

BROMSGROVE DISTRICT COUNCIL

AUDIT, STANDARDS AND GOVERNANCE COMMITTEE

Date: 21st January 2021

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 and Customer Services
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 2020/21.

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 2020 to 31st December 2020 against the performance indicators agreed for the service.

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3.5 Summary Dashboard:

Total reviews planned for 2020/21(originally):	13 (minimum)
Reviews finalised to date for 2020/21:	3 (including DFG's)
Assurance of 'moderate' or below:	2
Reviews currently awaiting final sign off:	1
Reviews ongoing:	7
Reviews to be completed (Q4):	2
Number of 'High' Priority recommendations reported to date:	1
Satisfied 'High' priority recommendations to date:	0
Productivity:	70% (against targeted 74%)
Overall plan delivery to date:	50% (against target >90%)

Since the last sitting of the Committee one report has been completed and is waiting final management sign off.

Follow Up reports that have been finalised since the last Committee sitting are reported in Appendix 4.

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

3.6 2020/21 AUDITS ONGOING AS AT 31st DECEMBER 2020

One review was considered before CMT and is now awaiting management sign off:

- Use of Agency and Consultants

One review that has been finalised since the last Committee sitting is:

- Markets

Audits progressing through the testing stage included:

- Health and Safety
- Council Tax
- Benefits
- NNDR
- Debtors
- Creditors
- Treasury 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.

A rolling testing programme on Debtors and Creditors has been continuing during quarters 2 and 3 inclusive. The rolling testing programme results will be amalgamated as at the end of quarter 3 and formal audit reports issued during quarter 4.

The 2020/21 plan reflects the delayed start and certain lesser risk reviews will need to be rolled to next years plan. Priority continues to be given to potentially higher risk

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areas e.g. limited assurance audits. As we return to the new normal the impact of restrictions of the COVID-19 lockdown on the plan will be closely managed as the year progresses. The plan for 2020/21 has remained very flexible and the core financial areas of the business are currently being reviewed and reported on. With progress set to continue the Head of Internal Audit will consider the output to provide an overall opinion at year. Committee will continue to be regularly informed of developments throughout the year and any variations to the plan will be overseen by the Head of Financial and Customer Services and s151 Officer.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made in regard to the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. In order to assist the service area to move forwards a number of challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting as indicated at 3.5 above.

Internal Audit are now considering any new processes emerging from the extraordinary working arrangements that have been necessary to continue to provide the Bromsgrove residents with services both now and throughout the pandemic. Plan flexibility will continue to be required to include and provide assurance on these emerging areas.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource in regard to follow up and reduce the number of revisits necessary to confirm the recommendations have been satisfied. There are no material exceptions to report at this time.

3.7 AUDIT DAYS

Appendix 1 shows that progress continues to be made towards delivering the Internal Audit Plan and achieving the revised targets set for the year. As at 31st December 2020 a total of 116 days had been delivered against a revised target of 188 days for 2020/21.

Appendix 2 shows the performance indicators for the service. These indicators were agreed by the Audit, Standards and Governance Committee on the 5th March 2020 for 2020/21.

Appendix 3 provides copies of the reports that have been completed and final reports issued since the last sitting of Committee.

Appendix 4 provides the Committee with 'Follow Up' reports that have been undertaken to monitor audit recommendation implementation progress by management.

Appendix 5 provides an overview of the Quality Assurance Improvement Plan.

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3.8 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 coordination of uploads.
- Investigations

3.9 National Fraud Initiative

NFI data set uploads have been ongoing from the beginning of October for Bromsgrove District Council in regard to the 2020/21 NFI national exercise. The first phase of data set uploading continued until the end of December 2020. Reasonable progress had been made in regard to the data set uploads with the majority completed before the deadline. As at the 31st December 2020 there remained outstanding data set uploads for the Creditors history and standing. For late uploads there is the potential for the NFI to apply a penalty fee. Creditors are currently in the process of completing a form to return to the NFI to advise them why the data sets are late. NFI will, on receipt of the form, decide whether there is just cause to waive the penalty fee. WIASS will continue to provide advice and assistance in regard to the process.

3.10 Monitoring

To ensure the ongoing delivery of the 2020/21 plan and any revision required 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 the revised plan for other systems which have been deemed to be ‘high’ and ‘medium’ risk. Due to changing circumstances and the impact of the COVID-19 pandemic a variation in the plan has been necessary. This has been agreed on a risk priority basis with the s151 Officer as the year has progressed. With the adjustments to the plan there will remain reasonable audit coverage for 2020/21.

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3.11 **Quality Assurance Improvement Plan**

3.12 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPA) as published by the Institute of Internal Auditors. A self assessment took place in August 2020 to identify potential areas for improvement and a programme of improvement was agreed before the Client Officer Group in September 2020. Action to date is reported for information at Appendix 5.

3.13 **Customer / Equalities and Diversity Implications**

There are no implications arising out of this report.

3.14 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.

3.15 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:

- 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 2020/21
Appendix	2 ~ Plan position and key performance indicators 2020/21
Appendix	3 ~ Finalised audit reports including definitions
Appendix	4 ~ Finalised 'follow-up' reports.
Appendix	5 ~ Quality Assurance Improvement Plan

6. BACKGROUND PAPERS

Individual internal audit reports are held by Internal Audit.

7. KEY

N/a

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APPENDIX 1

Delivery against Internal Audit Plan for 2020/21
1st April 2020 to 31st December 2020

Audit Area	Original 2020/21 Total Planned Days	Forecasted days to the 31st March 2021	Actual Days Used to the 31st December 2020
Core Financial Systems (see note 1)	60	60	42
Corporate Audits	66	*36	31
Other Systems Audits (see note 2)	68	*56	22
SUB TOTAL	194	152	95
Audit Management Meetings	15	15	11
Corporate Meetings / Reading	5	5	5
Annual Plans, Reports and Committee Support	16	16	5
Other chargeable (see note 3)	36	36	21
SUB TOTAL	36	36	21
TOTAL	230	188	116

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.

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APPENDIX 2

Audit Plan Position as at the 31st December 2020

Audit Area	Planned days 2020/21	Proposed Review	Current Position and indicative delivery date		Assurance
Accountancy & Finance Systems					
Debtors	9	Full	Testing underway	Q3/4	
Main Ledger/Budget monitoring/bank rec	10	Full	To commence	Q4	
Creditors	9	Full	Testing underway	Q3/4	
Treasury Management	6	Full	Testing underway	Q3	
Council Tax	8	Full	Testing underway	Q3/4	
Benefits	10	Full	Testing underway	Q3/4	
NNDR	8	Full	Testing underway	Q3/4	
SUB TOTAL	60				
Corporate					
IT	8	Full	To commence 21/22	Q4	
Risk Management	6	Critical Friend Support	To commence	Q4	
Health and Safety	7	Limited Focus	Testing underway	Q1/ 2	
Procurement	8	Full	To commence 21/22	Q4	
GDPR	8	Limited Focus	To commence 21/22	Q4	
Orb	9	Full	Finalised	Q1	Moderate
Use of Agency & Consultants	9	Critical Friend	Draft Report - Awaiting Mngt Response	Q2	
Projects	11	Critical Friend	To commence 21/22	Q4	
SUB TOTAL	66				
System / Management Arrangements					
Refuse Service Scalability	6	Limited Scope	To commence 21/22	Q4	
Markets	10	Limited Scope	Finalised	Q2	Moderate
Worcester Regulatory Services	10	Limited Scope	To commence 21/22	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	68				

NOTE: # = includes DFG work undertaken on behalf of Worcestershire County Council

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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 2020-2021

The success or otherwise of the Internal Audit Shared Service will be measured against some of the following key performance indicators for 2020/21. 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	2020/21 Position (as at 31st December 2020)	Trend Since last Reporting	Frequency of Reporting
Operational					
1	No. of audits achieved during the year	Per target	Target = Minimum 13 Delivered = 3 (1 @ Sign off)	↑	When Audit Committee convene
2	Percentage of Plan delivered	>90% of agreed annual plan	50%	↑	When Audit Committee convene
3	Service productivity	Positive direction year on year (Annual target 74%)	70% (Q2 average 63%) (Q1 average 50%)	↑	When Audit Committee convene
Monitoring & Governance					
4	No. of 'high' priority recommendations	Downward (minimal)	1 (2019/20 = 9)	↑	When Audit Committee convene
5	No. of moderate or below assurances	Downward (minimal)	2 (2019/20 = 7)	↑	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)	Nil returns to date	↔	When Audit Committee convene

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2020/21 Audit Reports.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Bromsgrove Market 2020-21

Date 24th November 2020

Distribution:

To: Business Development Manager (Leisure and Cultural Services)
Market Manager
CC: Head of Legal, Democratic and Property Services
Chief Executive
Deputy Chief Executive
Head of Finance and Customer Service (S151 Officer)

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1. Introduction

- 1.1. The audit of the Bromsgrove Market was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan Bromsgrove District Council for 2020/21 as approved at the Audit, Standards and Governance Committee on 5th March 2020. The audit was a risk-based systems audit of the Bromsgrove Market as operated by Bromsgrove District Council.
- 1.2. There was one entry on the Corporate Risk Register relevant to this review.
 - COR 9 Non - Compliance with Health and Safety Legislation.
- 1.3. There were two entries on the Service Risk Register relevant to this review.
 - L&C2 – Fail to ensure the health & safety of the public/staff & visitors using services (meeting regulatory requirements)
 - L&C5 – Fail to ensure that the current buildings & facilities remain fit for purpose now and for the future.

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- 1.4 This review links directly to the Bromsgrove District Council Plan 2019-23. Purpose - Run and grow a successful business. Priority - Economic development and regeneration.
- 1.5 This is an area that handles cash so is open to fraud in relation to theft or loss of income through failure to charge a stall holder correctly or from retention of income that should be handed over to the Council.

2. Audit Scope and objective

- 2.1 To provide assurance that:
- Changes to procedures, including the raising and collection of tolls minimise the risks of Covid-19 to staff, Market Traders and the public
 - Equipment used by the Market Traders is fit for purpose.
- 2.2 Scope of the Audit:
- Policy and procedures in relation to the handling and banking of cash during the coronavirus pandemic.
 - Reconciliation of the cash collected.
 - Protection for staff and the public during the coronavirus pandemic.
 - Condition of the equipment needed for the Bromsgrove Market.
 - Actions outstanding from the previous audit.
- 2.3 The review covered the period from 1st April 2020 to the date of the audit.
- 2.4. The review did not cover:
- Stall pricing and value for money.
 - Licencing
 - Booking of Stalls
 - A full health and safety audit
 - Traders Incentive scheme

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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 is a sound system of control in place but that some of the 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:
- Market Managers knowledge of operating a market and drive to develop the Bromsgrove Market.
- 3.4. The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Follow Up from 2019/20 Audit	Medium	1
New Matters Arising		
Equipment	High	2
Procedures	Medium	3
COVID-19	Medium	4
Cash Collection and reconciliation	Medium	5

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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 responses and actions
Issues brought forward from previous audit					
1	Medium	<p>Actions from 2019/20 Audit Policy and Procedures – Cash Handling/Financial Procedures</p> <p>Insufficient evidence has been provided to satisfy that the action relating to the Policy and Procedures – Cash Handling/Financial Procedures has been fully completed and testing has identified some variations in the process.</p>	<p>Potential for fraud, reputational damage and financial loss if cash is not kept secure.</p>	<p>Revisit the recommendation (2) 18th December 2019 and review the procedures within all procedure and risk assessment documents. Evidence for each action to be provided to internal audit. Include an update on the Market Regulations.</p>	<p>Responsible Manager: Business Development Manager/Market Manager</p> <p>Action: Covid Cash handling procedures signed off by H&S Officer. - completed</p> <p>Market regulations updated by Market Manager - completed</p> <p>Market Manager or Senior Market Operative count market rent cash in the secure town centre toilet office – combination access number given to both staff (Changing places facility is kept for high dependency users only)</p> <p>Research is being undertaken into devices that will take payments by electronic means to remove all and any of the risk associated with cash collections, however this may not be viable.</p> <p>An additional measure has been put in place to count the number of</p>

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					traders on the High Street each market day. The Cleansing operatives will carry out this procedure and feed into the Facilities Team Leader who will report figures weekly to the Business Support Team (Completed in October 2020)
					Implementation Date: 30 th November 2020
New matters arising					
2	High	Equipment There was a recent trader that suffered loss to his stock due to the gazebo leaking. The trader was compensated by non-charge of rent for one trading day. However, there is no evidence of the value of the stock lost. New covers have been ordered and are waiting delivery. (Estimated delivery date 24 th October 2020). There is currently no regular maintenance plan in place for the gazebos and any repairs needed are carried out as and when needed. There are some gazebos where the frame is bowing. As a result of lockdown during the Coronavirus pandemic no work has been undertaken on the Town Centre/Market electrics. The County Council have been contacted and a date is a waited for the works to take place.	Potential for reputational damage and compensation as a result of damage to traders' stock. Potential for reputational damage and loss of revenue to both Council and Traders should the Gazebo not be fit for purpose or cause injury. Potential for reputational damage, compensation and risk of harm to traders should the traders suffer injury as a result of the electrics.	Identify Gazebo covers that are not fit for purpose and avoid using until the replacements are received. A policy needs to be in place as to how the Council will deal with claims to loss of stock due to the fitness of the council equipment Agree how and how often gazebo frames should be checked to ensure they remain fit for purpose and how faults are reported to ensure that no injury is caused. A decision should be made by management as to whether to allow the electric points to be used in wet weather and this needs to be risk assessed until the changes are put in place. The qualified electricians report	Responsible Manager: Market Manager Action: New gazebos have been delivered and are now in place All gazebos are numbered, and inspections carried out daily by the team - should any need repair – then the gazebo number will be reported and placed on the maintenance file and the gazebo removed for repair (other gazebos available until repair is ready) 6 monthly gazebo frame inspection to be carried out by Market Manager (This has now been placed in the Market Managers and Business Development Manager's outlook calendar for every March & September) Market Manager has emailed the Insurance officer and will seek advice relating to any damage of

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		<p>There were a couple of other hazards identified during the visit to the market. For example, a cane protruding out of the top of one gazebo and an electric cable above head height which was trailing through a tree which were reported to the Market Manager.</p>		<p>should provide a better understanding of the overall risk which should be fed into a risk assessment and the service risk register.</p> <p>The Market Manager should assess the market for hazards and mitigate any risk and discuss any issues with the management team and health and safety officer.</p>	<p>trader's goods and incorporate into the market policy and re distribute as a market regulation amendment to all traders</p> <p>The council's electrical contractors have inspected the site and remedial work has been completed 3 power points in the town have been disconnected from further use and made safe – all others have been approved for use. New power cables are being purchased through the electrical contractor for each market position. New connections above ground are being discussed between County and District</p> <p>Market Manager or Senior Market Operative will complete daily H&S inspections during each market day</p> <p>Implementation Date: 31st December 20</p>
3	Medium	<p>Procedures</p> <p>The audit identified that there were inconsistencies (such as the wearing of gloves when collecting money from the traders ,the locations for counting the money and responsibility for putting up social distancing signage) between the written procedures and risk assessments regarding the process for cash handling and setting up of the stalls and actual actions taking place.</p> <p>There is no recorded evidence that</p>	<p>Potential for reputational damage and financial loss by way of compensation should an employee injure themselves at work.</p> <p>Potential for reputational damage should there be a challenge as to the lack of Social Distancing Signage due to it being solely the responsibility of the Traders to display signage.</p>	<p>Ensure that the information within policy, procedures and risk assessments are consistent and evidence of staff training is retained.</p> <p>Review procedures to make sure they provide the necessary controls but are pragmatic and proportional for the nature of the service and reflect corporate guidelines regarding the pandemic.</p>	<p>Responsible Manager: Market Manager/Business Development Manager/H&S Officer</p> <p>Action: Market Manager/Business Development Manager /Health & Safety Officer have completed an observation training session with all the market operative team to review the installation set up and take down – all have been approved by H&SO.</p> <p>Staff have been sent an instruction</p>

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		<p>staff have read the procedures/risk assessments or received training.</p> <p>There is no evidence of staff having been trained on the procedure on how to erect and dismantling the gazebos /tables, or, that they have received manual handling training.</p> <p>Actions are being put in place to address the above.</p>		<p>Decide who is responsible for ensuring that there is visible signage re. social distancing within the Market area of the high street.</p>	<p>video from the manufacturer and have now all viewed.</p> <p>Manual handling training is still being requested from Training and Office Development officer, however due to COVID this is not possible at this time. Market Manager will book as soon as COVID-19 restrictions lifted</p> <p>Policies and Documents are currently being checked for consistency by the Market Manager</p> <p>New Town Centre Manager now appointed to review the town centre signage</p> <p>Implementation Date: 31st December 2020</p>
4	Medium	<p>COVID – 19</p> <p>Worcestershire County Council advised that no paint could be applied, markings or adhesive tape to the high street paving as this may have a detrimental effect when trying to remove it later. The District was advised to place signs reminding people of social distancing.</p> <p>The audit identified that the signs produced by Bromsgrove District Council for the stalls are not always being displayed by all traders. Those signs that are displayed are small and not clearly visible. Larger signs are now in the process of being produced</p>	<p>Potential for reputational damage should there be a challenge as to how the council are promoting and monitoring social distancing within the market area of the high street.</p> <p>Should a trader not be compliant with the preventative measures this could cause reputational damage by association to the Council through negative public relations.</p>	<p>Identify who the replacement Town Centre Manager is within Wyre Forest District Council and if they will still be leading on the message around social distancing.</p> <p>Review current social distancing signage within the market area of the high street and agree where it will be displayed, the actual signage to be used and who is responsible for ensuring it remains visible.</p> <p>In liaison with Health & Safety</p>	<p>Responsible Manager: Business Development Manager /Market Manager</p> <p>Action: As above – new Town Centre Manager now in place</p> <p>Inspection of trader’s stalls and display of social distancing posters carried out each morning by Market Manager or Senior Market Operative– all traders have been updated on the need to display their signage as part of their Terms & Conditions.</p> <p>Should traders not have their</p>

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	<p>to make the social distancing message more visible within the high street.</p> <p>There is no evidence that monitoring is being carried out to ensure that the market traders are complying with government guidelines.</p> <p>The is no risk entered on the service risk register relating to Covid-19 identifying the risk should a trader not comply with Social distancing and other preventative measures and the impact this could have on the reputation of the Council.</p> <p>The formal general workplace risk assessment for Bromsgrove Market during Covid-19 crisis was outstanding but since the start of the audit has been completed and published on the website.</p>		<p>and management consider what formal monitoring could take place and what standards are expected. If these are not achieved and maintained what will be the consequences to the market trader. Any required standards must be clearly communicated, and any potential sanctions highlighted for transparency.</p> <p>Review the service risk register and ensure any risks relating to the market are entered.</p>	<p>signage then replacements are given on the day.</p> <p>Larger A2 size signs have been given out to those traders who have larger stall layouts.</p> <p>Traders have also been instructed that all signage must be clearly visible not hidden amongst goods being sold and where possible in a very prominent position preferably at eye level.</p> <p>Business Development Manager to review the new Legal, Democratic and Property service Risk Register now the services have moved and include any agreed Risk for markets. Leisure risk register was based on buildings and sports centres/parks and needed updating to include Markets</p> <p>Staff have received an email which will be followed up with a hard copy of the revised work arrangements for staff (10th Nov) during Covid-19 – this splits the team into 2</p> <p>One team will consist of 3 members of staff with facemask being worn and the other member of staff (who is exempt from face mask) working at distance on minor duties.</p> <p>A signed copy by staff will be held on the secure K drive alongside all emails relating to these instructions.</p>
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					Implementation Date: 31 st January 2021
5	Medium	<p>Cash Collection and Reconciliation</p> <p>The Market was closed due to the Coronavirus pandemic lockdown from March until June 2020. To encourage the reopening of the market following the lockdown, a period of free rent followed by a percentage reduction was offered to traders during the months of July and August. The full market stall rental was charged from the 1st September.</p> <p>From the period 1st Sept 2020 there has been a net loss of £147 in under collection of fees. This has not been due to fraud. Since this has been highlighted to management, the cause has been identified and actions have been put in place to ensure the correct amount will be charged from the 1st October 2020.</p> <p>There have been a few discrepancies between the spreadsheet and receipts issued to the traders, usually for amounts less than £1 that have been picked up during monitoring and have subsequently been corrected or clarification has been requested to understand the reason for the discrepancy.</p> <p>Although reconciliation is carried out against receipts and income/ and</p>	<p>Potential for unrecognised fraud/theft if a full reconciliation is not carried out and a there is lack of transparency if incorrect or unapproved charges are being levied against Market Traders.</p>	<p>Review the reconciliation process to ensure base data is used i.e. approved amounts – v-number of stalls let on a given day equals expected receipted income. Ad hoc visits to the market to count the number of stalls should be undertaken so this can be checked against the spreadsheet and the money collected. Liaise with finance to ensure checks are in place to ensure the money banked has been paid into the Council bank account and reflects the true overall amount required/expected.</p>	<p>Responsible Manager: Business Development Manager</p> <p>Action: New procedure now in place – cleansing team will count the number of traders each market day (they work onsite 7 days per week so no additional issues) this will be fed into the Business Support team weekly who reconcile the numbers against the receipts for each day</p> <p>An income analysis sheet is also sent to finance so they can match the market rents with the banking system – this also breaks down the amounts to differing cost centres.</p> <p>Reconciling process now includes the current fees and charges spreadsheet as a cross check for rents being charged.</p> <p>Will ask the appropriate contact in finance to send the Business Support team the weekly market banking figures – the Business Support team will then check the banked income against the receipts.</p> <p>Implementation Date: 30th November 2020</p>

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		spreadsheet, there needs to be further processes in place to ensure a full reconciliation process is in place.			
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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

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Appendices A & B are indicated below and are applied to all reports. To save duplication these have been produced once, listed below for information.

APPENDIX A

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 it's 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 3 to 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 3 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 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.

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APPENDIX B

Definition of Priority of Recommendations

Priority	Definition
H	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.
M	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.
L	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 4

FOLLOW-UP REPORTS:

Worcestershire Internal Audit Shared Service



Compliments and Complaints 2019/20

1st Follow-up Report - 19th October 2020

Distribution:

To: Head of Finance and interim Section 151 Officer
Assistant Customer Support Manager

CC: Chief Executive

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 06/12/2019 and is being followed up because:

- 1 'high' and 3 'medium' priority recommendations were made: and
- At least six/three months have passed since the previous follow-up.

The following audit approach has therefore been applied:

1. The 1 'high' and 3 'medium' priority recommendations have been updated with the current position. **(Please see Section C)**
2. Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

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Section B - Conclusion - Current Position statement

The original audit report gave **Moderate Assurance** over the control environment and this was the 1st follow-up.

The follow-up has found that out of the 1 'high' priority and 3 'medium' priority recommendations detailed in the table in Section C; The 1 'high' priority recommendation has been partially implemented, 1 of the 'medium' priority recommendations has been implemented, whilst the remaining 2 'medium' priority recommendations have not yet been implemented.

Internal Audit are satisfied that Management have taken action in relation to the one 'high priority' recommendation as although at this point in time it is only partially implemented the actions taken so far have reduced the risk to the Council.

In relation to the 'medium' priority recommendations, Internal Audit are also satisfied that management have taken action on one of the three medium priority recommendations and that it has been implemented and therefore the risk to the Council has been mitigated.

In relation to the two remaining 'medium' priority recommendations that have not been implemented; there has been a change in the direction of how some of the controls are going to be implemented and after further review the Council is not facing any additional risk from its non implementation.

As not all recommendations have been fully implemented a further follow up will take place in six months time.

This follow up was undertaken during the month of October 2020.

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Section C – Current Position – (please see Appendix 3 for definition of priorities)

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 16th October 2020</u>
1 High	<p>Complaints Recording Management System Issues</p> <p>The review to consider the potential for development of the system to improve the council's way of providing services and for the potential to escalate reminder emails if complaints remain open for longer than a set number of days.</p> <p>If the system proves to be not fit for purpose to consider alternative options that will best fit the Council's requirements in relation to the tracking and monitoring of complaints.</p> <p>The system requires a 2nd stage complaint identification tag to ensure all complaints are dealt with appropriately and provide an opportunity to identify potential service development is maximised.</p> <p>To introduce a true audit trail and back-up process within the system so that if a record is deleted by mistake, it can be identified and reinstated.</p>	<p>Responsible Manager: ICT Operations Manager</p> <p>Implementation date: Quarter 1 2020.</p> <p>1) We would like a full audit trail of the system. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p> <p>2) We would like the overdue complaints to be escalated further. There is project to update Active Directory. Once completed in February we will look to investigate if this is sufficient to use to escalate.</p> <p>3) 2nd stage can be developed so calls can be manually moved into this area. Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p> <p>4) Planned specification to be completed by February 2020 to be implemented in quarter 1 2020.</p>	<p>Partially Implemented</p> <p>1) The first management response action point has been implemented as there is now a clear audit trail within the compliments and complaints system.</p> <p>2) The second point in the management response has not yet been completed as there is a requirement to still update the active directory and investigate if it is possible for the system to allow open tickets to be escalated further. It was noted within the follow up meeting that if this is not possible the service would accept the risk.</p> <p>3) The planned specification for 2nd stage complaints to be developed within the system has been developed and implemented.</p> <p>4) Planned specification was agreed and ICT was tested.</p> <p>1.) Active directory – taken the hit 2.) 1 off - the coff , project wont start. 3.) Different coding, would be a huge piece of work and decision on that.</p>

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Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up</u> <u>Position as at 16th October 2020</u>
2 Medium	<p>Complaints Process</p> <p>To understand the reason why not all compliments and complaints are logged through the current system and then to evaluate the current system used for the recording of compliments and complaints and review if it is fit for purpose.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: April 2020 (depending on development)</p> <p>Complaints Recording Management System</p> <p>1) The single example provided related to Leisure who stated in their response (from a 4th tier manager) that they know that they need to report it on the complaints system and state that they 'are not great at placing them onto the corporate system but resolve it there and then, timing and workload sometimes overtakes'. There was also a comment from the auditor that other services also said this but no evidence was obtained.</p> <p>Comms will go out to staff to ensure that compliments and complaints are recorded on the system</p> <p>2) User Access rights will be reviewed as part of the 2020 implementation.</p> <p>There are users who have left still on the system however they do not have cases allocated to them and we would like to keep their records on this system to show the interaction with any previous complaints.</p> <p>Any users still on the system will have been removed from ICT 'active directory' and so it is impossible for them to access the system.</p>	<p>Implemented</p> <p>The review found that that out of the management responses and action plan, both required actions have been implemented as: -</p> <ol style="list-style-type: none"> 1.) Communication was issued in January 2020 and since that time, during a management forum meeting, the assistant customer support manager made all managers aware that they need to utilise the compliments and complaints system. In addition to this another communication will be issued once COVID-19 has calmed down as resources are required elsewhere at the time of the review. 2.) User access has been reviewed and updated. There are now 3 levels of access on the compliments and complaints system which consist of: - <ol style="list-style-type: none"> a.) Officer level – Can create new tickets only and amend open tickets.. b.) Managers level – Can re-open tickets once closed, but cannot delete a ticket. c.) Administrators – Can delete tickets if required and set the parameter levels on tickets.

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Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up</u> <u>Position as at 16th October 2020</u>
3 Medium	<p>Compliments and Complaints Reporting</p> <p>Once the integrity of the data within the system has been assured to consider introducing quarterly reports to senior management in order to provide a strategic overview of how the Councils are performing and help to identify areas of risk though non delivery or poor service.</p> <p>To report on service areas to help them improve and to allow services to analyse trends within complaints.</p> <p>To consider the use of reporting compliments through staff newsletters/corporate events in order to celebrate success and help to boost morale throughout the Councils.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: 1st Dec 2019**</p> <p>There are no plans to report to service managers as the management are the users of the system and can therefore check their own service area reports.</p> <p>Quarterly reports can be provided to CMT and SMT if required.</p> <p>It is planned to publish complaint data on a monthly basis on the web, including services whose complaints are over 21 days old.</p> <p>This was delayed due to the roll out of the corporate customer care strategy.</p> <p>**Subject to CMT approval, we will suggest a date of 1st December 2019.</p>	<p>Not Implemented</p> <p>On reflection Management decided that if the service was to publish the complaint data on a monthly basis on the web, it may lead to reputational damage to the authority.</p> <p>Therefore, on review the Assistant Customer Support Manager has been in discussions with the Section 151 Officer to gain approval for the report to be submitted on a quarterly basis in a CMT platform.</p> <p>Due to the section 151 leaving and COVID-19, this has not yet been implemented, but assurance has been provided that this will be implemented by April 2021.</p>
4 Medium	<p>GDPR</p> <p>To review the current system and allocate a responsible officer to introduce quarterly checks by the appointed officer to ensure that there is a control in place so any personal record that are found to be non-compliant with the retention cycle are disposed of within the correct year.</p>	<p>Responsible Manager: Assistant Customer Support Manager</p> <p>Implementation date: December 2020</p> <p>The complaints system was introduced in 2014 and complaints will be held for 5 years following closure. There are currently no records overdue for deletion, and the first record will be deleted in December 2020.</p>	<p>Full Implementation date not yet reached</p> <p>The actual document retention is not on a 5 year cycle, but rather a 7 year cycle. Therefore as the data has not yet reached 7 years, the implementation date would have been December 2022.</p> <p>Decisions have not been made as to if the document retention will be possible to achieved on an</p>

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Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 16th October 2020</u>
		Previous meetings with ICT had stated the system will remove records on an annual basis following 2020 however a check will need to be made to ensure this happens. Added to ICT development list.	automated approach or if a manual approach would be required. As the implementation will not be until 2022, the risk of the retention element has been accepted by the service,.

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Appendix 5

Quality Assurance Improvement Plan.

Action Number	Area for Action and Standards Reference	Outcome Required	Action	Lead person	Target Date for completion	Date of Completion	Latest Position
1	1000	Updated Charter and Partner approval.	To review and update as appropriate, and present to COG and Partner Committees for approval.	Head of Internal Audit & Team Leader	Sep-21 (Annual Reports)	To commence	December 2020: To be prepared for the July/Sept 2021 Cttee cycle.
2	1210.A1 - Training Requirements	Professional qualifications to be obtained.	Auditors to enhance their skills and qualifications through professional study e.g. IIA	Auditors	2023/24	Ongoing	December 2020: An Auditor is seeking Membership to IIA.
3	2420 - Timely Completion of Review Stages	Improvement in issuing the 'Draft Report' to the agreed date as set out in the Brief. To make improvements in the monitoring of the management response after the issue of a Draft Report.	Monitor the issue of Draft Reports and the receipt of management response during the financial year taking appropriate and timely action where the target dates are stressed.	Auditors	Mar-21	Ongoing	December 2020: Being monitored
4	2500.A1 - Follow Up	More efficient and timely follow up in regards to reported management action plans.	To review and enhance the follow up process, and monitor progress to reduce potential slippage.	Audit Team Leader	Mar-21	Ongoing	December 2020: Being monitored and discussed as 1:2:1s
5	2010.A1 - Annual Risk Assessments	More effective implementation of Annual Risk Assessments into the annual planning	To review the current process of using the annual risk assessments and how inclusion into annual planning and audit	Head of Internal Audit / Audit Team Leader	Nov-20	Complete 30 th November 2020	All office risk assessments have been reviewed. Risk assessments have been drafted for COVID

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		and use within individual audits.	planning can be improved.				associated office risks when visiting Partner offices. Home risk assessments have been completed. Actions identified have been completed.
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