

BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

17TH SEPTEMBER 2007

RECOMMENDATION TRACKER

Responsible Portfolio Holder	Councillor Geoff Denaro
Responsible Head of Service	Head of Financial Services

1. SUMMARY

- 1.1 To present a summary of audit report “priority one” recommendations and agree a process to monitor the implementation of each recommendation.

2. RECOMMENDATION

- 2.1 The Audit Board is recommended to:

- Review the “priority one” recommendations detailed in Appendix A.
- Highlight the key recommendations that require following up.
- Agree any necessary action and reporting process.

3. BACKGROUND

- 3.1 Following completion of an audit review, recommendations are made to assist Heads of Service and Managers to improve their operational effectiveness. Each recommendation is included in a final report and is prioritised based on the following matrix:

Priority 1: Recommendations that are **fundamental** to improving the controls within the system.

Priority 2: Recommendations that are **important** to improving the controls within the system.

Priority 3: Recommendations that are **desirable** to improving the controls within the system.

Prioritising recommendations enables Heads of Service and Managers to implement recommendations based on importance, in order to improve control within their systems and processes.

- 3.2 During the Audit Board meeting on the 25th April 2006 it was agreed that “priority one” recommendations would be monitored on a quarterly basis to ensure they were being

implemented. Progress against each recommendation would then be reported to the Audit Board for information and any further action would be agreed, as required.

- 3.3 Heads of Service and Managers are contacted on a quarterly basis and an update is requested on each key “priority one” recommendation included on their audit reports. Progress is monitored along with any action completed.

4. RECOMMENDATION TRACKER REPORT SUMMARY

- 4.1 Attached in Appendix A is a summary of 22 key “priority one” recommendations that have been reported since 1st April 2006. The summary report includes the following information:

- Audit Review Title;
- Service Area;
- Final Report Date;
- Recommendation;
- Due Date; and
- Current Position.

- 4.2 Based on the information detailed in Appendix A, the Audit Board can select the key recommendations they require tracking to ensure the necessary action is being taken. Progress against the each selected key recommendation will be monitored and the results will be reported at the next Audit Board meeting on the 10th December 2007.

- 4.3 As recommendations are implemented, new “priority one” recommendations will be added to the report for the Audit Board to review.

5. FINANCIAL IMPLICATIONS

- 5.1 None outside existing budgets.

6. LEGAL IMPLICATIONS

- 6.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2006 to “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices”.

7. COUNCIL OBJECTIVES

- 7.1 Council Objective 04: Improvement.

8. RISK MANAGEMENT

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

- Non-compliance with statutory requirements.
- Ineffective Internal Audit service.

- Lack of an effective internal control environment.

8.2 These risks are being managed as follows:

- Non-compliance with statutory requirements:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Ineffective Internal Audit service:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

- Lack of an effective internal control environment:

Risk Register: Financial Services

Key Objective Ref No: 3

Key Objective: Efficient and effective Internal Audit service

8.3 Service specific improvements and actions are also monitored as part of each individual service risk register.

9. **CUSTOMER IMPLICATIONS**

9.1 No customer implications.

10. **EQUALITIES AND DIVERSITY IMPLICATIONS**

10.1 No equalities and diversity issues.

11. **OTHER IMPLICATIONS**

Procurement Issues:
None
Personnel Implications:
None
Governance/Performance Management:
Effective governance process.
Community Safety including Section 17 of Crime and Disorder Act 1998:

None
Policy: None
Environmental: None

12. **OTHERS CONSULTED ON THE REPORT**

Portfolio Holder	No
Chief Executive	Yes
Corporate Director (Services)	No
Assistant Chief Executive	No
Head of Service	Yes
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	No

13. **APPENDICES**

13.1 Appendix A: Recommendation Tracker Report.

14. **BACKGROUND PAPERS**

None.

CONTACT OFFICER

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Recommendation Tracker Report

Appendix A

Priority 1 Audit Recommendations – Current Status

No.	Audit Title	Recommendation	Due Date	Current Position
1	CCTV System (Culture and Community Services) Final Report Issued: 14 th September 2006	<u>CCTV Code of Practice</u> We recommend that the CCTV Code of Conduct be formally approved and adopted.	Nov. '06	To be reported at the 10 th December Audit Board meeting.
2	Data Protection (Legal and Democratic Services) Final Report Issued: 3 rd October 2006	<u>Retention of Documents</u> We recommend that staff be reminded to ensure regular housekeeping is carried out in all areas to ensure data is not held for longer than is necessary and is disposed of in a secure manner.	Jan. '07	To be reported at the 10 th December Audit Board meeting.
3	Treasury Management (Financial Services) Final Report Issued: 4 th May 2007	<u>Investment Reports Received from Managed Accounts</u> We recommend that reports received for managed accounts are subjected to a senior management review and this is evidenced.	Feb. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
4	Development Control (Planning and Environment Services) Final Report Issued: 30 th November 2006	<u>Planning Enforcement Procedures</u> We recommend that workable procedures should be agreed and written which conform to the Enforcement Concordat Good Practice Guide. We also recommend that when agreed the Policy should be publicised where appropriate as per the above guide.	Mar. '07	To be reported at the 10 th December Audit Board meeting.
5	Section 106 (Corporate) Final Report Issued: 15 th January 2007	<u>Procedures</u> We recommend that a clear procedure for dealing with and managing Section 106 Agreements is written. The procedures should clearly document all stages of the process including the implementation and monitoring of agreements. You should refer to the Planning Obligations: 'Practice Guide and research other local authority' procedures for further guidance.	Apr. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
6	<p>Customer Service Centre (E-Government and Customer Services)</p> <p>Final Report Issued: 15th December 2006</p>	<p><u>Monitoring</u></p> <p>We recommend that management:</p> <ul style="list-style-type: none"> - establish if it is possible to print a Customer Relationship Management (CRM) system report that details, for specified time periods, the identity of customers who have telephoned the Centre; - use such a report to monitor the quality and consistency of CRM notes on a risk basis. That is, start with the same percentage check for all CSAs and either increase or decrease the percentage checked dependent upon the number of errors identified; and - remedial action (for example, training) should be put in place to address any identified issues. 	Apr. '07	To be reported at the 10 th December Audit Board meeting.
7	<p>Housing Enabling Service (Planning and Environment Services)</p> <p>Final Report Issued: 2nd October 2006</p>	<p><u>Procedures</u></p> <p>We recommend that the action plan arising from the Audit Commission Strategic Housing Services July 2006 inspection report is implemented as soon as possible.</p> <p>As most homelessness related activities have been outsourced to BDHT, it is imperative that the action plan includes procedures for processes that are the responsibility of BDHT. Officers from BDC should consult with representatives of BDHT when compiling procedures for those activities undertaken by BDHT.</p>	Apr. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
8	Debtors System (Financial Services) Final Report Issued: 3 rd May 2007	<p><u>Management Information</u></p> <p>We recommend that useful system reports are identified and produced, for example:</p> <ul style="list-style-type: none"> - debtor details / account amendments; - reminders; and - accounts currently with the Legal Section. 	Jun. '07	To be reported at the 10 th December Audit Board meeting.
9	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<p><u>Billing Procedures</u></p> <p>We recommend that a clear documented procedure for billing is established which should not just focus on the input of data into academy.</p>	Jun. '07	To be reported at the 10 th December Audit Board meeting.
10	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<p><u>Bill Suppressions</u></p> <p>We recommend that an adequate documented process for dealing with suppressed accounts is established.</p> <p>The process should include:</p> <ul style="list-style-type: none"> - the level of detail to be recorded on the NNDR system to support the suppressed bill; - adequate review process to ensure suppressed accounts are subject to a regular review; - the process for monitoring suppressed accounts, including the use of report 6100e; and - authorisation levels where necessary. 	Jun. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
11	<p>Customer Service Centre (E-Government and Customer Services)</p> <p>Final Report Issued: 15th December 2006</p>	<p><u>Exception Reports</u></p> <p>We recommend that as part of the Civica project training is provided in relation to Radius report writing and identification of useful reports. Additionally, once useful reports have been identified the following should be included within Cashier procedures:</p> <ul style="list-style-type: none"> - a schedule of when reports should be produced; - a distribution list; - guidance as to what should be done with the reports; and - responsibilities, that is, who needs to review any actions and outcomes. 	Jun. '07	To be reported at the 10 th December Audit Board meeting.
12	<p>Creditors System (Financial Services)</p> <p>Final Report Issued: 8th May 2007</p>	<p><u>System Reports</u></p> <p>We recommend that a review of the Creditors system be completed that identifies a full list of potential reports that can be used to aid the section and provide management information. Examples of reports to include:</p> <ul style="list-style-type: none"> - new suppliers and system amendments. - payments outstanding; - levels of expenditure by supplier; - accounts in dispute; - cancelled payments and reissued cheques; - credit notes outstanding; and - potential duplicate payments. <p>Once a list of reports has been identified, we recommend that a timetable be created that details:</p> <ul style="list-style-type: none"> - who produces and receives the report; - when and how often the report is produced; and - any action, following the production of the report. 	Jul. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
13	Council Tax System (Financial Services) Final Report Issued: 16 th May 2007	<u>Suspense Account – Access and Authorisation</u> We recommend that access to transfer items from the suspense account is restricted to authorised officers. In addition the level of authorisation required to transfers items from the suspense accounts should be documented in procedures.	Aug. '07	To be reported at the 10 th December Audit Board meeting.
14	Council Tax System (Financial Services) Final Report Issued: 16 th May 2007	<u>Arrears Reports</u> We recommend that problems regarding the arrears reporting are investigated. Appropriate action should be taken to obtain adequate monitoring reports.	Aug. '07	To be reported at the 10 th December Audit Board meeting.
15	Payroll System (Human Resources and Organisational Development) Final Report Issued: 24 th July 2007	<u>Management Review</u> We recommend that the monthly 10% variation report and BACS payment reports, for all payment types, are submitted to senior management for reasonableness checks prior to the BACS transmission.	Aug. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
16	Benefits (Financial Services) Final Report Issued: 5 th April 2007	<u>BACS Transmission</u> We recommend that a separate BACS authorisation card be obtained for Revenue and Benefits. This card should be: - specific to one member of staff with a deputy; - only allow access to the Revenue and Benefits BACS files; and - stored securely.	Sep. '07	To be reported at the 10 th December Audit Board meeting.
17	Council Tax System (Financial Services) Final Report Issued: 16 th May 2007	<u>Management Reports</u> We recommend that appropriate training is provided and meaningful management information is available and utilised.	Sep. '07	To be reported at the 10 th December Audit Board meeting.
18	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<u>System Access</u> We recommend that system access is reviewed and adequate procedures are put in place which governs the level of access and permissions granted. Restricted access should be established where necessary.	Sep. '07	To be reported at the 10 th December Audit Board meeting.
19	NNDR (Financial Services) Final Report Issued: 22 nd February 2007	<u>Management Reports</u> We recommend that appropriate training is provided and meaningful management information is available and utilised.	Sep. '07	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
20	<p>Budgetary Control System (Financial Services)</p> <p>Final Report Issued: 9th May 2007</p>	<p><u>Accountancy Procedures</u></p> <p>We recommend that an Accountancy Procedure Manual be created and distributed to all staff.</p> <p>The manual should include:</p> <ul style="list-style-type: none"> - aspects of the budget setting and monitoring process; and - all relevant operations fulfilled by the section. 	Mar. '08	To be reported at the 10 th December Audit Board meeting.
21	<p>Creditors System (Financial Services)</p> <p>Final Report Issued: 8th May 2007</p>	<p><u>New Suppliers</u></p> <p>We acknowledge that it is the intention to explore the availability of system reports during the implementation of Purchase Ordering Process (POP) within Agresso.</p> <p>However we recommend that due to system reports being unavailable that a manual record is introduced which includes:</p> <ul style="list-style-type: none"> - new supplier name; - new supplier ID; - date created on system; - documentation used to create supplier; and - signature of verifying officer. <p>We further recommend that the helpdesk call placed with Agresso is followed up.</p>	Mar. '08	To be reported at the 10 th December Audit Board meeting.

No.	Audit Title	Recommendation	Due Date	Current Position
22	Council Tax System (Financial Services) Final Report Issued: 16 th May 2007	<p><u>Year End Reconciliations</u></p> <p>We recommend that adequate documentation be retained to support the year-end reconciliation.</p> <p>Documentation should clearly evidence the carried forward figure and brought forward figure to ensure they agree. All reconciliations be signed and dated to evidence the management check.</p>	Mar. '08	To be reported at the 10 th December Audit Board meeting.