BROMSGROVE DISTRICT COUNCIL

AUDIT BOARD

10TH DECEMBER 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 progress to date against the previously selected audit report "priority one" recommendations.

2. RECOMMENDATION

2.1 The Audit Board is recommended to:

- Review the "priority one" recommendations detailed in Appendix A.
- Agree any necessary action and reporting process.
- Agree that any recommendations that have been implemented can be removed from the report and replaced by new recommendations.

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 17th September 2007 it was agreed that a selected number of "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 From the 22 recommendations:

- Twelve have been implemented;
- One is ongoing and within the target date; and
- Nine are ongoing but are outside the target date.

For the nine recommendations that are outside target but ongoing, progress to date and new implementation dates have been agreed. Based on the new target dates it is expected that all 22 recommendations will be implemented by March 2008.

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 02: 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. <u>OTHERS CONSULTED ON THE REPORT</u>

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. <u>APPENDICES</u>

13.1 Appendix A: Recommendation Tracker Report.

14. <u>BACKGROUND PAPERS</u>

None.

<u>CONTACT OFFICER</u>

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Recommendation Tracker Report   Appendix A

Priority 1 Audit Recommendations – Current Status

Current Position Key:

GREEN	Recommendation implemented
AMBER	Work currently ongoing
RED	Work yet to start

No.	Audit Title	Recommendation	Due Date	Current Position
1	CCTV System (Culture and Community Services) Final Report Issued: 14th September 2006	**CCTV Code of Practice** We recommend that the CCTV Code of Conduct be formally approved and adopted.	Nov. '06	**AMBER** The Council's RIPA Policy is being presented for approval during Jan. '08. Once it is approved, the current CCTV Code of Practice will be updated and amended to reflect the Council's approach. New date: Mar. '08

No.	Audit Title	Recommendation	Due Date	Current Position
2	Data Protection (Legal and Democratic Services) Final Report Issued: 3rd October 2006	**Retention of Documents** 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	**AMBER** Staff have received cards advising them of the data protection principles. The Council is currently undergoing an Information Management audit. The process should be completed by Jan. '08 and will include the collation of a Document Retention Policy which will be circulated accordingly. New date: Jan. '08
3	Treasury Management (Financial Services) Final Report Issued: 4th May 2007	**Investment Reports Received from Managed Accounts** We recommend that reports received for managed accounts are subjected to a senior management review and this is evidenced.	Feb. '07	**GREEN** Monthly reports are received from HSBC and reviewed by the appropriate members of the team. The information is used for financial forecasting. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
4	Development Control (Planning and Environment Services) Final Report Issued: 30th November 2006	**Planning Enforcement Procedures** 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	**AMBER** A draft policy and procedure document has been written and is due to be reviewed and agreed by management. New date: Dec. '07
5	Section 106 (Corporate) Final Report Issued: 15th January 2007	**Procedures** 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	**AMBER** Due to a vacancy within the Accountancy section, there has been a delay in producing the procedure. This role has since been reallocated New date: Mar. '08

No.	Audit Title	Recommendation	Due Date	Current Position
6	Customer Service Centre (E-Government and Customer Services) Final Report Issued: 15th December 2006	**Monitoring** We recommend that management: - 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	**GREEN** Management are satisfied that the combination of performance reports, qualitative reports and monthly meetings identifies issues with the quality of the service provided by the CSC. Furthermore, management is aware that the mechanism for monitoring quality will be honed with the implementation of the Customer Feedback system. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
7	Housing Enabling Service (Planning and Environment Services) Final Report Issued: 2nd October 2006	**Procedures** We recommend that the action plan arising from the Audit Commission Strategic Housing Services July 2006 inspection report is implemented as soon as possible. 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.	Apr. '07	**AMBER** Progress has been made with some key procedures implemented (for example, Arrears at Caravan Site and Management of Dispersed Temporary Accommodation for Homeless). However, a further meeting has been arranged with BDHT to identify and initiate compilation of outstanding procedures. New date: Mar. '08
8	Debtors System (Financial Services) Final Report Issued: 3rd May 2007	**Management Information** We recommend that useful system reports are identified and produced, for example: - debtor details / account amendments; - reminders; and - accounts currently with the Legal Section.	Jun. '07	**GREEN** Reports are now being produced for: - Debtor details/amendments (weekly). - Reminders (monthly). - Accounts with Legal (monthly). New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
9	NNDR (Financial Services) Final Report Issued: 22nd February 2007	**Billing Procedures** We recommend that a clear documented procedure for billing is established which should not just focus on the input of data into academy.	Jun. '07	**AMBER** An online procedure manual has been made available. However, a full internal procedure manual still needs to be collated. Work has commended in Nov. '07 on the internal procedure manual. New date: Mar. '08
10	NNDR (Financial Services) Final Report Issued: 22nd February 2007	**Bill Suppressions** We recommend that an adequate documented process for dealing with suppressed accounts is established. The process should include: - 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	**AMBER** Authorisation levels to suppress accounts has been reviewed and updated. Work is ongoing to clear bill suppressions be the end of the financial year. New date: Mar. '08

No.	Audit Title	Recommendation	Due Date	Current Position
11	Customer Service Centre (E-Government and Customer Services) Final Report Issued: 15th December 2006	**<u>Exception Reports</u>** 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: - 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	**<u>GREEN</u>** Management are satisfied that the combination of investigating tills that do not balance, unders/overs and the reconciliations that identify mismatches provide sufficient assurance that inaccurate adjustments are identified and investigated. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
12	Creditors System (Financial Services) Final Report Issued: 8th May 2007	**System Reports** 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: - 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. Once a list of reports has been identified, we recommend that a timetable be created that details: - 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	**GREEN** Reports are now being produced for: - New Suppliers (weekly). - Payments Outstanding (weekly). - Expenditure by supplier (on request). - Accounts in dispute (monthly). Additionally, a duplicate payment report is still under review with the POP project and other reports will be developed when required. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
13	Council Tax System (Financial Services) Final Report Issued: 16th May 2007	**Suspense Account – Access and Authorisation** 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	**GREEN** Access to allocate items from suspense has been reviewed and updated. All suspense allocations now have documentary evidence to support the transaction. New date: N/A – implemented
14	Council Tax System (Financial Services) Final Report Issued: 16th May 2007	**Arrears Reports** We recommend that problems regarding the arrears reporting are investigated. Appropriate action should be taken to obtain adequate monitoring reports.	Aug. '07	**AMBER** System training has been arranged for the appropriate members of staff. New date: Mar. '08
15	Payroll System (Human Resources and Organisational Development) Final Report Issued: 24th July 2007	**Management Review** 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	**GREEN** A copy of each payment run reconciliation is reviewed for reasonableness. This is evidenced by an appropriate member of the team. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
16	Benefits (Financial Services) Final Report Issued: 5th 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	**<u>AMBER</u>** Progress has been made and cards have been obtained for: - Accountancy; - Revenues & Benefits; and - Payroll. Before cards may be used there must also be a PIN and an e-mail from BACS for each card. Although the Accountancy card is in use, the section is waiting for the e-mail from BACS for the Revenues & Benefits and Payroll cards. New date: Dec. '07

No.	Audit Title	Recommendation	Due Date	Current Position
17	Council Tax System (Financial Services) Final Report Issued: 16th May 2007	**<u>Management Reports</u>** We recommend that appropriate training is provided and meaningful management information is available and utilised.	Sep. '07	**<u>GREEN</u>** Officers have attended system report training during May '07 and further training has been planned for Dec. '07. A budget bid has also been submitted for further work to be done on the reporting ability of the system. New date: N/A – implemented
18	NNDR (Financial Services) Final Report Issued: 22nd 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	**<u>GREEN</u>** User access rights have been reviewed and the necessary changes have been made to restrict access, where necessary. New date: N/A – implemented

No.	Audit Title	Recommendation	Due Date	Current Position
19	NNDR (Financial Services) Final Report Issued: 22nd February 2007	**Management Reports** We recommend that appropriate training is provided and meaningful management information is available and utilised.	Sep. '07	**GREEN** Officers have attended system report training during May '07 and further training has been planned for Dec. '07. A budget bid has also been submitted for further work to be done on the reporting ability of the system. New date: N/A – implemented
20	Budgetary Control System (Financial Services) Final Report Issued: 9th May 2007	**Accountancy Procedures** We recommend that an Accountancy Procedure Manual be created and distributed to all staff. The manual should include: - aspects of the budget setting and monitoring process; and - all relevant operations fulfilled by the section.	Mar. '08	**AMBER** Work has been completed on collating a full task list of Accountancy roles and responsibilities. Work has started on allocating tasks and preparing procedure manuals for the relevant areas. New date: N/A – ongoing

No.	Audit Title	Recommendation	Due Date	Current Position
21	Creditors System (Financial Services) Final Report Issued: 8th May 2007	**New Suppliers** We acknowledge that it is the intention to explore the availability of system reports during the implementation of Purchase Ordering Process (POP) within Agresso. However we recommend that due to system reports being unavailable that a manual record is introduced which includes: - new supplier name; - new supplier ID; - date created on system; - documentation used to create supplier; and - signature of verifying officer. We further recommend that the helpdesk call placed with Agresso is followed up.	Mar. '08	**GREEN** A report is now produced on a weekly basis and reviewed by an appropriate member of the team. New date: N/A – implemented
22	Council Tax System (Financial Services) Final Report Issued: 16th May 2007	**Year End Reconciliations** We recommend that adequate documentation be retained to support the year-end reconciliation. Documentation should clearly evidence the carried forward figure and bought forward figure to ensure they agree. All reconciliations be signed and dated to evidence the management check.	Mar. '08	**GREEN** All year end documentation is signed off by the appropriate members of staff and retained on file. New date: N/A – implemented