

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

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

Relevant Portfolio Holder	Councillor Geoff Denaro
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester, 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 for 2019/20.

2. RECOMMENDATIONS

2.1 **The Committee is asked to note the report.**

3. KEY ISSUES

Financial Implications

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

Legal Implications

3.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to “maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of 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 2019 to 31st January 2020 against the performance indicators agreed for the service.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

3.5 Summary Dashboard:

Total reviews planned for 2019/20:	13 minimum	
Reviews finalised to date for 2019/20:	7	
Assurance of 'moderate' or below:	5	
Reviews currently awaiting final sign off:	3	
Reviews ongoing:	7	
Reviews to be commenced (Q4):	0	
Number of 'High' Priority recommendations reported to date:		8
Satisfied 'High' priority recommendations to date:	4	
Productivity:	65% (against targeted 74%)	
Overall plan delivery to date:	64% (against target >90%)	

2019/20 AUDIT REPORTS ISSUED/COMPLETED SINCE THE LAST PROGRESS REPORT (23rd JANUARY 2020):

3.6 In summary they are:

- Council Tax
- SLM Contract Management
- Planning Application Process and s106 (2x assurances)

Reports finalised	3
'High' priority recommendations reported	Nil
'Medium' priority recommendations reported	5
'Low' priority recommendation reported	1
'Moderate' or above assurances	4
'Limited' or below assurances	Nil

Full reports are contained at Appendix 3.

All 'limited' assurance reviews go before CMT for full consideration.

3.7 2019/20 AUDITS ONGOING AS AT 31st January 2020

Audits progressing through clearance or draft report awaiting management sign off stage include:

- Safeguarding (Draft Report Stage)
- Debtors (Draft Report Stage)
- Creditors (Draft Report Stage)
- NNDR (Draft Report Stage)
- Health & Safety (Clearance)

Audits progressing through testing stage included:

- Main Ledger
- Benefits
- Worcestershire Regulatory Services
- IT
- Business Continuity

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

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.

A rolling testing programme on Debtors and Creditors was undertaken during quarters 1 to 3 inclusive. Testing results so far do not indicate any new or emerging risks to be brought to the attention of Committee. The rolling testing programme results were amalgamated as at the end of quarter 3 and formal audit reports issued during quarter 4.

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 31st January 2020 a total of 148 days had been delivered against a target of 230 days for 2019/20.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 30th July 2019 for 2019/20.

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

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

3.10 National Fraud Initiative

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. Worcestershire Internal Audit Shared Service (WIASS) has a coordinating role in regard to this investigative exercise in Bromsgrove District Council. The data requirements were uploaded during October and December 2018 with any queries dealt with accordingly. Potential matches have been returned to the Authority for investigation. A further upload of Council Tax single person data and Elections was completed in January 2020. WIASS have a watching brief in regards to these uploads.

3.11 Monitoring

To ensure the delivery of the 2019/20 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. Due to changing circumstances and after consultation a small variation in the plan has been agreed on a risk priority basis with the s151 Officer e.g. refuse service scalability which was joint with Redditch Borough Council, procurement and risk management will be rolled to 2020. Additional days have been used in a couple of review areas e.g. GDPR and Markets to ensure comprehensive reviews were completed.

3.12 Quality Assurance Improvement Plan

3.13 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPPIA) as published by the Institute of Internal Auditors. Further improvement has been identified through the self assessment process which was carried out in April 2019 and a quality assurance improvement plan (QAIP) has been formulated and is reported at Appendix 5.

3.14 Customer / Equalities and Diversity Implications

There are no implications arising out of this report.

3.15 WIASS is committed to providing an audit function which conforms to the Public Sector Internal Audit Standards (as amended). 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.

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

4. RISK MANAGEMENT

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

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

- 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.

5. APPENDICES

Appendix	1 ~ Internal Audit Plan delivery 2019/20
Appendix	2 ~ Plan position and key performance indicators 2019/20
Appendix	3 ~ Finalised audit reports including definitions
Appendix	4 ~ Follow up summary
Appendix	5 ~ Quality Assurance Improvement Plan

6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

7. KEY

N/a

AUTHOR OF REPORT

Name: Andy Bromage
Head of Internal Audit Shared Service,
Worcestershire Internal Audit Shared Service
Tel: 01905 722051
E Mail: andy.bromage@worcester.gov.uk

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

APPENDIX 1

Delivery against Internal Audit Plan for 2019/20
1st April 2019 to 31st January 2020

Audit Area	2019/20 Total Planned Days	Forecasted days to the 31st March 2020	Actual Days Used to the 31st January 2020
Core Financial Systems (see note 1)	52	52	48
Corporate Audits	50	44*	16
Other Systems Audits (see note 2)	92	86*	57
SUB TOTAL	194	182	121
Audit Management Meetings	15	15	14
Corporate Meetings / Reading	5	5	5
Annual Plans, Reports and Committee Support	16	16	8
Other chargeable (see note 3)			
SUB TOTAL	36	36	27
TOTAL	230	218	148

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. A rolling programme has also been introduced for Debtors and Creditors to maximise coverage and sample size. The results will be reported during Q4.

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

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

* Where the forecasted days are less than the planned days for the year this reflects the adjustments that have been made to the plan during the year.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

APPENDIX 2

Audit Plan Position as at the 31st January 2020

Audit Area	Planned days 2019/20	Proposed Review	Current Position and indicative delivery date	Assurance
Accountancy & Finance Systems				
Debtors	6	Light Touch	Draft Report 10/02/2020	Q4 (Significant)
Main Ledger/Budget monitoring/bank rec	8	Light Touch	Testing	Q4
Creditors	6	Light Touch	Draft Report 10/02/2020	Q4 (Significant)
Treasury Management	6	Full	Final Report 18/10/2019	Q2 Moderate
Council Tax	8	Full	Final Report 6/2/2020	Q3 Significant
Benefits	10	Full	Testing	Q4
NNDR	8	Full	Draft Report 18/02/2020	Q3 (Significant)
SUB TOTAL	52			
Corporate				
IT	8	Full	Testing	Q4
Risk Management	6	Full	Rolled to 2020/21	
Health and Safety	12	Hybrid follow up	Clearance	Q4
Compliments and Complaints	8	Full	Final Report 06/12/ 2019	Q1 Moderate
Procurement	5	Full	Rolled to 2020/21	
Document Retention	6	Full	Final Report 5/11/2019	Q1 Limited
Business Continuity	5	Full	Testing	Q4
SUB TOTAL	50			
System / Management Arrangements				
Planning Process (Application & S106s)	8	Full	Final Report 4/2/2020	Q2 Significant (Apps) Moderate (106)
Safeguarding	7	Full	Draft Report 27/11/2019	Q2 (Moderate)
Refuse Service Scalability	6	Limited Scope	Rolled to 2020/21	
Markets	5	Full	Final Report 6/09/2019	Q1 Limited
SLM Contract Management	10	Full	Final Report 7/01/2020	Q2 Moderate
Worcester Regulatory Services	14	Limited Scope	Testing	Q4
Advisory and Consultancy	10	Pull Down Budget	Q1 – Q4	N/a
Fraud and Investigations inc. NFI	10	Pull Down Budget	Q1 – Q4	N/a
Completion of prior years work	8	Pull Down Budget	Q1 – Q4	N/a
Report follow up	10	Pull Down Budget	Q1 – Q4	N/a
Statement of Internal Control	4	Pull Down Budget	Q1 – Q4	N/a
SUB TOTAL	92			

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 5th March 2020

General				
Audit Management Meetings	15	Pull Down Budget	Q1 – Q4	N/a
Corporate Meetings/Reading	5	Pull Down Budget	Q1 – Q4	N/a
Reports, Annual Plans and Committee Support	16	Pull Down Budget	Q1 – Q4	N/a
SUB TOTAL	36			
PLAN TOTAL	230			

Performance against Key Performance Indicators 2019-2020

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2019/20. Other key performance indicators link to overall governance requirements of Bromsgrove District Council e.g. KPI 4. The position will be reported on a cumulative basis throughout the year.

	KPI	Trend/Target requirement	2019/20 Position (as at 31 st January 2020)		Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = 7 plus 4 @ draft report stage		When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	64%		When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	*65%		When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	8 (2018/19 = 16)		When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	5 (2018/19 = 10)		When Audit Committee convene
6	'Follow Up' results	Management action plan implementation date exceeded (nil)	Nil to report		When Audit Committee convene
Customer Satisfaction					
7	No. of customers who assess the service as 'excellent'	Upward (increasing)	3 issued 2 returns: 2 'excellent'		When Audit Committee convene

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Council Tax 2019/20

06/02/2019

Distribution:

To: Financial Support Services Manager
Assistant Financial Support Manager
Executive Director of Finance and Resources

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Contents

1. Introduction	Error! Bookmark not defined.
2. Audit Scope and objective	Error! Bookmark not defined.
3. Audit Opinion and Executive Summary	Error! Bookmark not defined.
4. Detailed Findings and Recommendations	Error! Bookmark not defined.
Independence and Ethics:.....	Error! Bookmark not defined.
APPENDIX A.....	Error! Bookmark not defined.
APPENDIX B.....	Error! Bookmark not defined.

1. Introduction

- 1.1. The audit of the Council Tax system was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council and Bromsgrove District Council for 2019/20 awaiting final approved at the Audit, Governance and Standards Committee and the Audit, Standards and Governance Committee on 29th July 2019 and 18th July 2019 respectively. The audit was a risk based systems audit of the Council Tax system as operated by Redditch Borough Council and Bromsgrove District Council.
- 1.2. BDC: Key Priorities 2017-20: Financial Stability

Strategic Purposes: "Help me to be financially independent"

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

RBC: Strategic Purposes: "Help me to be financially independent"

Actions: Support residents to reduce levels of individual debt.

1.3. The following entries on the corporate risk register for Redditch Borough Council and Bromsgrove District Council are relevant to this review:

- Lack of robust financial accounting and monitoring arrangements
- IT systems and infrastructure has a major failure

The following entries on the service risk register are relevant to this review:

- CUS 20: RBC Data Protection
- CUS 21: BDC Data Protection
- CUS 23: RBC Failure to meet audit requirements
- CUS 25: RBC Failure to meet audit requirements

1.4. Without controls in place there is an element of fraud with regards to applications, exemptions, discounts, reliefs and property occupation.

1.5. The Audit was completed between November 2019 and January 2020.

2. Audit Scope and objective

2.1. This review has been undertaken to provide assurance around the process of collecting Council Tax income.

2.2. The scope covered:

- A review of the updated position in relation to the 2018/19 audit recommendations.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

- Procedures for processing Council Tax information, including the setting up of new customer accounts and timely and accurate billing is taking place.
- The application of discounts and exemptions on properties, and the respective billing amounts.
- The correct protocol is being followed with regards to first and any subsequent reminders and appropriate suppression is being managed, collection rates and recovery success are monitored and are within acceptable levels
- Write offs and associated procedures
- There is regular performance monitoring and reporting.

2.3. This review did not cover:

- Registration processes and the identification of new dwellings
- User Profiling
- The processing of payments and refunds.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because refer to the fact that there is a generally sound system of internal control in place but that our testing has identified isolated weaknesses in the design of controls and / or inconsistent application of controls in a small number of areas.
- 3.3. The review found the following areas of the system were working well:
- Procedures for managing Council Tax in regards to the administration of billing, award of exemptions, discounts and disregards.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

- There has been thought around the process of recovery in regards to innovative and targeted use of technology e.g. SMS messaging to increase collection rates, in addition certain cases with long standing debts are utilising the higher levels of recovery available to the Authorities to aid recovery.
- Furthermore regular meetings are held by the Assistant Financial Support Manager and Recovery Team to provide a forum to review practices that are working, possible improvements and where resource can be best used to increase current year collection rates and past year recovery.

3.4. The review identified the following, however the Authority are aware and are progressing and therefore it is included for information only:

- It was identified during testing that the performance measures available via the dashboard could be re-engineered to improve on their purpose, relevance and usefulness. Discussions are taking place to this effect with the aim of having a new set of performance measure by the start of 2020/21 to provide management information with which the service can develop.

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

	Priority (see Appendix B)	Section 4 Recommendation number
Recovery of Prior Year Debts	Medium	1
Award of Discount and Exemptions and the use of Diary Notes	Low	2

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Clearance meeting discussion points
Issues brought forward from previous audit – NA					
New matters arising					
1	M	<p>Recovery of Prior Year Debts</p> <p>Testing of 60 random accounts with varying recovery stages showed that current year recovery was prompt, accurate and reasonable with the appropriate costs added where necessary. In addition positive methods had been attempted to improve collection of debts e.g. text messages at various stages and the requirement of direct debit to retain instalments. Meetings are also held between Management and Officers to ascertain the most efficient use of resources.</p> <p>Testing identified although prior year (not current) recovery was being undertaken and new attempts to recover aged debt were evidenced in the majority of cases reviewed, delays were found in recovery being moved to the next stage. Following the point the debt is returned from the bailiff the resource to pursue further recovery attempts or to establish write offs was limited leading to debt stagnation.</p>	<p>Loss of potential income to the authority due to limited recovery on aged debt.</p> <p>Adverse collection rates leading to reputational damage and financial hardship.</p>	<p>An options paper and clear policy is formulated as to how the Council will deal with aged debt and the way it is to be managed going forward to maximise income and take timely action.</p>	<p>Management Response:</p> <p>A review of resources for recovery of Council Tax and Non-Domestic rates will be completed within the first 6 months of 2020.</p> <p>As part of this review there will be a challenge to the existing Recovery Policy and Debt Collection strategies.</p> <p>This review will ensure that more thorough guidance is provided to teams in relation to actions for collection of debt, methods of enforcement and where applicable write off</p> <p>Implementation Date:</p> <p>30 September 2020</p>
2	L	<p>Award of Discount and Exemptions and the use of Diary Notes</p> <p>A random sample of 50 accounts with ongoing discounts/ exemptions at the time of the audit work for both authorities</p>	<p>Failure to ensure discounts and exemptions are managed in</p>	<p>To remind Revenues Officers of the importance of documenting actions</p>	<p>Management Response:</p> <p>Further instruction has been provided to officers detailing requirement for diary entries to be added to accounts and</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

		<p>identified some issues with the lack of assessor diary notes to clarify and justify decisions made.</p> <p>In addition evidence of exemptions/discounts/disregards that should be documented to support their awards were not always available at the time of review.</p>	<p>accordance with defined procedures and legislative requirements, resulting in potential financial loss for the Council, and potential reputational damage.</p> <p>Difficulty in reviewing/evidencing decisions made due to lack of clarification leading to a lack of accountability and reputational damage.</p>	<p>taken via the diary notes and to record supporting evidence if required on the workflow.</p>	<p>referencing of evidence to support decisions.</p> <p>Implementation Date:</p> <p>31 March 2020</p>
--	--	--	--	---	--

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX B

Definition of Priority of Recommendations

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

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Leisure Contract Management 2019/20

7th January 2020

Distribution:

To: Interim Head of Service (Leisure & Culture)
Business Development Manager
Cc: Chief Executive
Deputy Chief Executive
Executive Director Finance and Resources and S151 Officer

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Contents

1. Introduction	19
2. Audit Scope and objective	20
3. Audit Opinion and Executive Summary	21
4. Detailed Findings and Recommendations	22
5. Independence and Ethics:	25
APPENDIX A.....	11
APPENDIX B.....	12

1. Introduction

- 1.1 The audit of the leisure service contract management processes was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Bromsgrove District Council for 2019/20 as approved by the Audit, Standards and Governance Committee on 18th July 2019. The audit was a risk based systems audit of the leisure service contract management processes as operated by Bromsgrove District Council.
- 1.2 There were no entries on the corporate risk register relevant to this review.
- 1.3 The following service risk register entries were relevant to this review:-
- L&C 1: Failing to achieving income targets / generating from key sources, fees from swimming, theatre, football, external bodies, sponsorship;
 - L&C 3: Ineffective management of projects and contractors.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

- 1.4 There is an inherent potential risk of fraud in relation to contractor provision of outsourced services, including the potential improper management of Council owned buildings and potentially poor accounting practices.
- 1.5 This audit was completed during November 2019.

2. Audit Scope and objective

- 2.1 The purpose of this audit is to give assurance on the controls in place for monitoring the performance of the contractor in the delivery of leisure services for the Council, and ensuring that a suitable level of performance is maintained.
- 2.2 The scope of the audit was as follows:
- Contractor performance requirements which have been defined within the contract for providing the Leisure services.
 - A review of the performance information provided e.g. financial reports and usage statistics.
 - Review of the procedures for analysing and reporting the performance information, to ensure transparency of contract performance, and to facilitate effective scrutiny by all relevant stakeholders.
 - Actions taken to address poor levels of performance, including the application of any financial penalties, performance interventions, etc.
- 2.3 The review covered controls in place between April 2019 and October 2019.
- 2.4 The review did not cover:
- Leisure Services for Redditch Borough Council.
 - An assessment of the performance of the contractor in adherence to the terms of the contract.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

3. Audit Opinion and Executive Summary

- 3.1 From the audit work carried out we have given an opinion of **moderate assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2 We have given an opinion of **moderate assurance** in this area because there a number of expected controls are not in place and / or are not operating effectively; therefore assurance can only be given over the effectiveness of controls within some areas of the system.
- 3.3 The review found the following areas of the system were working well:
- Defining contractor performance requirements within the service contract.
 - The provision of statistical information regarding centre usage and memberships.
- 3.4 The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Performance Monitoring	Medium	1
Financial Performance Monitoring and Management	Medium	2
Performance Reporting	Medium	3
Contract Documentation	Low	4

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance/ severity. The definitions for high, medium and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response
New matters arising					
1	Medium	<p><u>Performance Monitoring</u></p> <p>There is no formal analysis of incidents that could result in penalty points being attributed to the contract that could result in financial recompense for the Council.</p> <p>The most recent quarterly performance report at the time of the audit work identifies approximately half of the terms of the penalty points system, but does not list the activities during the period that would result in penalty points being applied. These have been previously documented in previous performance reports.</p> <p>The process is dependent on the contractor identifying the performance issues themselves, unless there are known issues that could be raised by the Council.</p> <p>Under the terms of the contract, the performance management process should be subject to review on a three-yearly basis, to ensure on-going suitability of the arrangements. This is not yet due, but is being considered by management.</p> <p>It should be noted that the contract is still considered to be within a period of 'snagging' where outstanding issues raised prior to the contract commencement are still having an</p>	<p>Failure to effectively challenge the performance of the contractor in delivering the service, potentially resulting in a reduction in satisfactory performance of the contractor, which could lead to reputational damage for the Council.</p>	<p>To ensure all issues raised in the sub-sections of the quarterly performance reports are assessed within the penalty points review process, to ensure all issues have been suitably considered, and financial reimbursement has been levied against the contractor where deemed necessary.</p> <p>To review the current arrangements for monitoring performance, to consider if alternative measures would provide a better means for monitoring and challenging contractor performance.</p> <p>To review the process for assessing contractor performance to determine whether there could be a greater level of independence in assessing the performance of the contractor against the defined criteria. This may include reviewing reports from the contractor's systems for comparison against the performance information provided, to determine its accuracy.</p>	<p>Management Response:</p> <p>The Council with support from Project Management 'MACE' are currently in negotiations with the contractor to sign off the remaining snagging issues and latent defects.</p> <p>Once above issues have been resolved, the Contract management team will put in place a system* to monitor/compare the 4 quarterly performance reports against the penalty point system. The quarterly reports are submitted 10 days ahead of the meetings when the penalty points can be discussed and apportioned</p> <p>(Please note the process issue notice needs to allow the contractor reasonable time to rectify the issue dependent upon each individual notice)</p> <p>As well as the above Bromsgrove District Council will also ensure ad-hoc spot checks and inspections are carried out at the site. Any issues will be reported back and included on the agenda for the next quarter report (unless the issue is considered urgent and needs an agreed resolution beforehand.)</p> <p>A building inspection which will include the plant room will be booked annually</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response
		ongoing effect on the ability to perform the contract fully, e.g. ongoing works on the leisure centre car park which impacts on income.			<p>by the Bromsgrove District Council Facilities Team.</p> <p>The contractor has an obligation to gain Quest status – this covers performance/standards related issues and is a tool for continuous improvement – Bromsgrove District Council to receive a full copy of the Quest report from the contractor on an annual basis – an independent assessment could be done if required.</p> <p>Responsible Officer: Interim Head of Service (Leisure & Culture), Business Development Manager and Sports Development Officer</p> <p>Implementation Date: February 2020</p>
2	M	<p><u>Financial Performance Monitoring and Management</u></p> <p>The contractor has challenged the requirement to provide payment to the Council in accordance with the contract, due to a reduction in revenues as a result of unforeseen circumstances. To date, details of revenues for the financial period have not been provided by the contractor, albeit it has been stated within the Quarterly Performance Monitoring Report that details of operating income and expenditure would be provided as part of the standard reporting process. The Council is within its right to request this information.</p> <p>The contractor has identified a marketing plan for improving attendance and in turn the financial position, as well as opportunities for cost efficiencies. However these have not been</p>	<p>Failure the regularly monitor and challenge the financial position of the contractor, resulting in an inability for the contractor to make required payments to the Council in accordance with the contract, resulting in reduced income for the Council that could impact on the Council's ability to provide services and balance the accounts.</p>	<p>Ensure financial information is requested from the contractor on at least an annual basis to understand any challenges being faced.</p> <p>Ensure payments to Bromsgrove District Council are received in accordance with the contract, unless satisfactory evidence is provided for senior management to make a decision on the receipt of income.</p> <p>To ensure the contractor develops a business plan that will enable them to achieve a financial position to enable them to make the necessary payments to the Council.</p>	<p>Management Response:</p> <p>The contractors' accounts will be submitted in December. This will then be used as part of the pricing structure for the next financial year.</p> <p>The income team will be contacted ahead of quarterly meetings to check that there are no outstanding payments from the contractor.</p> <p>A marketing and retention plan and Business Plan to be updated annually and submitted to the Council at the beginning of each financial year. This</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response
		directly linked with financial targets to ensure the financial position is one that can support the contracted charges payable to the Council.			<p>should outline how the contractor is going to achieve the figures set out in their submission.</p> <p>Responsible Officer: Business Development Manager Support from Interim Head of Service and Sports Development Officer</p> <p>Implementation Date:</p> <p>Action plans will be set up to support the actions and timescales</p> <p>During December 19/Jan 20 we will update the income and debtors team so that the agreed income is monitored and submitted annually</p>
3	M	<p><u>Performance Reporting</u></p> <p>There is currently no formal process in place for reporting the performance of the Leisure Service contractor against pre-determined performance measures to Members on a periodic basis.</p>	<p>Lack of transparency and challenge of a significant contractor at a senior level, potentially resulting in reputational damage if the contractor fails to provide a service that meets the needs of the public.</p>	<p>To consider reporting on contractor performance to committee to identify issues which may affect the Council's ability to achieve its strategic objectives and promises.</p>	<p>Management Response:</p> <p>A performance reporting spreadsheet to outline each of the required areas set out in the Service Specification (Table 1 Page 4). This can be given to the operator to be completed and submitted one week prior to all quarterly review meetings or the relevant meeting for the frequency required.</p> <p>Bromsgrove District Council would request an annual report update at the end of each financial year or year end (April) and this will be forwarded to the Head of Service and Portfolio Holder for scrutiny and review.</p> <p>HOS and the Portfolio holder will be kept up to date with all relevant issues.</p> <p>Responsible Officer:</p> <p>Business Development Manager Support from Interim Head of Service</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Ref.	Priority	Finding	Risk	Recommendation	Management Response
					and Sports Development Officer Implementation Date: January 2020
4	Low	<p><u>Contract Documentation</u></p> <p>The version of the contract held electronically on file by the Leisure team is an earlier draft of the final version signed by both parties. There are minimal differences, and none that directly affect the performance requirements of the contractor, but there is a risk that differences in wording may lead to confusion regarding the responsibilities of both parties.</p>	<p>Failure to correctly challenge the contractor's performance in accordance with the agreed terms of the contract, potentially resulting in a reduced level of service performance</p>	<p>There is a need to hold the final version without amendments on file, to ensure the final document is the one in use when managing and challenging the performance of the contractor, along with the required remedial arrangements that could result from poor performance.</p>	<p>Management Response:</p> <p>The documents have now been scanned into the system and are held in the contract management folder as Final Version.</p> <p>Implementation Date: Implemented</p>

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX B

Definition of Priority of Recommendations

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

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Planning Applications Including Section 106 agreements 2019/20

4th February 2020

Distribution:

To: Head of Planning and Regeneration
Senior Accounting Technician
Area Planning Manager
Legal Services Team Leader - Property & Planning
Business Support Technician

CC: Executive Director & Deputy Chief Executive
Chief Executive

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Contents

1. Introduction	Error! Bookmark not defined.
2. Audit Scope and objective	Error! Bookmark not defined.
3. Audit Opinion and Executive Summary	Error! Bookmark not defined.
4. Detailed Findings and Recommendations	Error! Bookmark not defined.
Independence and Ethics:.....	Error! Bookmark not defined.
APPENDIX A.....	Error! Bookmark not defined.
APPENDIX B.....	Error! Bookmark not defined.

1. Introduction

- 1.1 The audit of the Planning Application Including Section 106 agreements was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2019/20 as approved at the Audit, Governance and Standards Committee on 29th July 2019. The audit was a risk based systems audit of the Planning Application Including Section 106 agreements as operated by Redditch Borough Council.
- 1.2 This area of the review incorporates all of the strategic purposes of for Redditch Borough Council.
- 1.3 There are no corporate or service risk entries relevant to this review.
- 1.4 This review was undertaken during the months of September, October and November 2019.

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

2. Audit Scope and objective

2.1 This review has been undertaken to provide assurance that: -

- Planning applications are processed in line with the planning policy and in a timely manner.
- Monies in relation to S106 Planning Obligations are collected by the Council and used in line with the agreement within the specified timelines.
- There is a clear customer journey on the process of a planning applications being put through the system. (Appendix C)

2.2 The scope covered:

- Planning Application processes
- Section 106 – (Collection of monies, compliance)
- Uniform System – (Monitoring of applications, reporting)

2.3 This reviewed covered the period from 1st April 2019 to the 24th September 2019.

2.4 This review did not cover: -

- Decision made on Planning Applications
- The details of the S106 Agreement

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

3. Audit Opinion and Executive Summary

3.1 From the audit work carried out we have given an opinion of:

Significant Assurance over the control environment in relation to Planning Applications: and
Moderate Assurance over the control environment in relation to S106 Planning Agreements.

3.2 The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the “Definition of Audit Opinion Levels of Assurance” table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.3 We have given an opinion of **Significant Assurance** for Planning Applications and **Moderate Assurance** for Section 106 agreements because there is a sound system of control in place, but some of the expected controls are not in place and are not operating effectively therefore assurance can only be given over the effectiveness of controls within some areas of the system.

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

- Planning Application Processes.
- That the national planning policy framework is being adhered to correctly.
- Monitoring of planning applications
- The Uniform system has a sound control for monitoring applications.

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

	Priority (see Appendix B)	Section Recommendation number	4
Section 106 agreements monitoring	Medium	1	
Decision Notices for Planning Applications	Low	2	

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium and low priority are set out in the “Definition of Priority of Recommendations” table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Section 106 agreements Monitoring</p> <p>A review of section 106 monitoring arrangements found that:</p> <ol style="list-style-type: none"> 1.) Monitoring is reliant on different officers in separate service areas maintaining the current monitoring spreadsheet. 2.) Expenditure is not easily identified against an individual Section 106 agreement and therefore not able to be fully reconciled with the current financial system. Although a yearly overall reconciliation is undertaken between the S106 monitoring spreadsheet and the Finance System. <p><u>Compliance</u></p> <p>Testing of a random sample of 10 Section 106 agreements found: -</p> <ol style="list-style-type: none"> 1.) Five agreements where non-monetary Section 106 agreements were not incorporated into the monitoring spreadsheet and monitoring controls could not be identified elsewhere. 2.) Three agreements where monetary Section 106 agreements had no monitoring in place over the individual spend on the cost codes through E- 	<p>There is a risk that there is no controls in place over the monitoring of the spreadsheet meaning that money that is owed to the council may not be getting collected or paid out on time.</p> <p>There is also a risk that there are non-monetary agreements in place but no controls over the monitoring of obligations required by the council which may affect the council's reputation.</p>	<p>To conduct a full review of the monitoring that takes place currently in relation to Section 106 agreements monetary and non-monetary and determine if the current monitoring process used is fit for purpose and fits the needs of the council. This review needs to consider if additional monitoring is required in relation to the capture of expenditure against each individual S106 agreement. . Especially as this is the ideal opportunity with the implementation of a new finance system.</p> <p>To review who has the overall responsibility of the Section 106 agreements in the authority and is responsible for actively monitoring the S106 agreements or if this is a requirement where current resources need to be reviewed with the potential of using some S106 monies for the administration of S106 agreements</p>	<p>Responsible Manager: Strategic Planning And Conservation Manager</p> <p>Implementation date: June 2020</p> <p>Agreed Strategic Planning And Conservation Manager will lead on this</p> <p>Agreed. Strategic Planning And Conservation Manager will lead on this</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

		Fin.		A full reconciliation between the S106 monitoring database and the financial system should be undertaken on at least a quarterly basis.	Agreed. Finance - Business Support Technician will lead on this
2	L	<p>Decision Notices for Planning Applications</p> <p>Testing of 26 planning applications found that:-</p> <p>1.) Two applications where the decision could not be located on the public access, even though the decision was found on the uniform system.</p>	If the authority does not put the decision notice on the public access then there is risk of the planning application not being transparent in accordance to the planning framework.	Review procedures to ensure that all decision notices are included on the public planning portal.	<p>Responsible Manager: Area Planning Manager</p> <p>Implementation date: Already implemented</p>

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms to the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and are able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented in order to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

APPENDIX B

Definition of Priority of Recommendations

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

AUDIT, 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.

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

<u>Audit</u>	<u>Date Final Audit Report Issued</u>	<u>Service Area</u>	<u>Assurance</u>	<u>Number of High, Medium and Low priority Recommendations</u>	<u>Date to be 1st Followed up or outcome</u>	<u>2nd Follow Up</u>	<u>3rd Follow Up</u>
					High and Medium Priorities 6mths after final report issued as long as implementation date has passed	High and Medium Priorities still outstanding 3mths after previous follow up as long as implementation date has passed	
2018-19 Audits							
GDPR	13 th March 2019	Corporate	Moderate	Reported 2 high and 2 medium (only 1 med in BDC) priorities in; Awareness, Data Protection Officer, and Third Party Data Processes. Follow up to be completed in 3 months	Follow up undertaken in August 2019. Outcome reported to CMT in October 2019 with action plan agreed. Follow up scheduled for March 2020.		
Transport (Fleet)	19th June 2019	Operations	Limited	Reported 7 'medium' priority recommendations in Extension of the use of vehicle trackers on the fleet, Fuel monitoring to be introduced on an exception basis, Inventory records should be accurately maintained & be consistent with the insurance schedule, Vehicle service & repair files were not accurately maintained, Accident records are not accurate, Driver 'walk round' checks are not consistently carried out and Untaxed vehicle in used. A follow up will take place in 3 months.	Follow Up undertaken in October which confirmed all recommendations were either completed or being actively addressed. Further follow up March 2020.		
Bromsgrove Energy Efficiency Fund	26th April 2019	Environmental Services	Moderate	Reported 3 'medium' priority recommendations in End of Scheme Reporting, Documentation and	Rescheduled for February 2020		

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

(BEEF)				Application Processing. A follow up will take place in 6 months.			
Worcestershire Regulatory Services	10th April 2019	Worcestershire Regulatory Services	Significant	Reported 2 'medium' priority recommendations in Complaint register should be reviewed for completeness quarterly and Complaints should be completed within processing timescales. A follow up will take place in 6 months.	Follow up to be completed as part of the 2019/20 audit in Q4. 2019/20 commenced in February 2020.		
Health and Safety	20th July 2019	Corporate	Limited	Reported 9 'high' and 5 'medium' priority recommendations in Policies, Fire Safety and Evacuations, Manager IOSH training, Lift Risk Assessments, Fuelling Point Assessment at Redditch Borough Council Depot, Fire Risk Assessment Action Plan, Fire Alarms, Evacuation of less able people from Redditch BoC Town Hall, Active and Re-active measures of a terrorist attack, Active and re-active measures of a terrorist attack, Action Plan Update, Financial Analysis and Training Budget, Induction Process and Bespoke H&S training. A follow up will take place in 3 months.	Action plan in place and being monitored by the Health and Safety Officer. Progress reported before Committee 24/01/2020. A follow up audit has taken place and is at clearance as at January 2020.		
2019-20 Audits							
Markets	6th September 2019	Economic Development	Limited	Reported 4 high and 2 medium priorities in Recording of toll finds, Policy & Procedures, Records Comply with GDPR, Public Liability Assurance, Reconciliation of stalls and Fees, Charges and Incentive Scheme. Follow up to be completed in 3 months.	Follow up December 2019. 2 'high' and 1 'medium' priority recommendations have been implemented; 2 'high' priority recommendations have been partially implemented; 1 'medium' priority recommendation is in progress as indicated at Appendix 3 above. Further follow up planned for		

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

					April 2020.		
Treasury Management	18th October 2019	Finance	Moderate	Reported 2 medium and 2 low priority findings in reconciliation, iDeal Trading System, inter Council borrowing and lending and benchmarking. Follow up to be completed in 3 months.	Follow up undertaken as part of the 2019/20 audit. No further follow up required.		
Document Retention	5th November 2019	Legal	Limited	Reported 2 high and 1 medium priority recommendations in controls of the retention schedule, security of archived information and retention policy. Follow up to be completed in 3 months.	Feb-20		
Compliments & Complaints	6th December 2019	Corporate	Moderate	Reported 1 high and 3 medium priority findings in, Complaints Recording Management System Issues, Complaints Process, Compliments and Complaints Reporting and GDPR. Follow up to be completed in 3 months.	Mar-20		
SLM	7th Jan 2020	Leisure	Moderate	Reported 3 medium priority recommendations in Performance Monitoring, Financial Performance Monitoring and Management and Performance Reporting. Follow up to be completed in 3 months	Apr-20		
Planning Applications	4th February 2020	Planning	Moderate	Reported 1 medium recommendation in Section 106 agreements monitoring. Follow up to be completed in 6 months.	Jul-20		
Council Tax	6th February 2020	Revs & Bens	Significant	Reported 1 medium recommendation in Recovery of Prior Year Debts. Follow up to be completed in 6 months.	Aug-20		
end							

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Appendix 5

Quality Assurance Improvement Plan (QAIP) for 2019/20.

Actions for points 1, 2 & 5 reported completed before 20th September 2019. Further progress has been made in regard to the remaining points as indicated below.

Action No.	Area to be actioned	Outcome required	Action	To be undertaken by:	Date to be completed	Completed	Further Action Required
3	2240 - Approving Work prior to starting	Develop a process where by we can QA the testing programme prior to testing being undertaken, and to ensure that a formal sign off has taken place by either Head of Internal Audit or Team Leader	Engage with staff via Team Meetings to agree a process and to adjust the methodology to reflect the initial sign off prior to the testing commencing.	Audit Team Leader	Dec-19	Ongoing. Included in July Team Meeting.	Feedback collated during August/September with live running October 2019 onwards. Monitoring being undertaken to ensure fully embedded. January: Live running commenced in October. Monitoring continuing.
4	2420 - Timely Completion of Stages	To make improvements in line with completing all stages of audits in a timely manner.	Stage monitoring will be picked up via 1-2-1's and the report monitoring will be picked up with the Audit Tracker "Response" tab (and discussed in 1-2-1's).	Audit Team Leader	Immediate implementation with ongoing monitoring throughout the year	First phase implementation completed but remains ongoing.	Continue to monitor to 31 st March 2020 to ensure fully embedded. January: Monitoring continuing.