

## **BROMSGROVE DISTRICT COUNCIL**

### **AUDIT BOARD**

Date: 19<sup>th</sup> March 2015

#### **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.

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This section of the report provides commentary on Internal Audit's performance for the period 01<sup>st</sup> April 2014 to 28<sup>th</sup> February 2015 against the performance indicators agreed for the service.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST REPORT (11<sup>th</sup> DECEMBER 2014):

**2014/15 AUDITS COMPLETED**

**Treasury Management**

The review was a full system audit of Treasury Management. The audit found there was generally a sound system of internal control in place with the cash flow spreadsheet providing an accurate record of money allocation. There was also a full audit trail of all transactions both for borrowings and investments but reconciliations needed to be regularly completed.

Current position: Final Report issued 28<sup>th</sup> November 2014  
Assurance: Significant

**Debtors**

The review was a full systems audit of the Debtors system. The audit found there was generally a sound system of internal control in place over the management of debtors, including debtors income and actions taken to monitor and recover monies in a manner which meets the locality service objectives. However isolated weaknesses were identified, including outstanding amounts that have not, after an appropriate time, been written off. There were no 'high' or 'medium' priority recommendations.

Current position: Final Report issued 29<sup>th</sup> January 2015  
Assurance: Significant

**Housing and Council Tax Benefits**

The review was a full systems audit of the Housing and Council Tax Benefits. The audit found there was generally a sound system of control in place. The processing of new claims and changes in circumstances was found to be accurate, and satisfactory recovery action was being undertaken on the areas selected for testing. Some issues were found with the reconciliation of system feeder transactions between the Benefits and Council Tax modules on the Academy system, whereby small discrepancies are not being resolved on an on-

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going basis. During the 2014/15 financial period there was a processing backlog of new Benefit claims resulting in delayed processing. However at the time of completing the audit work this backlog had been resolved and claims were being processed within normal timeframes.

Current position: Final Report issued 11<sup>th</sup> February 2015  
Assurance: Significant

**Domestic Refuse and Garden Waste Collection 2014/15**

The review was a full system audit concentrating on the domestic refuse collection including garden waste collection. The audit found that there was an on going effective process in place for planning and optimising waste collection routes and accurate and reliable data was produced and used by waste management in order to monitor and improve where necessary service delivery and performance. However, audit testing identified there was little or no stock control/stock reconciliation of all waste bins and weaknesses around the recovery process for non payment of garden waste.

Current position: Final Report issued 9<sup>th</sup> January 2015  
Assurance: Moderate

**Cash Receipting**

The review was a full systems audit of the cash receipting system. The audit found there was a sound system of internal control in place over the management of cash receipting, including effective receipting and recording of cash and cheques received in a manner which meets the locality service objectives. However one expected control was not in place in respect of ensuring that the authority meets the needs of the Payment Card Industry Security Standards.

Current position: Final Report issued: 29<sup>th</sup> January 2015  
Assurance: Moderate

**Council Tax**

The review was a full systems audit of the council tax system. The audit found there was a sound system of control in place and audit testing confirmed sound processes in place for the reconciliation of the opening debit and for the processing of write offs. However testing of discounts, relief and exemptions did identify a need for a programmed review to identify changes in circumstances and minimise incorrect awards. Work is required to address the large number of

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un-banded properties, the majority of which are incorrectly shown and make effective monitoring extremely difficult.

Current position: Final Report issued: 6<sup>th</sup> February 2015  
Assurance: Moderate

#### **Non Domestic Rates**

The review was a full systems audit of the NNDR system. The audit found both the write off process and the amendment of property rateable values was well controlled. However, the annual debit raising process could be improved if variances arising are investigated at the time and details recorded as to why any variances occurred.

Current position: Final Report issued: 6<sup>th</sup> February 2015  
Assurance: Moderate

#### **Summary of Assurance Levels:**

<b><u>Audit</u></b>	<b><u>Assurance Level</u></b>
<b>2014/2015</b>	
Treasury Management	Significant
Debtors	Significant
Housing and Council Tax Benefits	Significant
Domestic Refuse and Garden Waste	Moderate
Cash Receipting	Moderate
Council Tax	Moderate
Non Domestic Rates	Moderate

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

#### **Transformation ~ Corporate Anti Fraud 2013/14**

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. With additional work in this area in regard to the initial audit the review, found a more corporately coordinated approach is necessary but there are direct and compensating controls which complement each other and when taken together provide a comprehensive

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corporate coverage to reduce the risk exposure overall. It must be remembered that no amount of controls will eliminate the potential risk of fraudulent activity taking place but a comprehensive and wide ranging control environment significantly reduces the risk exposure.

Current Position: Draft Report Issued 13<sup>th</sup> November 2014  
Assurance: To be confirmed when finalised

**S106's 2013/14**

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 did not cover the reasoning behind or procedures undertaken to obtain agreement to a S106 Agreements.

Draft Report Issued: 23<sup>rd</sup> December 2014  
Assurance: To be confirmed when finalised

**2014/15 AUDITS ONGOING AS AT 28<sup>th</sup> FEBRUARY 2014.**

Risk Management ~ Draft report stage  
Budget setting ~ Draft report stage  
Creditors~ Draft report stage  
Main Ledger  
ICT  
Corporate Governance ~ Member Representation on Other Bodies  
Regulatory Services

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

**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 28<sup>th</sup> February 2015 a total of 258 days had been delivered against a target of 300 days for 2014/15.

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

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Appendix3 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

Recently there has been a significant amount of work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extract and uploading to the Audit Commission to enable matches to be reported. The data extract has been completed and uploaded the results of which have been received and are now being investigated. Worcestershire Internal Audit Shared Service (WIASS) have a coordinating role in regard to the investigative exercise.

WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards.

WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible we will seek to place reliance on such work thus reducing the internal audit coverage as required.

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

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**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 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 summaryfor finalised reports |
| Appendix | 4 ~ Follow up summary   |

**6. BACKGROUND PAPERS**

Individual internal audit reports held by Internal Audit.

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**7.    KEY**

N/a

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### **APPENDIX 1**

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

**1<sup>st</sup> April 2014 to 28<sup>th</sup> February 2015**

<b>Audit Area</b>	<b>DAYS USED TO 28/02/15</b>	<b>FORECASTED DAYS TO END OF Q4 ~31<sup>st</sup> March 2015</b>	<b>2014/15 PLANNED DAYS</b>
Core Financial Systems (see note 1)	83	87	87
Corporate Audits	33	58	58
Other Systems Audits(see note 2)	107	119	119
<b>TOTAL</b>	<b>223</b>	<b>264</b>	<b>264</b>
Audit Management Meetings	15	15	15
Corporate Meetings / Reading	5	5	5
Annual Plans and Reports	8	8	8
Audit Committee support	7	8	8
Other chargeable(see note 3)	0	0	0
<b>TOTAL</b>	<b>35</b>	<b>36</b>	<b>36</b>
<b>TOTAL</b>	<b>258</b>	<b>300</b>	<b>300</b>

#### **Notes:**

Note 1: Core Financial Systems are audited predominantly in quarter 3 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 due to fluctuation in demand.

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 28<sup>th</sup> February 2015.**

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.

	<b>KPI</b>	<b>Trend requirement</b>	<b>2012/13 Year End Position</b>	<b>2013/14 Year End Position</b>	<b>2014/15 Position as at 28<sup>th</sup> February 2015</b>	<b>Frequency of Reporting</b>
1	No. of 'high' priority recommendations	Downward	8	*12	3	Quarterly
2	No. of moderate or below assurances	Downward	3	8	6	Quarterly
3	No. of customers who assess the service as 'excellent'	Upward	2	4 (5 issued: 4x Excellent & 1x Good)	4	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 = 13 (3x 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>

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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>

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## APPENDIX 3

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

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
<b>Audit: Treasury Management</b>					
<b>Assurance: Significant</b>					
1	Medium	<b>Reconciliations</b> Since the previous finding which identified that there was no dating or initialling of reconciliations by the preparer or the independent officer who checks the reconciliation, it was found that reconciliations have not been consistently completed.	There is a reputational risk if the Council is called into question over investments or borrowings.	Reconciliations to be carried out at least quarterly and must be dated and initialled by the preparer and the independent reviewer.	<b>Responsible Manager:</b> Agreed. One 18 hour post still to be filled before the restructure is complete. Staff are being trained at the moment and it is envisioned that they will all be trained and up and running by the implementation date.  <b>Implementation date:</b> 1 <sup>st</sup> March 2015
<b>Audit: Domestic Refuse and Garden Waste</b>					
<b>Assurance: Moderate</b>					
1	High	Wheeled bins are not controlled via the stores system or any other process	Potential for theft and financial loss to the council / valuable items not effectively controlled.	Wheeled bins to be controlled via the stores system. Receipt, issue and returned/damaged bins should be recorded and accounted.  A minimum of six monthly stock reconciliations to be undertaken.	<b>Responsible Manager:</b> An audit of bins used during 2014/15 will be carried out to identify the number of bins used for new developments/projects and bins used for replacement purposes. This will identify true capital and revenue spends.  All new bins will be purchased and put on stock and issued via an order displaying capital or

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>revenue budget codes.</p> <p>From Jan 2015 returned used bins will be segregated within the existing stores compound</p> <p><b>Implementation date:</b> December 2014</p>
<b>Audit: Cash Receipting</b>					
<b>Assurance: Moderate</b>					
1	High	<p><b><u>Payment Card Industry (PCI) Certification</u></b></p> <p>Whilst work has been completed towards the PCI certification the current certification has yet to be official awarded.</p>	Non compliance with the PCI standards leaves the authority open to fines from Credit Card Companies.	The PCI Compliance certification must be completed as a matter of urgency.	<p>Awaiting input from IT and Financial Services</p> <p><b>Manager to complete</b> <b>Responsible Manager:</b></p> <p>Financial Services Manager</p> <p><b>Implementation date:</b> 1<sup>st</sup> April 2015</p>
<b>Audit: Council Tax</b>					
<b>Assurance: Moderate</b>					
1	Medium	<p><b><u>Valuation Officer referrals</u></b></p> <p>Requests sent to the Valuation Office for property additions, deletions and amendments were not being monitored to ensure they were being actioned timely.</p>	Potential for incorrect/untimely billing resulting in higher arrears/outstanding balances leading to overstated position and reputational damage.	A system of monitoring and referring cases reported to the Valuation Office needs to be introduced.	<p><b>Management Response:</b></p> <p>Linked to existing issues with unbanded properties held on system since as per item 2 – database to be corrected April 2015; system of monitoring and review will be implemented on same timescale.</p> <p><b>Responsible Manager:</b></p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					Revenue Services Manager  <b>Implementation date:</b> May 2015
2	Medium	<b><u>Unbanded properties</u></b> There are currently 1540 unbanded properties listed of which there remains a number of properties that are no longer in the district following a boundary change review.  In 2014/15 some work has been carried out in this area but there are still over 1400 properties recorded as unbanded	Potential for live properties to remain unbanded and not billed leading to loss of revenue to the Council.	The unbanded list should be reviewed to ensure that current properties are effectively managed and any revenue due collected without delay.	<b>Management Response:</b> Linked to item 1 – correction of database to be made by April 2015 and system for monitoring and review implemented  <b>Responsible Manager:</b> Revenue Services Manager  <b>Implementation date:</b> May 2015
3	Medium	<b><u>New properties</u></b> There is no formal proactive system in place to record and refer new properties to the Valuation Officer.	Properties remain unbanded and unbilled resulting in loss of revenue to the Council.	Formal procedure to be introduced.	<b>Management Response:</b> Linked to item 1 and 2 – correction of database to be made by April 2015 and system for monitoring and review implemented  <b>Responsible Manager:</b> Revenue Services Manager  <b>Implementation date:</b> May 2015
4	Medium	<b><u>Credit balances</u></b> Credit balances on accounts are not reviewed on a regular basis.	Potential for inappropriate recovery action to be taken leading to reputational	Review process needs to be established to review credit balances on an	<b>Management Response:</b> Process for review of credit

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Credit balances were last reviewed in July 2013.	damage.	ongoingbasis.	balances agreed and action to be taken over 2015/16 to reduce levels  <b>Responsible Manager:</b> Revenue Services Manager  <b>Implementation date:</b> April 2015
5	Medium	<b>Discounts &amp; exemptions</b> Audit testing carried out on a sample of 30 reliefs, discounts and exemptions identified 3cases where reviews had not taken place as frequently as expected and one case where the discount was correctly awarded but an incorrect code had been applied.	Changes in circumstances are not identified leading to the incorrect award of relief, discount or exemption leading to possible financial loss and incorrect management information.	A formal timetable to be introduced to provide assurance that frequent reviews take place. Also, to the correct discount code to be assigned.	<b>Management Response:</b>  A full timetable for reviews of discounts and exemptions during 2015/16 will be agreed in January 2016.  A formal Timetable to be agreed in 2015.  To correct discount code.  <b>Responsible Manager:</b> Revenue Services Manager  <b>Implementation date:</b> February 2015
<b>Audit: Non Domestic Rates</b>					
<b>Assurance: Moderate</b>					
1	Medium	<b>Property reconciliation</b> Although system Rateable Value totals agree to Valuation Office reports, there has been a	Inconsistencies could lead to incorrect billing.	An explanation should be sought for the differences in the property totals in the VO reports and Academy	<b>Management Response:</b>  Full List reconciliation being undertaken to identify



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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		<p>difference between property totals since 20/06/2012.</p> <p>During testing carried out to review the debit raise process for 2013/14; a variance of four properties was identified between the Valuation Office records and the system totals and this still stands.</p>		system.	<p>discrepancies and correct. Initial reconciliation carried out September 2014 and further corrections to be made from 31<sup>st</sup> December list.</p> <p><b>Responsible Manager:</b> Revenue Services Manager</p> <p><b>Implementation date:</b> December 2014 to May 2015</p>
2	Medium	<p><b><u>Valuation Officer referrals</u></b> Requests sent to the Valuation Office for property additions, deletions and amendments are not being monitored to ensure they are being actioned timely.</p> <p>Audit testing indicated that Revenues Officers were not 'closing' cases actioned correctly as an Academy system listing shows that there are 453 outstanding.</p>	Failure to timely pursue arrears leading to increase in arrears/ worsening collection rates.	System of monitoring/ re referring cases reported to the Valuation Office to be introduced.	<p><b>Management Response</b> In future 'skeleton' properties will be created on the system once we are notified of commencement. Thereafter quarterly reviews will be carried out with the developers/builders to ascertain progress.</p> <p><b>Responsible Manager</b> Revenue Services Manager</p> <p><b>Implementation date</b> 30<sup>th</sup> June 2014</p>
3	Medium	<p><b><u>Empty property review</u></b> Following the loss of the outside inspector, there are no reviews of empty properties.</p>	Potential for loss of revenue.	Consideration be given to introducing a desk based review of empty properties as carried out at Redditch Borough Council.	<p><b>Management Response:</b> Limited risk on loss of income as empty property rates are charged at 100%.</p>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					<p>Process for review of empty properties agreed and to be implemented from March 2015</p> <p><b>Responsible Manager:</b> Revenue Services Manager</p> <p><b>Implementation date:</b> March 2015</p>
4	Medium	<p><b><u>New properties</u></b> There is no proactive approach to recording new properties and for referral to the Valuation Officer.</p>	Potential for loss of revenue.	Procedures to be introduced for referring new build promptly to the Valuation Officer.	<p><b>Management Response:</b>  System of review and monitoring to be implemented March 2014.</p> <p><b>Responsible Manager:</b> Revenue Services Manager</p> <p><b>Implementation date:</b> March 2015</p>
5	Medium	<p><b><u>Credit balances</u></b> Credit balances on accounts are not reviewed regularly. Credit balances were last reviewed in July 2013.</p>	Potential for inappropriate recovery action to be taken leading to reputational damage.	A review process needs to be established.	<p><b>Management Response:</b>  Process for review of credit balances agreed and action to be taken over 2015/16 to reduce levels</p> <p><b>Responsible Manager:</b> Revenue Services Manager</p> <p><b>Implementation date:</b> April 2015</p>
6	Medium	<p><b><u>Retail Relief</u></b> Retail Relief was auto applied to</p>	Awards incorrectly made /	Follow up action to	<b>Management Response:</b>

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		qualifying properties at the start of the year. The ratepayers were retrospectively sent application forms to complete and return during the year. No reviews have been carried out to confirm applications have been received and that circumstances have not changed.	change of circumstances not reported leading to financial loss.	commence to identify outstanding completed applications.	Central Government's intention was for relief to be awarded automatically.  It was identified that some ratepayer's may not be entitled as the relief could be state aid. Review forms were issued to allow these rate payers to declare state aid and for relief to be removed.  A review will be carried out  <b>Responsible Manager:</b> Revenue Services Manager  <b>Implementation date:</b> February 2015
<b>Audit: Council Tax and Housing Benefits</b>					
<b>Assurance: Significant</b>					
1	Medium	<b><u>Reconciliations</u></b>  There are outstanding discrepancies with reconciliations on feeder transactions between the Benefits and Council Tax modules.	Discrepancies are not being corrected in a timely manner, resulting in poor management information, and potential financial loss to the authority.	Timescales for investigating and resolving discrepancies to be formally defined and monitored, to ensure the integrity of financial information held on key systems.	<b>Responsible Manager:</b> Revenues Services Manager  <b>Implementation date:</b> April 2015  Review of discrepancies and integrity issues to be completed during end of year processing. Software suppliers to complete system healthcheck and provide advice on how discrepancies

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Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					can be managed post April 2015.
end					

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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 February 2015. 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.

##### **Follow Up Assurance:**

In summary:

- all the 2012/13 audit recommendations have now been implemented;
- the majority of 2013/14 audit recommendations have been implemented; monitoring of the outstanding ones is continuing;
- 2014/15 recommendations are being monitored and reported for information.

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## **AUDIT BOARD**

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<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>
					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>						
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.	15/09/2014 - The 3 high priority recommendations relating to procedures and documentation have been addressed, and 2 of the medium priority recommendations relating to terms & conditions and reconciliations have also been addressed. The 1 medium priority recommendation relating to Management Information has not been satisfactorily addressed, and requires further follow-up.	Followed up December 2014 The medium priority recommendation relating to management information has now been completed. No further follow-ups are required as audit outcomes have been satisfied.

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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.	Followed up February 2015. All recommendations now been implemented. No further follow up required as audit has been satisfied.
Parks & Open Spaces (Sanders Park)	18th March 2013	Leisure Services Officer	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.	Followed up November 2014 The medium priority recommendation relating to the Service Level Agreement has now been completed. No further follow-ups are required as audit has been satisfied.
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.	Follow up for this audit has been included as part of the 2014/15 audit and progress will be reported accordingly.	
<b>2013-14 Audits</b>						
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.	Follow up undertaken and recommendations now implemented. No further follow up required as audit satisfied.	

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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.	Follow up undertaken and awaiting final sign off as at 24.2.15	
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.	Follow up for this audit has been included as part of the 2014/15 audit and progress will be reported accordingly.	
Asset Management	16th April 2014	Financial Services Manager	Significant	1 'medium' priority recommendation in relation to Vehicle insurance details.	Followed up as part of the 2014/15 Asset management audit and reported.	
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.	Follow up for this audit has been included as part of the 2014/15 audit and progress will be reported accordingly.	
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.	Followed up February 2015, An interim measure has been implemented until business transformation is complete in June 2015 when the recommendation will be fully addressed as part of the transformation.	
ICT	2 <sup>nd</sup> September 2014	Head of Business Transformation and Organisational	Limited	1 'high' and 5 'medium' priority recommendations to follow-up in regard to starters, leavers and user accounts, procedures, inventory management,	As at 24.2.15 and at the time of the agenda the follow up was in progress.	



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		Development and ICT Transformation Manager		contracts and 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.	As at 24.2.15 and at the time of the agenda the follow up was in progress.	
Data, Security and Publication	9th September 2014	Head of Transformation and Organisation Development/ Executive Director (Finance and Resources)	Moderate	1 "medium" priority recommendation re local government transparency code	Mar-15	
Communications and Media	16th October 2014	Communications and Marketing Manager	Significant	No 'high' or medium' priority recommendations made.		
Elections	27th October 2014	Head of Legal, Democratic Services and Quality Services	Significant	No 'high' or medium' priority recommendations made.		
DFGs and HIAs	12th November 2014	Housing Strategy Manager	Significant	1 "medium" priority recommendations re the need to ensure documents are stored correctly	May-15	
Treasury Management	28th November 2014	Financial Services Manager	Significant	1 "medium" priority reconciliation to ensure reconciliations are undertaken at least quarterly.	To be undertaken as part of the 2015/16 audit	

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Asset Management	20th November 2014	Head of Customer Access and Financial support	Significant	1 "medium" priority re terms of reference for Joint Asset Management Group	May-15	
Waste Management	9th January 2015	Head of Environmental Services	Moderate	1 "high" priority recommendations to ensure effective stock control of wheelie bins.	Jul-15	
Debtors	29th January 2015	Head of Customer Access and Financial support	Significant	No 'high' or medium' priority recommendations made.		
Cash Receipting	29th January 2015	Head of Customer Access and Financial support	Moderate	1 "high" priority recommendation to ensure the council obtains a PCIDSS certificate.	Jul-15	
Council Tax	6th February 2015	Revenue Services Manager	Moderate	5 "medium" priority recommendations to ensure effective monitoring and review of new properties and discount exemptions, review of credit balances and unbanded properties.	To be undertaken as part of the 2015/16 audit	
NNDR	6th February 2015	Revenue Services Manager	Moderate	6 "medium" priority recommendations to ensure that effective monitoring and review of new and empty properties and discount exemptions, review and monitoring of unbanded properties and credit balances.	To be undertaken as part of the 2015/16 audit	

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Benefits	11th February 2015	Revenue Services Manager	Significant	1 "medium" priority reconciliation to ensure where there are discrepancies in the benefit system and the main ledger reconciliation they are resolved in a timely manner.	To be undertaken as part of the 2015/16 audit	
end						