BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th JUNE 2017

THE INTERNAL AUDIT MONITORING REPORT OF THE HEAD OF THE INTERNAL AUDIT SHARED SERVICE ~ WORCESTERSHIRE INTERNAL AUDIT SHARED SERVICE.

Relevant Portfolio Holder	Councillor Brian Cooper
Portfolio Holder Consulted	Yes
Relevant Head of Service	Paul Field, 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 2017/18 and residual 2016/17

2. RECOMMENDATIONS

2.1 **The Committee 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 5 of the Accounts and Audit Regulations 2015 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.

3.4 This section of the report provides commentary on Internal Audit's performance for the period 01st April 2017 to 30th April 2017 against the performance indicators agreed for the service.

AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (30th March 2017):

3.5 2016/17 AUDIT SUMMARY UPDATES AS AT 30th APRIL 2017:

Benefits 2016/17

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

- Controls in place for the correct calculation and classification of overpayments;
- The process for managing write-offs;
- The process for assessing and providing discretionary housing payment support;
- Ensuring there are effective performance management arrangements in place;
- Ensuring systems are reconciled in a timely manner;
- Arrangements in place for managing the migration of data from one system to another, including suitable project management arrangements.

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

- Ensuring all decisions made in relation to agreed recovery arrangements are fully documented within system notes;
- Ensuring reasons for long delays in processing new claims and changes in circumstances are documented.

Type of audit: Full System Audit
Assurance: Significant
Report issued: 12th May 2017

Bereavement Services 2016/17

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

- There is an effective system in place for managing bookings.
- Monitoring of non-payment for services, and resultant actions to obtain these outstanding monies.
- The monitoring of performance and usage of the facilities for both cremations and cemeteries.
- The maintenance of statutory registers for burials and cremations.

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

- The complete and timely charging of services to customers, including the use of valid VAT invoices;
- The use of manual invoices instead of the electronic centralised debtors system.
- The timely and accurate collection and banking of income from customers.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 17th March 2017

Due to the extremely sensitive and front facing nature of this service a follow up took place in May less than two months after the issue of the final report and found that management had taken action and implemented 3 recommendations including the high priority recommendation relating to receipting. From the explanations received and the evidence obtained Internal Audit

are satisfied that Management have satisfactorily implemented all of the recommendations and the risk to the Council has been reduced. There is no requirement for any further follow up action to be undertaken in regard to this review. A full copy of the report findings in regard to the follow up has been included at Appendix 4.

Creditors 2016/17

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

- Payments are in accordance with internal and external regulations are properly chargeable to the Council are timely and only made once;
- Expenditure for goods/services is recorded correctly and accurately in the main ledger including VAT;
- Reconciliations between the main ledger and the creditors ledger are carried out in a timely manner.

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

- Controls ensure that goods/services cannot be requisitioned, ordered and received by the same individual;
- Purchase orders to be raised prior to the receipt of goods/services unless specifically excluded;
- 'Value' order amounts are not exceeded;
- Goods are receipted in a timely manner on the system;
- The setting up of new creditors and amendments to supplier records are validated and authorised;
- Invoices are only paid upon the confirmed receipt of the good/services and only where the invoice/order match or the difference is within the authorised tolerance level; disputed invoices are tracked and monitored.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 3rd April 2017

Worcestershire Regulatory Services 2016-17

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

- Licensing applications are being recorded on the Uniform system
- All relevant documents to each license is recorded or attached to the file
- Testing demonstrated the applications being dealt with timely
- Where online facility is available the process is straight forward

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

- Inconsistent and lengthy cheque process in some districts leading to inefficiency
- Recording of cheques at Worcestershire Regulatory Services
- Application forms getting to Worcestershire Regulatory Services
- Reporting of payments to Worcestershire Regulatory Services

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 26th May 2017

NDR 2016-17

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

- Multipliers - The correct national multipliers are entered to the NNDR system and used for calculating the amount to be charged;
- Valuation Office Reconciliations - The number of properties and total RV is reconciled to Valuation Office lists;
- Discounts and exemptions - The process for applying discounts and exemptions on accounts;
- Performance - Processes for monitoring service performance including collection rates;
- Debt management - arrangements are in place;
- Income postings - to IBS are reconciled regularly;
- NNDR3 - collection rate figures are monitored and suitably reported; and,
- Compliance Team - has been created to address fraud issues.

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

- New and Empty Properties - Processes for notifying all new developments to the Valuation Office and the monitoring of voids;
- Reliefs, Discounts and Small Business Relief – maintenance of records of reason for awarding;
- Refunds – recording of evidence and independent review of refunds;
- Inhibits – removal of inhibits post end date;
- Recovery – prompt implementation of each stage of recovery and recording of explanation for cessation of recovery action; and,
- Reconciliation – frequency and promptness of reconciliation of NNDR cash to ledger.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 1st June 2017

Council Tax

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

- Discounts and exemptions - processes for applying on accounts;
- Council Tax bands - application to accounts;
- Discount/ Exemption Reviews – a schedule of review has recently been implemented;
- Write off procedure and practice;
- Service performance is recorded, monitored and reported;
- Compliance Team established to consider fraud issues;
- Reconciliation to Valuation Office - Ongoing reconciliation processes in place; and,
- Ledger Reconciliation - Income postings to IBS are reconciled regularly.

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

- New properties - Processes for notifying all new developments to the Valuation Office;
- Refunds – recording of evidence and independent review of refunds;

- Reconciliation to ledger – frequency and promptness of reconciliation of CT cash to ledger;
- Review of Credit balances; and,
- Recovery – application in line with timetable.

Type of audit: Full Systems Audit
Assurance: Moderate
Report issued: 1st June 2017

Risk Management 2016-17

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

- The monitoring and management of corporate risks.

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

- The development and implementation of an effective Risk Management Strategy throughout the organisation.
- Effective monitoring of service risk entries, ensuring that there are regular and timely reviews by risk owners which are fully documented on the risk register.
- Ensuring mitigating actions have been identified for all issues raised, and effectively addressed.
- The provision of training to staff and Members, particularly recently appointed Portfolio Holders.

Type of audit: Full Systems Audit
Assurance: Limited
Report issued: 24th May 2017

Dash Board and Performance Indicators 2016/17

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

- The security of the Dashboard whereby only authorised editors had access to make changes to the individual performance measures.

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

- The timeliness of reporting of performance measures on the Dashboard;
- The resilience in reporting the measures;
- The process of data collection and reporting;
- The comments within the Dashboard which purpose is to clarify and explain reason for variances in the data reported.

Type of audit: Limited Scope Audit
Assurance: Limited
Report issued: 3rd May 2017

Summary of Assurance Levels:

Audit	**Assurance Level**
2016/17	
Benefits	Significant
Bereavement	Moderate
Creditors	Moderate
Worcester Regulatory Services	Moderate
NDR	Moderate
Council Tax	Moderate
Risk Management	Limited
Dash Board & Performance Indicators	Limited

3.6 The reviews relating to Revenues and Benefits included testing in regard to the new revenues and benefits system.

3.7 2017/18 AUDITS ONGOING AS AT 30th APRIL 2017

Audits progressing through planning and fieldwork stages:

- Land Charges
- Disabled Facilities Grant
- Waste Management
- Records Management

The summary outcome of the above reviews will be reported to Committee in due course when they have been completed and management have confirmed an action plan.

3.8 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 30th April 2017 a total of 19 days had been delivered against a target of 230 days for 2017/18.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 30th March 2017 for 2017/18.

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 Committee with an analysis of audit report 'Follow Ups' that have been undertaken to monitor audit recommendation implementation progress by management.

3.9 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 over view.
- Investigations

There has been on going work undertaken in regard to the National Fraud Initiative. This year is the 2 yearly cycle of data extraction and uploading to enable matches to be reported. The initiative is over seen by the Cabinet Office. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Bromsgrove District Council.

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.

3.10 **Monitoring**

To ensure the delivery of the 2017/18 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. The Head of Internal Audit Shared Service 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.

3.11 **Customer / Equalities and Diversity Implications**

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 2017/18
Appendix 2 ~ Key performance indicators 2017/18
Appendix 3 ~ 'High' and 'Medium' priority recommendations summary for finalised reports
Appendix 4 ~ Follow up summary

6. BACKGROUND PAPERS

Individual internal audit reports held by Internal Audit.

7. KEY

N/a

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BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 15th JUNE 2017

APPENDIX 1

Delivery against Internal Audit Plan for 2017/18
1st April 2017 to 30th April 2017

Audit Area	2017/18 Total Planned Days	Forecasted days to the 30th June 2017	Actual Days Used to the 30th April 2017
Core Financial Systems (see note 1)	71	0	0
Corporate Audits	5	0	0
Other Systems Audits (see note 2)	118	64	15
SUB TOTAL	**194**	**64**	**15**
Audit Management Meetings	15	4	3
Corporate Meetings / Reading	5	2	1
Annual Plans and Reports	8	2	0
Audit Committee support	8	2	0
Other chargeable (see note 3)	0	0	0
SUB TOTAL	**36**	**10**	**4**
TOTAL	**230**	**74**	**19**

Notes:

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year end.

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

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

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APPENDIX 2

Performance against Key Performance Indicators 2017-2018

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2017/18. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4 to KPI 6. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2017/18 Position (as at 30th April 2017)	Frequency of Reporting
Operational				
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = 0	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	8%	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	77%	When Audit Committee convene
Monitoring & Governance				
4	No. of 'high' priority recommendations	Downward (minimal)	Nil to report	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	Nil to report	When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (nil)	4 audit areas	When Audit Committee convene
Customer Satisfaction				
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	Nil to report	When Audit Committee convene

WIASS considers it 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

Opinion	Definition
Full Assurance	The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively. No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.
Significant Assurance	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. 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.
Moderate Assurance	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. 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.
Limited Assurance	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. 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.
No Assurance	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. 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.

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Definition of Priority of Recommendations

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

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APPENDIX 3

'High' & 'Medium' Priority Recommendations Summary for finalised audits.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
Audit: Benefits 2016/17					
Assurance: Significant					
1	Medium	**Recovery Arrangement Information** From a random sample of 20 accounts in recovery at the time of the audit work, diary notes for 2 did not fully document the decision making process behind the payment arrangements agreed with the claimant.	Lack of information regarding the decision potentially resulting in challenge and leading to reputational damage and an extended recovery time following dispute of the process followed.	To remind staff to record all information relating to recovery actions taken on the Benefits system case records.	**Management Response:** Review of procedures for invoicing and recovery to be carried out during 2017/18 to include introduction of measures pertaining to debt recovery. This will provide more effective monitoring. **Responsible Manager:** Financial Support Services Manager **Implementation date:** September 2017
Audit: Bereavement Services 2016/17					
Assurance: Moderate					
1	High	**Bromsgrove District Council - Manually Written Sales Invoices** Standard invoice templates titled with Redditch Borough Council corporate information (VAT reference, address, etc.) were being used incorrectly to account for payments made for Bromsgrove District Council services which are not charged through the Debtors system. These payments are monitored to ensure they are correctly coded into Bromsgrove District Council's general ledger accounts.	Failure to adhere to HMRC regulations on issuing valid VAT invoices for the sale of goods and/ or services, resulting in potential fines against the authority, and reputational damage if customers are not able to reclaim VAT charges.	To cease issuing Redditch Borough Council sales invoices for payments made for Bromsgrove District Council services. To consider the use of sales receipts in the name of Bromsgrove District Council, or to issue invoices raised on the Debtors system for managing payments centrally.	**Management Response:** No Bromsgrove receipt books sourced at this time, but all staff aware that Redditch Stationery is not to be used. All ad-hoc invoicing is now on eFin under appropriate authority. Bromsgrove card payment logons available to all staff to allow for more efficient payment methods **Responsible Manager:** Bereavement Services Manager **Implementation date:** By 31st Dec 2016
2	Medium	**Manually Written Sales Invoices**			**Management Response:**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Hand-written invoices are being issued by the Bereavement Service team to various clients, primarily in relation to services that have been paid for at the point of issuing the invoice, e.g. cash payments made at the point of booking. Electronic invoices are only raised for larger accounts involving regular customers. Debts relating to manual invoices are chased by the Bereavement Services team and are not monitored as part of the centralised Debtors process. Bad debts are not formally written off through the normal procedure.	Inefficient use of resources, whereby Bereavement Services staff are responsible for issuing, monitoring and chasing individual invoice payments. Lack of centralised monitoring of debts, which could result in financial loss and reputational damage if outstanding payments are not managed effectively, and correctly reported in corporate literature.	To consider alternative means of raising charges other than manual invoices, including the use of sales receipts or electronically raised invoices through the eFin Debtors system.	All ad-hoc invoicing is now on eFin under appropriate authority. All payments will be via eFin where a request for payment is required (invoice). Card payments and cheques from the public will continue but no manual receipts (when available) will be issued unless it's for a payment of cash. Bromsgrove card payment logons available to all staff to allow for more efficient payment methods. Monthly overdue accounts report now received automatically, and staff trained on how to check payment of individual invoices to manage debtors. **Responsible Manager:** Bereavement Services Manager **Implementation date:** By 31st March 2017
3	Medium	**Invoice Reconciliations** There is currently no reconciliation process in place between booking records, and invoice records to ensure all services have been charged correctly. A random sample of 25 bookings identified that 1 booking in April 2016 had not been charged to the relevant funeral director. A further review by the Bereavement Services Manager identified that a total of 4 burial/ cremation bookings on that day had not been charged to the respective funeral directors, equating to approximately £2000. It was also noted that booking records could be deleted from the booking system. The audit trail which identifies	There is a risk of financial loss for the councils, where not all charges are being levied against the customers.	To implement a reconciliation process to ensure all entries on the booking system have a corresponding invoice charge. To implement a process for monitoring the deletion of booking records, either by developing the audit trail functions on the booking system to retain a full list of all deletions, or by monitoring gaps in the automatically generated reference numbers, to ensure the correct invoicing of all completed bookings.	**Management Response:** Dual inputting to be phased out. Automatic monthly report now used to reconcile bookings with manual data input by staff. Once both manual and automated reports agree the monthly Funeral Director invoicing is then completed. Original plan to phase out manual input has been held as the reconciling process has shown differences between the manual input on the spreadsheet and the manual input on the system. Until the automatic population of the fees in the system is developed the reconciliation process will remain. **Responsible Manager:** Bereavement Services Manager **Implementation date:** By 31st March 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		changes to a record is linked to the booking record, and is also deleted at this time.			
Audit: Creditors 2016/17					
Assurance: Moderate					
1	High	**Segregation of duties:** In 10 out of the 25 transactions selected for testing orders were raised and authorised by the same person demonstrating no proper segregation of duties in the purchasing process. Also 6 of 10 orders were 'goods received' (GRNd) by the same person. This was occurring mainly on transactions where stock is ordered into the stores. However, 2 orders were raised, authorised and GRNd by a staff member who is within Environmental Services at Bromsgrove District Council. 1 transaction was requisitioned and authorised by someone in stores not on the authorised signatories list on the Orb. 4 transactions were authorised by a stores member of staff who does not have approval to authorise orders according to the Orb authorised signatory list. A member of Housing staff was listed twice on the authorised signatories list with each entry giving different permissions – one of which would mean orders have been authorised when this person does not have such authorisation.	With a lack of segregation there is a potential risk of internal fraud and theft leading to reputation damage and resource implications should an investigation be required. Furthermore there is a potential risk of poor monitoring which could lead to overspending.	Implementation of integral system controls to ensure segregation of duties and the use of exception reporting to identify non compliance. Where there is a business need to work around the systems controls then a cost/risk/benefit analysis is to be undertaken and reasonable additional controls implemented, i.e. as monitoring of a monthly spend analysis by an independent officer, to ensure that the risk to the council remains within acceptable boundaries. Implementation of integral system controls related to an individual's authorisation level to permit/ deny authorisations or orders. Review and update the authorised signatories to ensure current permissions have been correctly authorised and are in place, so that the authorising permissions dictate the individual's permissions on	**Responsible Manager(s):** Finance Manager Business Support Officer Head of Environment Environmental Services Manager ICT Operations Manager **Implementation date:** **Response from Head of Environment** This has been discussed with the stores team to ensure that process and procedures are followed. The authorised signatories list for Environmental Services including Stores has been revised. Meet with Finance and Stores to review the policy to consider any changes needed to allow self authorisation for those staff accessing EProc. **Response from Head of Housing Services:** The Authorisation list has been amended with the correct levels of authorisation and the duplicate entry deleted. **Response from ICT Operations Manager:** Finance to audit signatory list quarterly to ensure leavers and starters are updated accordingly and change to job roles are captured. Implementation of integral system controls and the process for user account permissions being set up on Cedar by ICT to be documented and reviewed by ICT in partnership with relevant staff in finance.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		User account permissions being set up on Cedar by ICT are determined by liaising with finance staff to agree whether permissions are appropriate to the job role, and also with reference to the authorised signatory list on the Orb. However findings above indicate the authorised signatories list is not always up to date.		use of the goods ordering system (Cedar) that staff are using. Review the process by which user accounts on Cedar are set up and updated by ICT to ensure permissions are set at the correct level according to the relevant manager's authorisations.	Complete by May 2017. Produce a quarterly Business Objects exception report from Cedar to list individual orders where authorisation levels are exceeded for finance to audit. Complete after year end June 2017 Produce a monthly Business Objects report from Cedar to list users that have ordered, authorised and GRN products for finance to audit. Complete after year end June 2017. Produce a quarterly Business Objects report from Cedar to list individual authorisation levels that can be compared with the signatories list to expose discrepancies and reported to Finance. Complete after year end June 2017 Fortnightly meetings are in place between ICT and Finance Manager to monitor progress with the actions above. Version 5 of Cedar functionality is being reviewed by ICT and Finance to understand where developments can support the resolution of issues raised and recommendations of this report.
2	Medium	**Purchase Orders:** A number of purchases are being made without purchase order numbers and these are being processed through the non-POP system. This is usual for orders in the Housing service area because the 'Saffron' system does not interface with Cedar. However it is happening with other purchases where an expectation would be that purchase orders would normally be raised.	There is a risk of poor commitment accounting potentially leading to a lack of budgetary control. There is the potential this could also lead to reputation damage and a lack of confidence in the budget monitoring process if budgets are being exceeded.	Purchase orders to be raised before the purchase of goods. A pragmatic approach to be adopted where circumstances do not allow for the procedure to be followed e.g. out of hours/emergency purchases but there must always be accountability.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					work
3	Medium	**'Value' Orders:** 'Value' orders are being raised for a total amount when the exact cost of goods/services is unknown. These are being invoiced for and GRNd in parts until the amount on the order has run out. Invoices continue to be received which cannot be paid by the original order so a new order has to be raised, meaning the incoming invoices then do not match the new order number because they are linked to the original. Over payments have also been made as consequence of this. One example was found as part of the RBC sample. This had been identified by the creditor's team and the money had been paid back to RBC.	There is the potential risk of a lack of budgetary control and accountability due to a poor audit trail of transactions. There is the potential this could also lead to reputation damage, financial loss or a lack of confidence in the budget monitoring process if budgets are being exceeded.	Investigate the use of Cedar to see if it is possible for an alert when a % of the value of an order has been spent to prevent the purchase order amount being exceeded. Services to ensure that multiple orders are raised where possible instead of opting for a 'value order' however it is acknowledged that a pragmatic approach is required in regard to some services.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work **Response from Head of Environment** Will ensure that ES Managers speak to their teams about this. However, for certain orders where there is ongoing work but the sum differs over the period due to different levels of work in that period this may be difficult.
4	Medium	**Timely Noting of Goods Received:** Goods are not always being GRNd in a timely manner. 12 out of 50 transactions demonstrated goods were GRNd between 2 weeks and 6 months after the delivery date.	There is the potential for delays in paying invoices and processing returns/refunds leading to reputation damage and financial loss if penalties are incurred for late payments. Further risks include making it difficult to track stock that has been delivered and may be used before it's been GRNd potentially leading to delayed	Investigate the use of Cedar to see whether implementation of a system alert or exception reporting is possible if an order is not GRNd within a specific time following its authorisation.	**Responsible Manager(s):** Financial Services Manager **Implementation date:** Ongoing **Response from previous Financial Service Manager:** The Payments team are currently part of a Transformation intervention and works is being undertook to role out training and a new way of working to all services. This will be picked up as part this work **Response from Head of Environment**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			detection of internal fraud and theft.		Part of this may be due to getting delivery notes / collection notes back from staff, this was found to be an issue where stores raise and order that is then taken by an member of staff from another service to collect goods. We will be sending out reminders to all Teams that use the Stores regarding the need to return paperwork in a timely fashion
5	Medium	**Supplier Details:** Prior to suppliers being set up on Cedar there is no formalised process for checking the background to ensure suppliers are legitimate and operating legally and ethically.	Reputational damage to the authority if found to be dealing with illegal businesses or funding criminal activity as well as the potential of financial loss.	Authority to introduce a formalised process for checking suppliers prior to them being used to supply goods/services.	An example of a new supplier checks template will be presented to the newly established contracts working group to consider the best approach for validating companies. **Responsible Manager(s):** Contracts Working Group **Implementation date:** Meeting to be held on 5th May 2017.
Audit: Worcester Regulatory Services 2016/17					
Assurance: Moderate					
1	High	**Payment for Licences granted** Testing was carried out on the following licences: • Alcohol licences (Premise and Personal • Animal establishments (Pet shop and Boarding) • Temporary events notice. Payments could not be traced for all licences examined due to a number of reasons: • Insufficient referencing in financial ledgers to identify individual payments to applications. • Lack of proof of payment for cheques received directly by Regulatory Services (a consistent approach not applied and not all	Failure in systems potentially leading to financial loss to partners and illegal licence operations across the districts.	Districts in conjunction with Worcestershire Regulatory Services to review and consider systems in place to ensure effective control of all income so that all payments can be traced in the financial ledgers. Testing has identified that the current working arrangements are clearly not working. This should include consideration to: • Reviewing who should be responsible for the handling and receipt of payments so that there is a clear and consistent approach.	**Responsible Manager:** Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes. A working group was set up after the previous audit who met on at least 1 occasion it was then decided not to progress further with this group but would be reviewed after a year. **Implementation date:** To be determined by District Finance Teams and Section 151 Officers in conjunction with Worcestershire Regulatory Services.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		districts forward receipts). • Out of a sample of ten Licencing Act 2003 Premises licences sundry debtor accounts could not be found for two of them. Sundry Debtor accounts have since been raised for the two licences identified. • Varying standards of payment notification to Regulatory for those payments received direct by districts. • Some incorrect coding of income found. In most cases there was a note on the licencing file to say payment had been received however due to the lack of audit trail and insufficient referencing in the financial ledgers payments could not be systematically and directly traced for several cases.		This may mean revisiting the Shared Service legal agreement and Statement of Partner Requirements. • There is sufficient information provided on receipt of payment and this is input to ensure all payments can easily be identified to applications in the financial ledgers. • Where a request is sent by Regulatory Services to a district to raise a Sundry Debtor account whether it is necessary to introduce a process where confirmation of action is provided. This will aid in the process of reconciling income received to the service/licence provided for each authority	
2	Medium	**Cheque Payments** The cheque payments process is inconsistent and a potentially lengthy process in some districts causing it to be potentially inefficient. This could delay issuing of licences. There is also cause for concern that payments and forms could potentially go missing. Cheques which get separated from applications also have no link to a district or a licence type. There is no record of the cheques that get sent into WRS as the log is not	There is a risk of incomplete application process. More so a risk of an inconsistent and potentially inefficient process which could cause time delays in payments being processed timely and applications completed. There is a risk of cheques going missing. This all leads to a potential risk of	To consider and work with the districts to develop a smoother more efficient way of taking and processing cheques. Another possibility would be to move towards reducing this payment method starting with a review of how payment methods are advertised making some more prominent than others	**Responsible Manager:** Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes **Implementation date:** As in recommendation 1 (above)

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		being completed, they then get separated from the application. Cheques sent to WRS are taken out to the districts on days of surgery which are twice a week and only when required at Malvern. During testing there was 1out of 36 records missing the receipt number this was a payment by cheque. The receipt was not attached and the information was not written on the form as required by WRS. If any are likely to be missing receipt numbers it is likely to be a cheque.	customer dissatisfaction leading to reputational risk. A potential financial risk but also legislative if payment is not received but an application has gone through.		
3	Medium	**Application Forms** Although there were no issues of delay in the applications tested there is a difference across the districts to whether the application form is put in a tray and waits for licencing surgery or whether it is posted back to WRS. This can potentially cause a delay in the application process either way.	Risk in delaying application process and possibly forms going missing leading to potential reputational damage through customer dissatisfaction. Also a risk to breaching data protection if personal information is lost that is provided on the application.	Review the process in relation to the payments made with consideration to applications possibly being facilitated in one location where able.	**Responsible Manager:** Working group to be set up by S151 for Bromsgrove District Council to include District Finance Officers and WRS Licensing and Support Services Manager to develop plan for an action plan to address recommendations and implement required changes **Implementation date:** As in recommendation 1 (above)
Audit: NDR 2016/17					
Assurance: Moderate					
1	Medium	New Properties There is no formal process in place for ensuring all new commercial developments are notified to the Valuation Office in a timely manner, and updated on the NDR system.	Failure to charge a full and correct charge on new properties, potentially resulting in delayed billing and payment to the Authority and reputational damage to the authority. Incorrect classification of	A formal process for updating and reviewing new commercial units to be documented and implemented, to ensure timely charging.	**Management Action:** New property procedures are being documented and will be implemented from 2nd quarter of year. **Responsible Manager:** David Riley **Implementation date:** June – August 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			properties potentially resulting in delayed billing and payment to the authority.		
2	Medium	Recovery Testing of a sample of 30 outstanding debts found that appropriate recovery action had been taken; however in 13% of cases recovery action had ceased for some time without payment or recorded explanation on diary notes and / or work flow documents. There is currently no process for the automatic escalation of recovery from stage to stage.	Failure to manage the effective recovery of outstanding charges potentially resulting in financial loss in the long term if unable to recover, or delayed income in the short term to the authority.	To ensure that recovery timetables are fit for purpose and can be adhered to when seeking to recover unpaid NNDR debt.	**Management Action:** Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken. **Responsible Manager:** David Riley **Implementation date:** Completed
3	Medium	Reliefs, Discounts and Small Business Relief Our testing of 30 reliefs and exemptions found that for 50% of our sample of reliefs and exemptions there was no record of the request / reason for the granting of the relief / exemption.	Lack of effective maintenance of account potentially resulting in fraudulent activity, incorrectly billed amounts, the requirement to back date bills, and delayed billing and payment for the authority. There is a potential risk that the Council fails to remove small business relief and empty property relief when account holders circumstances no longer make them eligible.	All reliefs and exemptions granted should have a record of the request / reason for the granting of the relief / exemption and should be regularly reviewed managed to ensure accuracy of billing is always maintained. Checks to confirm eligibility for small business and empty property relief should be regularly maintained, reviewed and noted against an account to ensure that there is a clear understanding of qualification and to identify potential changes in circumstances over time which effects the eligibility.	**Management Action:** Small Business Rates Relief is intended to be awarded automatically by local authorities. The omission of supporting information or diary notes will be resultant from the automatic award of the relief. Officers will be reminded of the importance of adding notes where relief is awarded. **Responsible Manager:** David Riley **Implementation date:** Completed

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
4	Medium	Refunds Internal Audit tested a sample of 30 refunds and found that 13% there was no clear reason for refund recorded in either the diary notes or work flow system. Independent Review – There is no check of individual refunds undertaken within the Income Team prior to the processing and payment of refunds. Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.	Where there is no record of the reason for refund there is an increased risk that inappropriate refunds are made potentially leading to financial loss and reputation damage to the Council. Inappropriate or erroneous refunds are processed and paid against NNDR accounts. Leading to financial loss to the Council.	Evidence supporting the refunds should be recorded on diary notes and copy documents on the work flow system to ensure full understanding in regard to the refund should there be challenge. A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	**Management Action:** Reminder to be issued to all staff to ensure notes are added to accounts recording reason for refund. The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team. The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team. The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly. The procedure will be reviewed to ensure the full compliance checks are carried out. **Responsible Manager:** David Riley **Implementation date:** 31 August 2017
5	Medium	Inhibits Internal Audit tested a sample of 15 inhibits and found that: • For 13% of the sample of inhibits there was no evidence on diary notes or work flow as to why the inhibit had been applied. • Testing found that in 6% of the sample where an instalment plan was in place and recovery inhibited payment has ceased with no sign of monitoring of on-going payment.	Where there is no record of the reason for the inhibiting of recovery action there is an increased risk that inappropriate inhibits are made potentially leading to delayed action, challenge and ultimately financial loss to the Council if amounts have to be written off. Where instalment plans are in place with an associated inhibit on recovery there is an	Evidence supporting the application of inhibits should be recorded on diary notes and copy documents on the work flow system in all cases. Where instalment plans are in place a system of monitoring to ensure that payments are being made as per the agreed plan to be implemented. Inhibits to be removed and recovery action to commence when payments cease. Inhibit dates to be reviewed for	**Management Action:** Implementation of Civica Workflow will now allow for more efficiency in the managing of inhibits through use of the workflow module. Process for review will be implemented during 2nd quarter of 2017/18 **Responsible Manager:** David Riley **Implementation date:** 31 August 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
			increased risk that where payment is not being made this is not identified promptly and any appropriate recovery action recommenced potentially delayed income, and ultimately financial loss to the Council if unable to recover.	appropriateness.	
6	Medium	<u>Reconciliations</u> Reconciliation of NNDR cash to ledger have not been undertaken on a monthly basis during 2016-17 as intended. As at 01-03-17 latest reconciliation undertaken was for November 2016. Therefore prior to the data migration from Academy to IBS. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the NDR cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.	**Management Action:** Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. **Responsible Manager:** Chief Accountant **Implementation date:** 1st May 2017
Audit: Council Tax 2016/17					
Assurance: Moderate					
1	Medium	<u>New Properties</u> The process for ensuring all new developments are notified to the Valuation Office in a timely manner and updated on the Revenues system for Council Tax is not documented. There is also no formal process in place for requesting information from private firms responsible for monitoring new developments, to confirm	Failure to charge a full correct charge on new properties in a timely manner, potentially leading to delayed income and reputational damage to the authority. Further risk associated with a potential lack of	A formal process for updating and reviewing new housing developments to be documented and implemented, to ensure timely charging and the sharing of information to ensure other council controlled databases are updated appropriately.	**Management Action:** New property procedures are being documented and will be implemented from 2nd quarter of year. **Responsible Manager:** David Riley **Implementation date:** June – August 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		completion of new properties and to ensure these newly completed properties have been recognised on the Revenues systems for timely and accurate charging.	database integrity if there is no reconciliation with other databases potentially leading to reputation damage and a poor customer experience.	Consideration to be given to the most appropriate method to ensure there is no undue delay for Council Tax charging in regard to all new builds and unbanded properties.	
2	Medium	<u>Recovery Testing</u> At the time of testing (February 2017) it was found that for 3 out of 15 (20%) sample accounts showing outstanding debt there was an unexplained gap and / or cessation of recovery action. For 1 there was a period of 160 days between the adjusted bill in May 2015 and the second reminder in October 2015; for the second there has been no payment or recovery action since a first reminder dated 25-10-16 and for the remaining sample there has been no payment or recovery action since a reminder 2 dated 20-09-16.	Failure to recover monies due in a timely manner, potentially resulting in financial loss, incorrect financial statements and reputational damage.	Monitoring of outstanding debts on an exceptions basis to ensure that recovery action continues from stage to stage promptly. Where no further recovery action is possible the debt to be considered for write off.	**Management Action:** Recovery timetable has been reviewed and produced for 2017/18 the revised timetable will ensure appropriate and timely recovery action is taken. **Responsible Manager:** David Riley **Implementation date:** Completed
3	Medium	<u>Refund Testing</u> Testing of a sample of 30 refunds found that: for 33% of the sample, there was a lack of recorded evidence of reason for refund. For 27%, a reason for refund could be deduced from the account summary. For 7% it was not possible, from the recorded evidence, to determine the reason for refund or the correct calculation of refund. <u>Monitoring of Refunds</u> Revenues Officers are responsible for the setting up of refunds on the Council Tax system. Such set up does not require system approval / authorisation by another Revenues employee.	Failure to effectively evidence refunds to Council Tax bills or refunded payments potentially resulting in reputational damage should they be challenged or financial loss if incorrectly assigned.	Staff to be reminded to include documented evidence of all decision making processes in regard to refunds. A senior member of the Revenues Team who does not have access to set up refunds to undertake regular spot checks of individual refunds to check for appropriateness.	**Management Action:** Reminder to be issued to all staff to ensure notes are added to accounts recording reason for refund. The process for paying refunds contains two parts – the creation of the refund by an officer within the Revenues Team and authorisation by a senior member of the Revenues Team. The Income Team is part of the Revenues Team. Therefore refunds are already authorised by a senior member of the Revenues Team. The process for authorisation includes the creation of a prelist for refunds, which is then subjected to a percentage check to ensure that the amount being refunded is equal to the credit on the account, that the payee is correct and that the refund has been calculated correctly. The procedure will be reviewed to ensure the full compliance checks are carried out.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Refunds are paid via the Income Team and therefore there is currently no check of individual Revenues refunds undertaken by a senior member of the Revenues Team.			**Responsible Manager:** David Riley **Implementation date:** 31 August 2017
4	Medium	Reconciliations Reconciliation of Council Tax cash to ledger have not been undertaken on a monthly basis as intended. As at 01-03-17 latest reconciliation undertaken was for November 2016. Therefore prior to the data migration from Academy to IBS. There is no evidenced independent review to confirm reconciliation of cash and refunds to ledger is being completed and that they are correct.	Where reconciliation is are not undertaken on a frequent and regular basis errors cannot be identified and rectified promptly potentially leading to an increased risk of inaccurate financial information and poor management information being generated from the system.	Reconciliation of the Council Tax cash to the ledger to be undertaken on a monthly basis promptly following period end with a view to correcting any identified errors as quickly as possible. Reconciliations to be subject to independent review to confirm that they are complete and accurate and timely. Such review to be recorded by signature and date.	**Management Action:** Agree - The reconciliations for 2016/17 are now all up to date and signed off by the Chief Accountant. In 2017/18 all reconciliations will be completed with 2 weeks of the month end. **Responsible Manager:** Chief Accountant **Implementation date:** 1st May 2017
Audit: Risk Management 2016/17					
Assurance: Limited					
1	Medium	**Corporate Risk Management Strategy, Roles and Responsibilities** The Risk Strategy document has been approved by CMT in 2015, but there is no record of this document being approved by Members. There is also no indication that this has been reviewed/ updated since this time. The roles and responsibilities of the officers involved in the risk management process have not been formally defined. There is also no central listing of the officers involved with Risk Management, and their	Lack of corporate guidance on managing risk, resulting in potential inconsistencies in approach being adopted, which could result in reputational damage. Failure to formally identify officers could result in ineffective management of risks	To review the Risk Management Strategy to ensure that it is still relevant and fits the needs of the Council. To ensure the roles and responsibilities of all officers involved with Risk Management have been defined and documented.	**Management Comment:** A new strategic document has been developed and will be presented to members in September. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** Management Team – July 2017 Members – September 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		respective areas of involvement.	within the respective service areas, resulting in reputational damage if challenged. Failure to effectively hold officers to account for poor management of risk.		
2	Medium	**Risk Management Group** The Risk Management Group has been reformed, and meetings have been scheduled. However, the group is yet to meet due to work priorities. Meetings are not known to have taken place for 2 years.	Failure to monitor risks in accordance with the defined strategy, resulting in ineffective risks management practices, which could lead to reputational damage for the authority.	To ensure the Risk Management Group meet regularly, and adheres to an agenda which facilitates effective internal challenge.	**Management Comment:** Meeting set up for mid June 2017 and quarterly thereafter. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** Mid June
3	Medium	**Service Risk Register Updates** Audit testing identified that service risk register entries were being reviewed on a regular basis by responsible officers. However, some of these reviews were not formally reflected in the service risk registers, in respect of dates of reviews or outcomes. There are risk entries on the registers that have a medium residual score but do not indicate whether any further actions are to be taken, or whether the risk level is to be accepted or monitored. There are some service risks which have been given a medium inherent risk rating, whereby this has been reduced to a low residual risk rating without the documentation of any existing controls. Audit testing also found that the implementation dates for some risk	Omission of review information could result in challenges to the process, or instances where reviews are being missed which are not identifiable from the information provided, resulting in reputational damage for the authorities.	To assess the system for managing risk and determine whether improvements can be made to make this process more effective. To remind staff to document any reviews undertaken in relation to the risk register entries. To fully document existing controls and actions required for each risk register entry.	**Management Comment:** Review of departmental risk registers to be undertaken by Insurance Officer. CMT to be reminded of their roles in relation to the registers. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** June 2017

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		entries have passed, whereby the reasoning for this with further planned action dates has not been documented.			
4	Medium	**Portfolio Holder Monitoring** There is no formal review of the Service Risk Register entries with the respective portfolio holders upon commencement of the role.	Reduced high level management challenge, and reduced understanding of the issues affecting the service resulting in reduced control, potentially leading to reputational damage for the authorities.	To consider a formal process of introduction for new Portfolio Holders to include a review of the current risks that have been identified as a concern for the Service.	**Management Comment:** Heads of Service to undertake review of registers with Portfolio Holders. **Responsible Manager:** Executive Director – Finance & Resources (and Heads of Service) **Implementation date:** July 2017
5	Medium	**Risk Management Training** There is currently no formal programme of training in risk management for officers with delegated responsibility for monitoring risk within their Services/ Departments.	Potential for inconsistencies in how risk is managed throughout the two councils, and increased risk of issues not being managed effectively, leading to reputational damage for the authority if issues arise.	To develop a formal programme of risk management training, to be provided to all staff with responsibility for managing risk within their service areas. To also consider extending this training to other Staff and Members where deemed suitable, including consideration for online training.	**Management Comment:** To discuss with the Human Resources & Organisational Development Advisor the potential training that can be delivered to all staff – to look at in conjunction with other councils. **Responsible Manager:** Executive Director – Finance & Resources **Implementation date:** September 2017 (in line with new strategy being approved)
Audit: Dashboard and Performance Measures 2016/17					
Assurance: Limited					
1	High	Resilience 5 out of 24 performance measures did not provide complete data on the Dashboard due to a lack of resilience. At the time of the audit, one	Performance measures are not reported in a timely manner leading to reputational risk in the form of internal and	Ensure that a minimum of two employees are trained and able to report on the Dashboard for each performance measure.	**Management Response:** The dashboard was designed with the ethos of ownership by the relevant service areas for their own data and oversight by the specific managers; responsibility for data and comments was not meant to sit corporately. However, the Policy Team did request that a monitoring

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		performance measure did not show data past August 2016. This was due to the officer reporting on the measure having only 2 out of 5 supporting measures on their personal dashboard, leaving 2 completely unpopulated and 1 partially populated. Another measure did not have any data reported past August 2016 as the employee who used to collect and report the data had left the authority. The measure was updated after the 16th February 2017 and is now up to date. The third performance measure had no data reported from September 2015 as the responsible officer was on maternity leave. The fourth performance measure had no data reported from August 2016. The population from an internal spreadsheet to the Dashboard should be automatic but at the time of the audit this was not happening due to an unknown reason. For the fifth measure there is only one contact person and editor. There is no second editor to report the data should the officer be absent for a longer period of time.	external criticism.		function detailing outstanding data and comments; unfortunately the reporting in its current format is not fit for purpose. This is something the Policy Team aim to resolve as part of the review of the dashboard being undertaken during 2017/18. The personal dashboard ('My Dashboard') makes all measures are available for staff to select and edit at any time and is solely the responsibility of individual officers. **The vast majority of measures have two or more people with permission to enter the data and comment; the specific measure identified in the audit is one where there is only one officer in the organisation who works in the area, so resource is limited. The Policy Team will, however, add the line manager as an editor in this or any similar instance going forward.** Automation for some measures was set up within the parameters of a previous version of the dashboard which unfortunately has not been sustainable as the platform has evolved. Other previously automated measures have failed because officers have changed the source file. The Policy Team currently advise all officers that automation is not possible in most circumstances. Training (both group, service specific and individual) was offered to all users upon the implementation of the dashboard, which was attended by some officers. Other officers also offered to take the training back to their teams, given the relatively simple user interface of the dashboard. The Policy Team actively request the data and comments every month, with the email going to all named editors and owners (and copies in all Heads of Service). This email also clearly states that training is available if needed by any officer, as is help with data and comments if required. The responsibility for alerting the Policy team of any new users who requires training rests with the owner of the measure or their line manager. The March and April 2017 emails also highlighted the need to get all strategic measures up-to-date with data and comments. It also asked users to review the measures and let us know of any which were no longer relevant so could be removed (subject to SMT/HoS approval). The Policy Team will be reviewing all strategic measures at the end of April and contacting all owners with outstanding data and/or

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
					comments directly. **During April and May 2017 the Policy Team will offer further group training sessions (in addition to the ongoing offer of personal support) and enhance the 'About the dashboard' section.** There does need to be a distinction made between strategic and operational measures; operational measures are completely optional and at the discretion of service areas. All management of these measures, including ensuring timely reporting, sits with the respective service area. **Responsible Manager:** Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April -May 2017- management of current system 2017/18- complete review of dashboard and implementation of new solution Service area management of measures- ongoing
2	High	Timeliness of Reporting Audit testing found that 7 out of 24 performance measures reviewed were not reported on a timely basis, giving a percentage of 29.2%. Out of these 7 measures 6 were strategic measures, 4 from BDC and 2 from RBC.	Information reported to Management is outdated and no longer relevant which could lead to financial loss or reputation damage if decisions are made on historic information.	Implement a monitoring tool to ensure that the information contained on the Dashboard remains relevant and up to date In the case of performance measures reliant on third parties, it is to be clearly stated on the Dashboard that reporting is delayed due to a third party as the Council has no control over	**Management Response:** Responsibility for the timeliness of reporting does ultimately sit with individual service areas; the measures are developed *by* those service areas in response to *their* service needs. As stated above, **the current monitoring tool within the administration section of the dashboard is not fit for purpose; the Policy Team aim to resolve this as part of the review of the dashboard being undertaken during 2017/18.** This will enable the Policy Team to manage the effectiveness of the strategic measures, whilst the ownership and responsibility for keeping information up-to-date still remains with the relevant service area. The Policy Team will not monitor operational measures; this will sit with relevant service

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
				the publishing of this information.	areas. On the reporting of third party data, the dashboard currently states both the source and reporting frequency, including any potential lag, to ensure clarity. However, the Policy Team will review this to ensure that all measures are accurately described and to see if this could be made any clearer. **Where third party data has been delayed unexpectedly, measure owners are expected to refer to this in the relevant commentary period. The Policy Team will ensure that this is highlighted in future training and on the 'About the Dashboard' section.** **Responsible Manager:** Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April -May 2017 - management of current system 2017/18 - complete review of dashboard and implementation of new solution Service area management of measures- ongoing
3	High	<u>Integrity of Information</u> For 10 out of 10 performance measures, 4 from BDC and 6 from RBC, 3 strategic and 7 operational measures, there was no formal template outlining how data is collected, calculated and entered onto the Dashboard. The supporting evidence for 6 out of 10 performance measures did not agree to the data reported on the Dashboard.	Data corruption due to human error and lack of experience / knowledge in reporting performance measure. Management Decisions are made based on incorrect information, which does not accurately reflect the needs of the Council leading to reputational	If practical to implement a quality control tool and performance measure data collection template to ensure that performance information reported matches the source data. As a minimum requirement the information collated for the purpose of reporting performance measures on the Dashboard must be	**Management Response:** Ultimate responsibility for the integrity of information also lies with individual service areas; data owners should monitor this even if they are not the inputting officer. **Following the dashboard review, it is hoped that the new system implemented supports greater automation, therefore removing data discrepancies/avoiding human error wherever possible.** **The Policy Team will review the strategic measures and update the metadata and data source sections as required. This will be supported by quarterly random checks of data integrity to ensure the data reported matches the source data. The Policy**

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		One measure did not have any evidence to support reported data. For another measure 4 months were reviewed. Supporting evidence for 3 out of 4 months did not match with data on the Dashboard. For the third and fourth measure 2 months were reviewed and for one month the data was mixed up and data from the previous month was reported again. The fifth and sixth measure was reviewed and for 2 out of 3 months the number of bookings in the booking system did not match up with the number of bookings on the Dashboard.	risk.	retained to provide accurate and complete evidence of data reported.	**Team will ensure that data quality (guidance on data collection, input and verification) forms a greater part of future training and is specifically referenced in the 'About the dashboard' section and in all reminder emails.** As stated in previous sections, the Policy Team will not monitor operational measures; this responsibility will sit with relevant service areas. However, the additional guidance/training offered should help to mitigate any future data quality issues in regard to operational measures. **Responsible Manager:** Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April -May 2017 - management of current system Ongoing quarterly - random checks of data integrity 2017/18 - complete review of dashboard and implementation of new solution Service area management of measures - ongoing
4	Medium	<u>Additional Information – Comments</u> Audit testing found that 6 out of 19 performance measures did not provide comments to some of the significant variances reported on the Dashboard. For 3 out of those 6 measures, no comments were provided as the data was initially populated onto the Dashboard automatically from an Excel spreadsheet. This automation is no longer operating and 2 of the measures are manually entered onto the Dashboard by the Business	Management and Members may be unable understand or interpret the underlying reason for the variances reported on the dashboard, resulting in an inability to make required decisions. This could be a reputational risk for the authority.	Ensure that comments are included for every performance measure, with the exception of third party information reported for reference, at every reporting event.	**Management Response:** Ultimate responsibility for the quality of commentary and annotation lies with individual service areas; data owners should be the officer adding the comment as they are responsible for the given measure. Automation of data never included commentary and there has always been a clear requirement for the data owners of strategic measures to input commentary directly into the dash board at the required frequency. Operational measures are for the use of service areas and commentary is at their discretion, although the Policy Team recommends providing some commentary to help Members and interested officers understand performance.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
		Development Manager and the remaining measure was not reported as the Senior Marketing and Communications Officer was unaware of the automatic reporting no longer operating. For another 2 measures there were no comment stating that the reason for a delay in reporting was due to the move from the Revenue and Benefits' Academy system to the Civica Open Revenues system. For the last measure there was no comment made in regards to a significant peak in August 2016.			**The Policy Team will update the training and guidance to emphasise what a good comment looks like and the importance of providing meaningful commentary to the performance management process. The updated monitoring function that it is hoped will follow the dashboard review will also enable the Policy Team to effectively check that commentary is being added. In addition, a yearly review of all measures will test the quality of the commentary and support will be offered to the relevant officers as required.** **The Policy team will review all the measures that are from external sources where comment is not possible/ relevant and label them as 'for information'.** **Responsible Manager:** Policy Manager All data owners/line managers of data owners **Implementation date:** Policy Team actions: April - May 2017 - management of current system Ongoing annual - review of measures, including challenge around effective commentary 2017/18 - complete review of dashboard and implementation of new solution Service area management of measures – ongoing
end					

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

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.

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 so to minimise resource impact on the service area.

Follow up in connection with the core financials is undertaken as part of the routine audits that are performed during quarters 3 and 4.

Follow Up Assurance:

In summary:

- 2013/14 recommendations have been implemented with the one remaining due to go before Committee in June 2017 to agree Anti Fraud Policy;
- 2014/15 recommendations have been implemented with the one remaining currently awaiting quotes from contractors which are being received;
- several 2015/16 recommendations remain outstanding with a number of recent follow up visits resulting in the requirement of a further visit;
- several 2016/17 recommendations have been satisfied as indicated, with the remaining ones scheduled for follow up during 2017.

There are 4 audit areas where a recent 'follow up' has indicated the recommendation has not been satisfied and a further 'follow up' review is necessary.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Audit	Date Final Audit Report Issued	Service Area	Assurance	Number of High, Medium and Low priority Recommendations	Date to be 1st Followed up or outcome	2nd Follow Up	3rd Follow Up
					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	
2013-14 Audits							
Corporate Fraud	10th December 2014	Executive Director (Finance and Resources) and Head of Legal, Equalities and Democratic Services	Moderate	2 'medium' priority recommendations in relation to Corporate Anti Fraud Awareness, Corporate Fraud Strategy Policy and Protocol	The follow up in March 2016 found that the 2 'medium' priority recommendations were in progress awaiting approval of draft policies.	A follow up was undertaken in Dec 2016 finding the 2 medium priority recommendations remained in progress. The Anti fraud and corruption policy was due approval by committee after this follow up had occurred. The final recommendation can be implemented after approval as it refers to "reviewing the policy in a timely manner". A follow up will take place in three months time.	July 17 Delay as policy has not yet gone to committee. Policy will go to committee in June. Follow up after then.
2014-15 Audits							
Equality and Diversity	28th August 2014	Corporate Senior Management Team	Moderate	1 'high' and 2 'medium' priority recommendations made in relation to training, policy and terms of reference.	Followed up March 15- Policy Manager have confirmed that all recommendations are currently outstanding and not fully implemented but are in progress. Given the impending	Follow up in November 2015 found that 1 'medium' priority recommendation in relation to policy has been implemented and the 1 'high' priority recommendation and the other 'medium priority recommendation in relation	A follow up in September found there was one recommendation outstanding relating to the Equality and Diversity training. All the others have been

					completion date it would not be appropriate to follow the recommendations up until July 2015.	to training and terms of reference are in progress. Workshops are to be introduced first half of 2016.	satisfied. A further follow up will take place in 3 months time. Follow Up 14 February 2017: Discussion with E&D Manager - induction progress is still in progress. Quotes from contractors for in house training are currently being received. Follow up to take place in June when more progress made.
2015-16 Audits							
Corporate Governance – AGS	22th February 2016	Financial Services Manager	Moderate	1 'high' priority and 3 'medium' priority recommendations; No action plan, compilation of AGS, review of terminology and circulation of document	A follow up took in September 2016 and found 3 recommendations were in progress these related to the circulation of the AGS, action plan and the responsibility for compilation of the AGS. 1 recommendation was still to be actioned relating to a review of the AGS. A follow up will take place in four months time.	Follow up undertaken February 2017. Due to change of Financial Service Manager, the interim manager will pick up AGS as part of job. **Further follow up June 2017.**	1st June 2017
S106s - Planning obligations	08th February 2016	Head of Planning and Regeneration, Financial Services Manager, Principal Solicitor	Critical review	Challenge points and good practice in relation to Committee Reporting, Policies/Procedures, Waste Services Contributions, Project Contribution areas, Central	The follow up in September 2016 found that the service is progressing with the challenges. The follow up confirmed out of the nine challenges made	May 17 Meeting arranged for 26th of May.	

				Finance Spreadsheet, Withdrawn Planning Applications, Online Publication and Retention and Income Management	Management have actioned five of them and have/are giving due consideration to the remaining ones relating to the contributions formula being updated, process to monitor amount of developers per project and uploading of S106 agreements. Further follow up planned in 6 months time.		
CCTV	31th March 2016	Head of Community Services	Critical review	Challenge points and good practice in relation to Training and the CCTV system.	Follow up in September 2016 found two of the challenges have been actioned but there is more progress to be made relating to access rights to CCTV and a new anti-social behaviour policy. A further follow up will take place in April 2017	Follow up undertaken in April 2017. Audit had a discussion with both responsible managers on 10.05.17, both positions same as previous follow up. Restructure is still to take place and the Anti-social behaviour policy still to be finalised. Agreed to go back in 6 months. **Further follow up date Nov 17**	
Accounts Reconciliations	31th March 2016	Executive Director - Finance and Resources and Financial Services Manager	Critical Review	Challenge points and good practice in relation to Frequency and Training, Procedure Notes, Responsibilities and the Saffron System	A follow up undertaken in October 2016 found that the service have a clear direction of travel in relation to the challenges made however one challenge relating to reconciliation procedure notes still needs to be actioned therefore there will be a further follow up	A follow up undertaken in January 2017 found that the service have a clear direction of travel in relation to the challenges made however one challenge relating to reconciliation procedure notes still needs to be actioned therefore there will be a further follow up in 3 months time.	Follow up undertaken April 2017. Delay due to change in staffing. **Further follow up date July 17.**

					in 3 months time.		
Consultancy and Agency	13th June 2016	Corporate and Senior Management Team	Limited	2 'high' and 3 'medium' priority recommendations in relation to Matrix, Procurement procedures, Post transformation reviews, professional indemnity Insurance and accuracy of invoices received.	A follow up took place in December 2016 which found that 4 recommendations are still in progress relating to the use of Matrix, the procurement procedures, outcomes set for the use of agency staff and processing invoices. One recommendation is still to be actioned reliant on the outcome of a recommendation. A further follow up will take place in 6 months time.	Follow up undertaken in May 2017. Audit (AR) had a discussion with the Director of Finance and Resources on 10.05.17, the review of Matrix is still in progress. As several recommendations rely on the matrix review being completed no official follow up will take place until this date. **Further follow up date November 2017**	
Regulatory Services	08th June 2016	Head of Regulatory Services	Critical Review	Time recording challenges in relation to Systems Specification, Policies & Guidance, Coding Structure, Fee Earners, Performance Measurement and Database Accuracy.	A follow up took place in December, it found that 2 challenges had been actioned, 4 considered and 1 considered however still awaiting further action. Audit is happy with the direction of travel the service is making, a further follow up will take place in 6 months time.	Further follow up June 2017	
2016-17 Audits							
Housing - Statutory Duties	09/11/16	Community Services	Moderate	4 medium priority recommendations were made relating to contractual arrangements	A follow up was undertaken in May 17. All recommendations have now been implemented.		

				with the housing trust, license conditions, inspection visits and File accessibility.	**There will be no further follow ups.**		
Customer Services	28th September 2016	Customer Services	Significant	2 medium priority recommendations were made in relation to training records and health and safety training and the formally documenting the minutes of meetings	A follow up was undertaken in February and found that 1 recommendation relating to training has been implemented and 1 recommendation relating to documenting meetings is in progress. A further follow up will take place in 6 months time.	Aug 17	
Freedom of Information	24th October 2016	Business Transformation	Significant	One medium and one low priority recommendation was made. The medium recommendation related to training on data protection. A follow up will take place in 6 months time.	A follow up was undertaken in March 17, and found that the one medium priority recommendation relating to data protection training has been implemented. **There will be no further follow ups.**		
Human Resources Training and Development	30th December 2016	Human Resources Manager	Moderate	Business Transformation This audit report made 1 high priority recommendation relating to employee mandatory and refresher training, and 3 medium priority recommendations relating to purpose of training, employee induction and identifying training needs. A follow up will take place in 4 months time.	Awaiting management response. A follow up took place in March 17 and found 2 recommendations are in progress relating to meeting training needs and mandatory / refresher training. 2 recommendations are still to be actioned dependent on the implementation of		

					HR21. A follow up will take place in 6 months time.		
Cash Collection	3rd January 2017	Executive Director (Finance and Resources)	Significant	The report found 1 medium priority issue relating to the bagging up of cash and cheques, cash limits and Parkside Cashing up. A follow up will take place within 6 months time.	A follow up was undertaken in March 2017 and found that the 1 medium priority recommendation has been implemented. **There will be no further follow ups relating to this point.**		
Insurance	13th January 2017	Corporate	Critical Friend	This audit gave 3 recommendations to all 5 authorities, these related to, documentation of claims, insurance risk on risk register and admin and claim handling fee. This will be follow up in 6 months time.	Aug 17		
Bereavement Services	17th March 2017	Environmental Services	Moderate	An audit took place in March 2017 and made 1 high recommendation and 2 medium recommendations relating to manually written sales invoices and invoice reconciliations. A follow up will take place in 3 months time.	A follow up took place in May and found that the 3 recommendations had been implemented, including the high priority recommendation relating to receipting. **There will be no further follow ups.**	Please see below for a copy of the full follow up report.	
Dash Board & Performance Measures	3rd May 2017	Business Transformation	Limited	An audit took place in May 2017 and made 3 high and 1 medium priority recommendations	Aug 17		

				relating to resilience, timeliness of reporting, integrity of information and information held.			
end							

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Worcestershire Internal Audit Shared Service

Bereavement Services 2016/17

Addendum – 2nd May 2017

Introduction

The date of the final audit report was 17th March 2017. Moderate assurance was given with one high priority and 2 medium propriety recommendations made.

Due to the nature of the recommendations Management implemented additional controls for the high priority recommendation during the audit and for the medium priority recommendations by the end of the month in which the report was finalised.

This follow-up was to provide assurance that the controls implemented reduced the risk to the Council.

Recommendation 1 - Bromsgrove District Council - Manually Written Sales Invoices (High Priority)

The audit found that incorrect manual invoices were being raised for the services of Bromsgrove District Council

Action taken:

Receipts are no longer issued for any payments. If the only method of payment available is cash then an invoice is raised through the Councils financial system which is payable at the town hall.

Ad-hoc invoicing is undertaken on the council's financial system, customer accounts are created for new customers/ funeral directors. Training was provided to staff on the system and system notes were created.

Staff have been provided with individual logons to the financial system in order to provide a full audit trail.

Audit Opinion:

Controls have been satisfactorily implemented to reduce the risk to the Council

Recommendation 2 - Manually Written Sales Invoices (Medium Priority)

The Council were challenged to consider alternative means of raising charges other than manual invoices, including the use of sales receipts or electronically raised invoices through the financial Debtors system

Action taken:

As in recommendation 1 the Councils Finance system is now used for the raising of invoices. In addition staff have Bromsgrove card payment system logons to allow for a more efficient payment method.

In addition to this the Debtors team chase up the outstanding payments. However on a monthly basis, the Bereavement Services Manager receives a report of outstanding payments. This means that Bereavement Services are aware of who owes the council money so they can ask for payment in advance from the funeral directors if they are used again.

Audit Opinion:

Efficiencies in payment methods and chasing of debts have been satisfactorily implemented.

Recommendation 3 - Invoice Reconciliations (Medium Priority)

To implement a reconciliation process to ensure all entries on the booking system have a corresponding invoice charge.

To implement a process for monitoring the deletion of booking records, either by developing the audit trail functions on the booking system to retain a full list of all deletions, or by monitoring gaps in the automatically generated reference numbers, to ensure the correct invoicing of all completed bookings

Action taken:

A reconciliation process is in place. The Bereavement Services manually completed spreadsheet reconciled to the data on the system. As a trial the reconciliation undertaken for Mays bookings will include reconciling the spreadsheet to the original documentation, this may be continued as practice if suitable. Reconciliations are undertaken on a monthly basis, usually within the first week of the following month.

Each month the crematorium register produces a list of transactions which are sequentially numbered; this is reviewed to ensure there are no missing transactions. This process allows for the identification of any transactions that may have been deleted.

Audit Opinion:

Controls have been satisfactorily implemented to reduce the risk to the Council

Overall Conclusion

The original audit report gave moderate assurance and 1 ‘high’ and 2 ‘medium’ priority recommendations were made. This report is the 1st follow up since the final audit report was issued.

The follow up has found that out of the 1 ‘high’ and 2 ‘medium’ priority recommendations detailed above all were implemented.

From the explanations received and the evidence provided/sought Internal Audit are satisfied that Management have satisfactorily implemented all of the recommendations and the risk to the Council has been reduced.