th March 2014 for 2014/15.

Appendix 3 shows a summary of the 'high' and 'medium' priority recommendations for those audits that have been completed and final reports issued.

Appendix 4 provides the Board with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

#### 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 review
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers' attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.
- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative.
- Investigations

The Worcestershire Internal Audit Shared Service (WIASS) is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

We recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's

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operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

WIASS confirms it acts independently in its role and provision of internal audit.

#### **Recruitment**

- 3.6 To ensure the delivery of the 2014/15 plan there is close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. During the first two quarters of the year the Service managed a vacant post, recruited an Auditor and a Quality Assurance Officer to replace a leaver and agency person. This has impacted on productivity in the early part of year. Appropriate action has been undertaken to ensure the remaining resource is spread evenly between all our partners for effective audit plan delivery. The Service Manager remains confident his team will be able to provide the required coverage for the year over the authority's core financial systems, as well as over other systems which have been deemed to be 'high' and 'medium' risk.

#### **Customer / Equalities and Diversity Implications**

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

#### **4. RISK MANAGEMENT**

The main risks associated with the details included in this report are:

- failure to complete the planned programme of audit work for the financial year; and,
- the continuous provision of an internal audit service is not maintained.

These risks are being managed via the 4Risk risk management system within the Finance and Resources risk area.

#### **5. APPENDICES**

- |          |  |
|----------|--|
| Appendix | 1 ~ Internal Audit Plan delivery 2014/15                                       |
| Appendix | 2 ~ Key performance indicators 2014/15   |
| Appendix | 3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports |
| Appendix | 4 ~ Follow up summary  |

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6. **BACKGROUND PAPERS**

Individual Internal Audit reports held by Internal Audit.

7. **KEY**

N/a

### **AUTHOR OF REPORT**

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### APPENDIX 1

#### Delivery against Internal Audit Plan for 2014/15

1<sup>st</sup> April 2014 to 31<sup>st</sup> August 2014

Audit Area	DAYS USED TO 31/08/14	FORECASTED DAYS TO END OF Q2 ~30 <sup>th</sup> September 2014	2014/15 PLANNED DAYS
Core Financial Systems (see note 1)	11	14	87
Corporate Audits	0	10	58
Other Systems Audits(see note 2)	73	76	119
<b>TOTAL</b>	<b>84</b>	<b>100</b>	<b>264</b>
Audit Management Meetings	8	7	15
Corporate Meetings / Reading	3	2	5
Annual Plans and Reports	3	4	8
Audit Committee support	2	4	8
Other chargeable(see note 3)	0	0	0
<b>TOTAL</b>	<b>16</b>	<b>17</b>	<b>36</b>
<b>TOTAL</b>	<b>100</b>	<b>117</b>	<b>300</b>

**Notes:**

Note 1: Core Financial Systems are audited in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts.

Note 2: Full number of budgeted days may not be used due to small 'call off' budgets, e.g. consultancy, investigations, not being fully utilised.

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

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#### KEY PERFORMANCE INDICATORS 2014/15

#### APPENDIX 2

#### Key Performance Indicators (KPIs) for 01<sup>st</sup> April 2014 to 31<sup>st</sup> August 2014.

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2014/15 i.e. KPI 3 and 4. Other key performance indicators link to overall governance requirements of Bromsgrove District Council.

	KPI	Trend requirement	2012/13 Year End Position	2013/14 Year End Position	2014/15 Position as at 31 <sup>st</sup> August 14	Frequency of Reporting
1	No. of 'high' priority recommendations	Downward	8	*12	1	Quarterly
2	No. of moderate or below assurances	Downward	3	8	1	Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	2	4 (5 issued: 4x Excellent & 1x Good)	None reported at time of agenda	Quarterly
4	No. of audits achieved during the year	Per target	Target = 21 Delivered = 21	Target = 15 (minimum) Delivered = 19 (with a further 2 in draft)	Target = 17 (minimum) Delivered = 1 (1 in draft)	Quarterly

\*This figure only includes finalised audit report recommendations therefore is subject to change (i.e. increase) depending on the draft report outcomes.

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

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**APPENDIX 3**

**Definition of Audit Opinion Levels of Assurance**

<b>Opinion</b>	<b>Definition</b>
<b>Full Assurance</b>	<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>
<b>Significant Assurance</b>	<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>
<b>Moderate Assurance</b>	<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>
<b>Limited Assurance</b>	<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>
<b>No Assurance</b>	<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 BOARD

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## Definition of Priority of Recommendations

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

# AUDIT BOARD

**APPENDIX 3**

**‘High’ & ‘Medium’ Priority Recommendations Summary for finalised audits.**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit:Regulatory Services ~ Hackney Carriage and Private Hire 2013/14</b>					
<b>Summary:</b> The review was a full system audit concentrating on Hackney Carriage / Private Hire Taxi Licencing processes and enforcement activity of Worcestershire Regulatory Services Shared Service. The audit did not cover any other types of licencing carried out by Worcestershire Regulatory Services as a shared service, for example Alcohol Licences etc.					
<b>Assurance: Moderate</b>					
1	High	<p><b>Reconciliation of Income</b> There is currently no full annual reconciliation of payments received by districts for taxi licences to licences awarded. This is planned but has not yet been undertaken due to the significant issues experienced with the integrity of the data held on the Uniform system. In addition, testing has shown that there is variation in the way in which districts record income from taxi licensees, which would make some reconciliations challenging, for example there are not always references to the licensee/receipt number in the general ledger for Bromsgrove District Council and Worcester City Council.</p> <p>There is also variation in the consistency of data held in hard copy files.</p>	Risk that licences are issued without proper payment being made/coded to the correct ledger account, leading to financial loss and reputational damage.	<ul style="list-style-type: none"> <li>Worcestershire Regulatory Services to continue to work to cleanse data in Uniform and hard copy files so that accurate information on licence income received can be provided to districts for reconciliation to ledgers.</li> <li>Worcestershire Regulatory Services and Head of Finance Services in Worcester City Council and Bromsgrove District Council to review and consider processes that will make reconciliation possible.</li> </ul>	<p><b>Responsible Manager:</b> Licencing &amp; Support Services Team Manager (Worcestershire Regulatory Services)</p> <p>Interim Financial Services Manager (Worcester City Council) Financial Services Manager (Bromsgrove District Council)</p> <p><b>Implementation date:</b> By December 2014</p>

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<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>
2	Medium	<p><u>Fee Setting</u> There is considerable variation between councils in terms of Licence fees and the duration for which they are held prior to requiring renewal. For some authorities there needs to be a more transparent process for setting taxi licence fees annually by Licensing Committees. There is no current requirement for standardisation, but the legislation states that no profit can be made by licensing authorities from licensing income.</p> <p>The Deregulation Bill, when it receives Royal Assent, will standardise licence durations, but this will further highlight disparity between licence fees across districts.</p>	<p>Risk of challenge regarding why fees and durations of licences vary which cannot be responded to, leading to reputational damage.</p>	<p>Worcestershire Regulatory Services to complete the planned fees exercise for taxis across all districts to calculate an approximate 'cost' to the Shared Service.</p> <p>Districts to consider the cost of licensing at a district level to arrive at a total actual cost.</p> <p>Districts to consider how/whether to move to more transparent charging processes.</p>	<p><b>Responsible Manager:</b> Licensing &amp; Support Services Team Manager (Worcestershire Regulatory Services)</p> <p>All district councils' Section 151 Officers</p> <p><b>Implementation date:</b> WRS are watching the journey of the Deregulation Bill closely; a report outlining the impact of the Deregulation Bill has already been presented to the Management Board for their consideration and agreement.</p> <p>Finance teams will need to work with WRS to arrive at an actual cost of a licence once the impact of the Bill is realised and implementation timescales understood.</p> <p>In the meantime, WRS will be undertaking the planned fees exercise for taxis from September 2014 onwards.</p> <p>Districts to consider implications of fees exercise by April 2015 for 2015/16.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit: Depot and Stores ~ Small Plant and Tools 2013/14</b>					
Summary: The review was a full system audit concentrating on the Small Tools and Plant system. It reviewed control objectives of the Small Tools and Plant systems to ensure that Inventories are maintained for all small tools and plant.					
<b>Assurance: Significant</b>					
1	Medium	<p><b><u>Inventory control</u></b></p> <p>Work has been undertaken to set up a process for recording and monitoring of small plant &amp; tools in the Grounds Maintenance team. This is still relatively new and has not yet been fully formalised or fully communicated.</p> <p>Testing has identified the following issues:</p> <ul style="list-style-type: none"> <li>• Although there is an expectation that a full reconciliation of small tools and plant equipment to the inventory record will be undertaken annually, this has not been formally scheduled;</li> <li>• Not all records of disposals have been fully completed with date of disposal, reason and authorisation, or moved to the 'scrapped' folder to make it possible to trace the history of an item;</li> <li>• An identifier is given to each piece of equipment, but this is re-used each time a tool is scrapped and replaced, rather than a new, unique number</li> </ul>	<p>Risk that equipment may be missing but is presumed out in the field or cannot be fully identified, leading to financial loss.</p>	<p>Team to move to formalise the new processes, taking into account all issues identified.</p> <p>Ensure that all disposals/scrapping of equipment is electronically authorised by the Service Manager (or by Team Leader with delegated responsibility) in line with financial regulations.</p> <p>In addition, electronic records of all scrapped items should be maintained, and the workshop's hard copy record of the small plant registers should always be kept up to date, possibly by moving to using the electronic version.</p> <p>Begin to use a new identifier number for each new item purchased, even if this is linked to an old number, rather than re-using.</p>	<p><b>Responsible Manager:</b> Environmental Services Manager (K Hiron)</p> <p><b>Implementation date:</b> 30<sup>th</sup> September 2014</p> <p>Spreadsheet to be developed detailing all vehicles and plant to monitor from purchase to disposal.</p> <p>There will be specific restrictions on those allowed to edit the spreadsheet.</p> <p>In addition the spread sheet will include fleet numbers, serial/registration numbers, make model, current value and stored location.</p> <p>All disposals will be authorised in line with Financial Regulations and an Annual audit is to be implemented at the start of each financial year</p> <p>We do not believe that the</p>

## AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		being generated • The photographs of items in the small plant registers do not show the unique identifier or serial number and, as the identifier is re-used, it is not possible to verify that the photograph shows the item currently in use.		Consider when fully moved to Locality/Place teams how equipment will be maintained and monitored.	introduction of place teams will alter the way the equipment is used, monitored or maintained.
<b>Audit: ICT 2013/14</b>					
Summary: The review was a full systems audit concentrating on the controls in operation by IT Services to provide measures of success including ICT helpdesk functionality since the merging of the service for Redditch Borough Council and Bromsgrove District Council.					
<b>Assurance: Limited</b>					
1	High	<p><b><u>Starters and Leavers</u></b></p> <p>Internal Audit identified 3 out of the 12 starters from the sample testing to have been processed without sufficient evidence of approval from their Line Managers.</p> <p>It was also noted that there is no control in regards to ensuring the Manager has approved it prior to it being sent to ICT.</p> <p>In addition, Internal Audit identified that there is no control around the changes to network access requested through IT.</p>	Unauthorised access given to staff members that may lead to inappropriate use and fraudulent activities and data mismanagement leading to reputation damage and potentially financial loss.	ICT Services need to ensure that they only provide additional access for members of staff via appropriate line management approval.	We have updated the Starter and Leaver forms on the Intranet to reflect the need for management approval. We have also added a new form to deal with changes to peoples roles within the organization – the new forms have been discussed at ICT team meetings to ensure they are being used correctly. The forms now also automatically raise a helpdesk call and update the helpdesk call and the ORB section with audit trail



## AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		The IT Access Policy currently states that the Line Manager is required to request for the starter or leaver to get network access.		<p>ICT must act in accordance with the corporate IT Access Policy.</p> <p>A review of the policy must be done at least bi-yearly basis and needs to incorporate all the relevant references to BDC and RBC, be version controlled and be published in such a way to ensure all staff have access to it</p>	<p>All ICT staff are expected to comply with Corporate Policies and the Netconsent product audits all staff to check they have read and agreed the policies.</p> <p>Policy is reviewed every 12 months as part of the Netconsent process</p> <p>Responsible Manager:</p> <p>Head of Business Transformation and Organisational Development (to include HR)</p> <p>Implementation date:</p> <p>Complete</p>
2	Medium	<p><b><u>Written Procedures-Disposals of ICT equipment</u></b></p> <p>Internal Audit identified that there were no guidelines available to Council employees with regard to the process of disposal of ICT equipment. It was also identified that there is</p>	Failure to Comply with council policies leading to inappropriate handling of disposal procedure leading to reputation damage	ICT Services must ensure that guidelines are available for all Council staff in regards to identifying redundant equipment and action required e.g. sending to ICT	<p>Guidance is given in several policies explaining to staff the correct procedure for identifying redundant equipment.</p> <p>The polices are currently being</p>

## **AUDIT BOARD**

<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>
		no written procedure used by ICT staff or given to RBC and BDC employees to help identify equipment regarded as redundant.		to assess whether it must be either disposed of or re-used.	summarised into a document that is easier to read to help make this clearer.  Responsible Manager:  ICT Operations Manager  Implementation date:  Complete
3	Medium	<p><b><u>Inventory Management</u></b></p> <p>There is no formal process for periodically reviewing the ICT inventory, to ensure all equipment can be accounted for.</p> <p>Internal Audit identified valuable Council Assets (e.g. laptops) that were not tagged or recorded on any of the Council's Asset Inventory list including the location of the asset.</p> <p>Testing also identified that prior to January 2013, there is no record of items that have been disposed of or re-used by Council employees.</p>	Inadequate monitoring leading to unnoticed theft or inappropriate use, potentially leading to financial loss and reputational damage	<p>ICT services need to ensure that all valuable Council Assets are recorded and tagged including their locations and can be accounted for, with annual checks performed as a way of certifying information held in the Council systems is correct.</p> <p>Instances of missing equipment should be investigated and reported appropriately to management and/or the Police.</p>	<p>Finance are currently procuring a new system that will include an Asset management module. ICT have stated their intention to use this to manage their valuable items. A Procedure is now in place to check information remains valid by completing a spot check every 6 months.</p> <p>The procedure for dealing with missing equipment is stated in ICT policies that are auditable via the Netconsent product.</p>

## AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		It should be noted that there is currently an in-house system being used to record the disposal of assets and any items rebuilt by the ICT Technicians for re-use.		The Service also need to ensure that there are adequate records to support any disposals and re-used equipment in the Council at all times.	<p>A new company has been selected to dispose of redundant ICT assets. They provide all documentation required including a record of destruction.</p> <p>Responsible Manager: ICT Transformation Manager</p> <p>Implementation date: March 2015</p>
4	Medium	<p><b><u>Contracts</u></b></p> <p>ICT were unable to locate the contract between the Council and Disposal Company to confirm the equipment disposal arrangements. Therefore, there is no evidence to show that the contract is reviewed or benchmarked to ensure the Council is acting efficiently and effectively in the disposal of equipment</p>	The inability to identify non-compliance with contractual agreement by both parties and potential mismanagement of the disposed equipment leading to potential financial implications and reputational damage for the Council.	A review of the contract between the Council and the Disposal Company should be undertaken on a regular basis as stipulated in any contract to ensure that the agreed Terms and Conditions are in line with all legislative requirements relating to disposal of Council equipment, and, the contract remains fit for purpose.	<p>A new company has been selected (Aug 2014) to dispose of ICT Assets (Re PC) – they have all legislative requirements to enable them to undertake this work and we have data processing agreements with them. This will be reviewed on an annual basis.</p> <p>Responsible Manager: ICT Transformation Manager</p> <p>Implementation date:</p>

## **AUDIT BOARD**

<b>Ref.</b>	<b>Priority</b>	<b>Finding</b>	<b>Risk</b>	<b>Recommendation</b>	<b>Management Response and Action Plan</b>
					Complete.
5	Medium	<p><b><u>ICT Disposal</u></b></p> <p>The software used to erase and wipe down the hard drives of disposed equipment is not recommended for use by large organisations/companies</p>	<p>Sensitive data may be left on IT equipment leading to potential huge fines, financial loss and reputation damage to the Council.</p>	<p>The Council must investigate a more appropriate tool for wiping down data on IT equipment that due to be sent for disposal.</p>	<p>ICT are trialling Paragon Hard Disk Manager for a month with a view to purchasing a full licence for £500 if successful. This is a recommended piece of software for the removal of data in larger organisations.</p> <p>Responsible Manager: ICT Transformation Manager</p> <p>Implementation date: October 2014</p>
6	Medium	<p><b><u>Disabling inactive users</u></b></p> <p>The ICT Services are not performing checks that include long periods of inactivity of network access. There is also no evidence to show checks have been performed on a regular basis for network accounts to disable or delete them.</p>	<p>There is potential for unauthorised network access which could compromise the data leading to reputation damage and financial loss</p>	<p>A review of inactive users on the network and accounts that require deletion from the Council systems should be performed on a regular basis e.g. every 3mths.</p>	<p>A process will be put in place to ensure a check is carried out of staff who have not logged on for over 4 weeks. The check will be on a 4 weekly basis.</p> <p>Responsible Manager: ICT Transformation Manager</p> <p>Implementation date:</p>

# AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					December 2014
<b>Audit: Equality and Diversity 2014/15</b>					
Summary: The review was a full systems audit concentrating on Equality and Diversity. The review provided assurance for areas including whether the council has an Equality and Diversity Policy that is aligned to the requirements of the Equality Act 2010, policies are made available to staff and staff are made aware of any changes or updates as they happen and frontline staff are given appropriate training for their role.					
<b>Assurance: Moderate</b>					
1	High	<p><b>Training</b> Induction training including up to date equalities training is not provided to new employees of the Council.</p> <p>It should be noted the draft Equal Opportunity policy states that all new staff must have induction training and on-going training in this area.</p> <p>Some training was undertaken in 2013 however this was only provided for managers and did not reflect any changes imposed under the Draft Equal Opportunity Policy 2013.</p>	There is a reputational risk to the council if the organisation and its staff have a lack of awareness and sufficient training in this area which could lead to a breach of regulations potentially resulting in prosecution.	<p>In order to comply with the Equalities Act 2010 that requires all staff to have an awareness of Equality and Diversity, all staff including newly appointed officers to be provided with equalities training. For new members of staff this could be incorporated into an induction process for example an electronic information pack/guide or formal induction meeting.</p> <p>Once training has been provided this is to be recorded to ensure that the Council can provide evidence of training if required in the future.</p>	<p><b>Responsible Manager:</b> Policy Manager</p> <p>The policy team will work with human resources to include equalities and equal opportunity as part of a broader corporate induction.</p> <p>There will also be an extension of current in-house training around equalities to reach more staff and to address specific equalities issues as appropriate.</p> <p><b>Implementation date:</b> October 2014</p>
2	Medium	<p><b>Draft Equal Opportunities Policy</b> A draft Equal Opportunities Policy</p>	Failure to adhere to this	The draft policy needs to be	<b>Responsible Manager:</b>

## AUDIT BOARD

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		was produced following the launch of a new Equality Act 2010. This is being reviewed by Human Resources before it can be finalised and approved and published on the Council's website.	legislation could lead to prosecution as well as reputational risk for the Council.	reviewed by Human Resources, to ensure it is still in line with the requirements for the Council and the Equality Act 2010, before finalising and putting forward to Council for approval and adoption.	<p>Policy Manager</p> <p>The Policy Team and Human Resources are working together to finalise the draft policy. Human Resources are reviewing the document to see how it links in with their own procedures and how they will be affected by the changes. After approval and adoption the policy will be launched to staff to raise awareness across the Council.</p> <p><b>Implementation date:</b> 30<sup>th</sup> September 2014</p>
3	Medium	<p><b>Terms of Reference</b></p> <p>The Equality and Diversity Forum was set up in July 2005 as a partnership between the Council and the community. The Terms of Reference of this Forum were last drawn up in August 2008.</p>	Reputational damage if the Equality and Diversity Forum terms of reference are not in line with the Equality Act 2010	The terms of reference for the Equality and Diversity Forum to be reviewed to ensure they are in line with the Equality Act 2010.	<p><b>Responsible Manager:</b> Policy Manager</p> <p>Meetings of the Equality and Diversity Forum are held every quarter. The Policy Team will be looking to agree new terms of reference at the December meeting which will coincide with any changes in procedures that may be due to take place at this time.</p> <p><b>Implementation date:</b> 30<sup>th</sup> December 2014</p>
end					

## AUDIT BOARD

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### APPENDIX 4

### **Follow Up**

#### **Planned Follow Ups:**

In order to continue to monitor progress of implementation, 'follow up' in respect of audit reports is logged. The table provides an indication of the action taken against those audits and whether further follow up is planned. Commentary is provided on those audits that have already been followed up and audits in the process of being followed up to the end of August 2014. Exceptions will be reported to the Committee.

For some audits undertaken each year follow-ups may not be necessary as these may be undertaken as part of the full audit. Other audits may not be time critical therefore will be prioritised as part of the overall work load.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarter 3.

# AUDIT BOARD

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<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed
<b>2012-13 Audits</b>						
Procurement / Contract Compliance	20th May 2013	Financial Services Manager	Significant	2 'Medium' priority recommendations in relation to the Public website and contracts forwarded to Legal Services.	To be undertaken as part of the 2014/15 audit programmed for quarter 2	



# AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Markets	21st March 2013	Head of Planning Services	Limited	3 'high' and 3 'medium' priority recommendations in relation to Insurance documentation, cash collection, Market procedures & related paperwork, Management Information, Terms & Conditions and Reconciliations.	Apr-14	
Street Scene inc abandoned vehicles, fly tipping, etc.	7th January 2013	Head of Environmental Services	Significant	2 'medium' priority recommendations in relation to Data for Management Monitoring Information and utilisation of system.	The follow-up in April 2014 has been agreed. Out of the 2 'medium' priority recommendations 1 in relation to Data for Management Monitoring Information had been implemented and 1 in relation to utilisation of the system was in progress.	Oct-14

## AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Cemeteries	26th April 2013	Head of Environmental Services	Significant	1 'high' and 1 'medium' priority recommendations in relation to fees and charges and paying in of remittances.	1 High Priority recommendation - Followed up February 2014 and has been implemented. Moderate priority recommendations will be followed up in April 2014	Apr 14
Parks & Open Spaces (Sanders Park)	18th March 2013	Karl Stokes	Moderate	3 'medium' priority recommendations in relation to Internal Checks- banking, Incomplete Banking Records and contractors checks.	The follow-up in April 2014 has been agreed. Out of the 3 'medium' priority recommendations 2 in relation to Internal Checks - Bankings and Incomplete Banking records have been implemented and 1 in relation to Contractors checks is in progress.	Nov-14

## AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Regulatory Service/Environmental Health	2nd August 2013	Head of Regulatory Services	Limited	3 'high' and 1 'medium' priority recommendations in relation to procedures for notification of debtors, reconciliations, license fee increase and performance monitoring reports.	Feb-14 ~ under consideration	
<b>2013-14 Audits</b>						
Land Charges	29th July 2013	Head of Legal, Equalities and Democratic Services and Legal Services Manager	Full	No 'high' or 'medium' priority recommendations to follow-up		
Environmental Crime Enforcement	16th July 2013	Community Safety Manager	N/A Critical Review	No 'high' or 'medium' priority recommendations to follow-up		

# AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Building Control	29th October 2013	Head of Planning and Regeneration and Building Control Manager	Significant	1 'high' and 1 'medium' priority recommendations in relation to breaking even and receipting of receipts.	Apr-14 ~ under consideration	
Dial a Ride - BURT	10th October 2013	Head of Community Services	Significant	2 'medium' priority recommendations in relation to Service level Agreement and Quarterly Review Minutes.	Issued awaiting head of Service confirmation	
Debtors	27th February 2014	Financial Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up		
Main Ledger	19th February 2014	Financial Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up		

# AUDIT BOARD

<b><u>Audit</u></b>	<b><u>Date Final Audit Report Issued</u></b>	<b><u>Service Area</u></b>	<b><u>Assurance</u></b>	<b><u>Number of High, Medium and Low priority Recommendations</u></b>	<b><u>Date to be 1st Followed up or outcome</u></b>	<b><u>2nd</u></b>
Risk Management	30th April 2014	Executive Director (Finance and Resources)	Limited	6 'medium' priority recommendations in relation to Risk management strategy and training, risk register reviews and entries, Consistency of Risk Management approach and 4Risk systems administration.	Oct-14	
Treasury Management	16th April 2014	Financial Services Manager	Significant	No 'high' or 'medium' priority recommendations to follow-up		
Shared Services - Regulatory	30th May 2014	Head of Regulatory Services and Executive Director Finance and Resources	Moderate	1 'high' and 2 'medium' priority recommendations in relation to Performance monitoring data, budget setting and information for fee setting.	Nov-14	
Asset Management	16th April 2014	Financial Services Manager	Significant	1 'medium' priority recommendation in relation to Vehicle insurance Details.	Oct-14	

# AUDIT BOARD

<b><u>Audit</u></b>	<b><u>Date Final Audit Report Issued</u></b>	<b><u>Service Area</u></b>	<b><u>Assurance</u></b>	<b><u>Number of High, Medium and Low priority Recommendations</u></b>	<b><u>Date to be 1st Followed up or outcome</u></b>	<b><u>2nd</u></b>
Council Tax	24th March 2014	Head of Customer Access & Financial Support and Revenue Services Manager	Moderate	1 'high' and 5 'medium' priority recommendations in relation to Financial Reconciliations, Discounts and Exemptions, Valuation Officer Referrals, Unbanded Properties, New Properties and Credit Balances.	To be followed up as part of the 2014/15 audit	
NNDR	25th March 2014	Head of Customer Access & Financial Support and Revenue Services Manager	Limited	1 'high' and 5 'medium' priority recommendations in relation to Financial and Property Reconciliations, Valuation Officer referrals, Empty Property Inspections, New Properties and Credit Balances.	To be followed up as part of the 2014/15 audit	

# AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Benefits	7th March 2014	Head of Customer Access & Financial Support	Significant	4 'medium' priority recommendations in relation to Council Tax and General Ledger Reconciliations, Essential Living Fund Management, Cash Voucher and Essential Living Fund Reconciliations.	To be followed up as part of the 2014/15 audit	
Creditors	1st April 2014	Financial Services Manager	Moderate	1 'high' priority recommendation in relation to late payments legislation.	To be followed up as part of the 2014/15 audit	
Corporate Fraud	6th June 2014	Executive Director (Finance and Resources) and Head of Legal, Equalities and Democratic Services	Limited	3 'high' and 2 'medium' priority recommendations in relation to Fraud Awareness, Money laundering Policy, Officers declaration of interests, Corporate Fraud Procedures and the Whistle Blowing Policy	Dec-14	

# AUDIT BOARD

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
Regulatory - Hackney Carriage and Private Hire Licensing	23rd June 2014	Head of Regulatory Services	Moderate	1 'high' and 1 'medium' priority recommendations made in relation to reconciliation of income and fee setting.	Dec-14	
Strategic Housing	10th July 2014	Executive Director & Deputy Chief Executive and Strategic Housing Manager	N/A - Critical Review	No 'high' or 'medium' priority recommendations to follow-up		
Depots and Stores	8 <sup>th</sup> August 2014	Head of Environmental Services and Environmental Services Manager	Significant	1 'medium' priority recommendation in relation to inventory control.	Feb-15	
ICT	2 <sup>nd</sup> September 2014	Head of Business Transformation and Organisational Development and ICT Transformation Manager	Limited	1 'high' and 5 'medium' priority recommendations to follow-up in regard to starters, leavers and user accounts, procedures, inventory management, contracts and	Mar-15	



## AUDIT BOARD

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<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd</u>
				disposals.		
<b>2014-15 Audits</b>						
Equality and Diversity	28 <sup>th</sup> August 2014	Corporate Senior Management Team	Moderate	1 'high' and 2 'medium' priority recommendations made in relation to training, policy and terms of reference.	Feb-15	
end						

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## **AUDIT BOARD**

**18<sup>th</sup> Sept 2014**

### **WORK PROGRAMME 2014/15**

#### **18th September 2014**

- Departmental Risk Register Presentation – Business Transformation
- Overview and Scrutiny Board Minutes 14th July 2014, to consider the RECOMMENDATION to the Audit Board
- 2014/2015 April - June Financial Savings Monitoring
- Benefit Fraud – Quarter 1
- Risk Management Monitoring Group - update
- Internal Audit Monitoring Report
- Contracts Register – ‘due process’ verbal update to be provided with regard to contracts entered into and that the Legal Services Team see all contracts entered into
- Audit Board Work Programme 2014/2015

#### **11th December 2014**

- Grant Thornton Audit Opinion Recommendations
- 2014/2015 July - Sept Financial Savings Monitoring
- Risk Management Monitoring Group – update
- Benefit Fraud – Quarter 2
- Updated Fraud and Corruption Policies
- Internal Audit Monitoring Report
- Draft Internal Audit Plan 2015/2016 – (to include Internal Audit 3 year plan)
- Audit Board Work Programme 2014/2015

#### **19th March 2015**

- Grant Thornton Certification Work Report 2013/2014
- Grant Thornton Review of Financial Resilience
- Grant Thornton Auditing Standards
- Grant Thornton Audit Plan March 2015
- Grant Thornton Progress Report
- 2014/2015 Oct – Dec Financial Savings Monitoring
- Corporate Risk Register
- Risk Management Monitoring Group - update
- Benefit Fraud – Quarter 3
- Internal Audit Monitoring Report
- Internal Audit Plan 2015/2016
- End of Year Report 2014/2015 (For Member discussion)
- Audit Board Work Programme 2014/2015

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