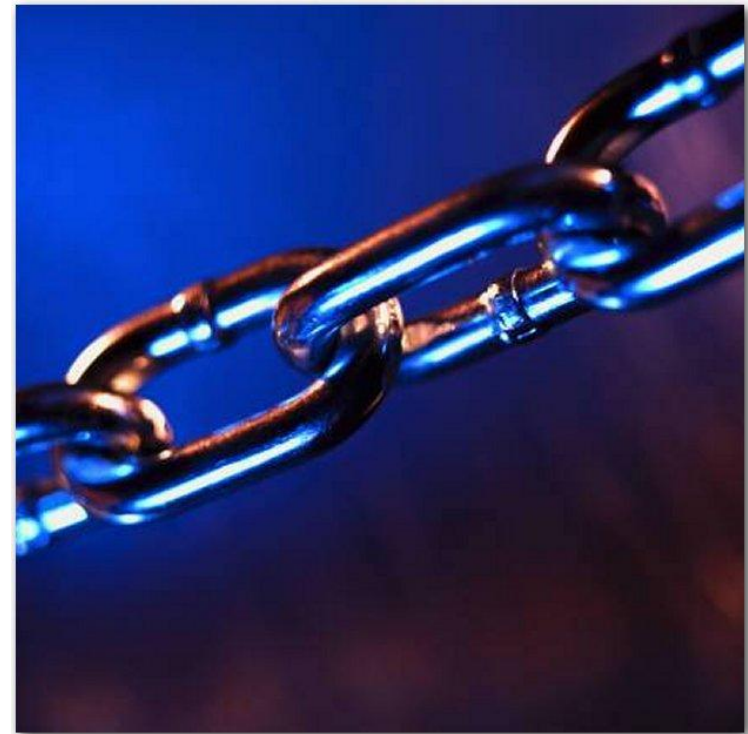


cw audit services

Oadby & Wigston Borough Council

Internal Audit
Progress Report 2014/15

October 2014



1. Introduction

This report summarises the work of Internal Audit for the period to the end of September 2014. The purpose of the report is to update the Committee on progress made in completing the 2013/14 plan and delivering the 2014/15 audit plan.

2. Progress summary

The agreed internal audit plan for the 2014/15 year totals 257 days. Section 5 provides details of all of the audit assignments included in the 2014/15 year, together with details of the point in the year at which each assignment is planned for delivery and an update on progress where assignments have commenced. We have delivered 90 days of work against the 2014/15 plan to the end of September 2014, which is in line with our planned profile at this stage of the year.

3. Reviews completed

The following reviews have been completed and final reports agreed with management since the last meeting of this Committee.

Review	Status	Level of assurance
2013/14 Equalities	This review has been completed and a final report agreed with management	Moderate
2013/14 Legal Compliance	This review has been completed and a final report agreed with management	Significant
2013/14 Human Resources	This review has been completed and a final report agreed with management	Significant
2014/15 Counter Fraud Strategies – Protecting the Public Purse	This review has been completed and a final report agreed with management. This document is provided separately on this agenda	N/A
2014/15 Additional review – Grant funded projects	This review requested at PFD Committee has been completed and a report agreed with management, and this is provided separately on this agenda.	N/A

At the request of the Committee at its February 2014 meeting, and as subsequently agreed with the Chair of this Committee, to ensure members are provided with further detail only on issues which may warrant their concern, we are no longer providing the range of information on completed audits previously provided to you. We now aim only to report specific findings, recommendations and agreed actions arising from our audits where these relate to matters we deemed to be high risk/priority. Since the last meeting we have highlighted such issues in relation to the above audits and these are set out below for the Committee's information.

Equalities

System Control Objective 3: Corporate arrangements are in place to ensure all relevant services, managers and staff are aware of the legal requirements and their role in them.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.3 Equality Impact Statement Not Completed	A review of 6 recently adopted Policies/Procedures highlighted that Equality Impact Assessments (EIAs) are not always being completed. For 3 such documents; Contract Procedure Rules (September 2013), Off Street Parking (September 2013) and Council Tax Support (January 2014) an EIA could not be located.	Where an EIA is not used service users could challenge decisions that have been taken	2	An EIA should be completed for all Council Policies and Procedures as outlined in the EIA Guidance Notes.	H of S and SMT are all aware that EIA's should be undertaken on any new and revised policies etc. A reconciliation exercise can be undertaken on all policies and EIA's	Heads of Service and Compliance Officer	March 2015

System Control Objective 4: Suitable corporate resources are in place to advise, support and oversee services to help ensure compliance.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
4.1 Equality & Diversity Officer Support	Currently there is no dedicated Equality officer in post although the Head of Corporate Resources is currently driving forward the equality agenda as part of her portfolio of responsibilities. The Council is making some progress towards monitoring its equalities compliance but there is no	Without a dedicated resource there is a risk that the Council may fall short of delivering against the	2	The Council should ensure that there are adequate staff resources available to advise, deliver and monitor progress towards meeting the requirements of the Equality legislation, and in particular to	Have interviewed a suitable officer who has a substantial wealth of experience in all equality and PSED matters Officers starts in October 2014	Head of Corporate Resources through Community Engagement Officer	November 2014

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
	evidence to demonstrate that it has systematically assessed its practices against the Equality Framework for Local Government (EFLG) which should be applied to ensure the Council delivers the Public Sector Equality duty (PSED) and thereby adequately reviews and improves the performance for people with characteristics protected by the Equality Act 2010.	Equality legislation.		assess performance against the EFLG and ensure delivery of the PSED.			

Legal Compliance

System Control Objective 3: Management and members have suitable assurance of ongoing compliance with legal requirements.

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
3.2 Corporate Enforcement Policy	<p>Members and management should be confident that that the Council complies with its legal requirements through the adoption and delivery of Council Policies. Compliance with an Enforcement Policy should demonstrate that appropriate action is taken where there are cases of non-compliance, and the procedures and processes that should be followed where there is such non compliance. At Oadby & Wigston there is a Corporate Enforcement Policy. However it is out of date (2008) and was not revised within the appropriate timeframe (2011).</p> <p>Enforcement action is also duplicated in specific regulatory Polices such as Environmental Health, Licensing and Development Control resulting in possible inconsistent practices.</p>	<p>The Corporate Enforcement Policy is outdated and may no longer be fit for purpose.</p> <p>Where duplication exists there is a risk that inconsistent practices and procedures may be followed in taking enforcement action.</p>	2	<p>The Corporate Enforcement Policy should be updated, approved and revised at regular intervals.</p> <p>All regulatory Policies should refer to the Corporate Enforcement Policy for policies and procedures that should be followed when enforcement action should be taken.</p>	<p>It was out of date because various other Departments did not work collectively for Enforcement purposes. However the solicitor has brought this all together for the first time in 2014.</p> <p>A Corporate Enforcement and Prosecution Policy has been drafted and is being placed before PFD Committee on 24 July 2014</p>	Solicitor	Completed, ready for PFD Committee 24 July 2014

4. Recommendation tracking

CW Audit Services has implemented a system for tracking the actioning of agreed Internal Audit recommendations, as a management assurance tool for the Council and specifically this Committee. Managers are responsible for updating actions taken and other key information directly on the system. An update for the Committee is provided below. This refers to all actions agreed and due by 30/9/14 which were carried forward into 2013/14 as not previously reported as actioned. The first table represents the status of agreed actions due to be implemented by that date, the second table the age of the outstanding recommendations (based on the original date due for implementation). The status shown is as advised by the relevant manager/Head of Service and does not imply that Internal Audit have verified the status.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 30/9/2014	-	10	108	48	166
Implemented	-	10	95	41	146
Closed (effectively implemented or system changed)	-	-	1	1	2
Still to be completed	-	-	12	6	18

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	3	3	6
3 – 6 months	-	-	1	-	1
Greater than 6 months	-	-	8	3	11
Total	-	-	12	6	18

We have agreed with the Interim Chief Financial Officer to provide further detail on the most recent status known in relation to the issues outstanding over 6 months, which is as follows:

*the table below refers to management updates except where specifically stated to be from Internal Audit's own follow-up work.

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
12/13 Hsg Responsive Repairs	Detailed policies and procedures should be put into place that covers all areas of housing repair responsibilities.	3	Agreed H.O.C Interim Property Manager Dec 2012 31/12/12 – John Stemp, Community Property Manager	Revised procedures continue to be put in place - these to be reviewed and an update given to next Service Delivery Committee (October 14). Guidance for staff were put in place and acknowledged in 2014 audit update. This left work to do in turning these into full policy and procedures. Focus has now moved to working towards scripts and new procedures to move as much as possible of the service to the front line via the customer services transformation project. For completion 31.03.15
12/13 Hsg Responsive Repairs	The housing repairs team should consider implementing a schedule of rates that can be used when allocating typical works to contractors or where possible obtaining quotes prior to work being allocated.	3	Schedule of rates do exist but some uplifting is necessary and take opportunity to consult contractors in readiness with the Orchard Interface currently under implementation Interim Property Manager awaiting appointment Dec 2012 31/12/12 – John Stemp,	Addressing through Orchard upgrade to go live on 10 November. Will then be developed further including Integra interface to be full addressed by 31.03.15.

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
			Community Property Manager	
11/12 Corporate Governance: Tenon review- Pest Control service review	a) Management should report the financial benchmarking data that compares the service to other local Authorities in Leicestershire to the Senior Management Team and the Service Delivery Committee. b) Management should also undertake a value for money review of the Pest Control Service to ensure that the Council is managing this area in the most economic and effective manner.	3	a) An annual report to Senior Management Team and Service Delivery Committee. - May 2012 b) A value for money review of the service will be undertaken. - March 2013 Anita Pathak-Mould, Head of Community	A timetable has been set for this review and a report to Service Delivery will be taken in January 2015. The review is ongoing and pest control charges have been reviewed and going to Committees in October 2014 Revised date 15/1/15
12/13 Debtors	Management should review current working practices/ procedures in light of the revised policy.	4	Delayed implementation of the new Policy was agreed by members. This will be implemented by the end of May. 30/6/13 – Paul Loveday, Head of Finance	The Debt Recovery Policy is currently being redrafted and will be reported to the PFD committee in October Revised date 31/10/14
12/13 Debtors	Management should review the appropriate level of authorisation needed to write off different levels of debt and ensure these are reflected consistently in both the corporate Debt Policy and Financial Regulations.	4	Agreed 30/6/13 – Paul Loveday, Head of Finance	The Debt Recovery Policy is currently being redrafted and will be reported to the PFD committee in October Revised date 31/10/14
12/13 Risk Management	An exercise should be undertaken to review all existing partnerships and projects to establish what risk registers are currently in place. A	3	Agreed 28/6/13 – Paul Loveday, Head of Finance	A consultant for Zurich has been commissioned to further embed risk management including this recommendation as part of the

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
	review should then take place to standardise the format of partnership and project risk registers and ensure that all partnerships and projects maintain such registers.			service provided under our insurance premium. Revised date 31/3/15
12/13 Risk Management	Priority should be given to identifying and implementing a bespoke Risk Management IT package that will allow the Council to develop from a process driven risk management function to one that is fully embedded.	3	In view of budgetary constraints the purchase of a bespoke IT package this cannot be a high priority at present but this will be kept under review. Other methods and initiatives of embedding the function within the Council will be considered in the meantime 31/7/13 – Paul Loveday, Head of Finance	A consultant for Zurich has been commissioned to further embed risk management including this recommendation as part of the service provided under our insurance premium. Revised date 31/3/15
12/13 Payroll	It should be ensured that the Authorised Signatories List is updated to include officers authorised to sign additions to the payroll relating to expenses and allowances.	3	In order to consolidate authorised signatories centrally , Finance will carry out a review and update of all authorising signatories related to payroll 20/9/13 – Lynn Middleton, HR Officer	HR to obtain signatures from authorised officers. These will be recorded on the HR system. Revised date 1/10/14
13/14 Debtors	Consistency – Write-off levels: The Corporate Debt Policy (2012) should be updated to reflect the authorisation limits and officers as per the revised Financial Regulations (July 2013).	4	The Finance Manager will remind the relevant Heads of Service (Customer Services and Communities) of the need to update the Corporate Debt Policy in line with the revised	The Debt Recovery Policy is currently undergoing a redraft which will be presented to PFD Committee in October Revised date 31/10/14

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
			Financial Regulations. 31/3/14 – Paul Loveday, Head of Finance	
13/14 Business Rates	Charitable Relief: It should be ensured that Charitable relief is reviewed prior to the 2014/15 Business Rates billing so that charges can be made against any property that no longer meet criteria.	3	Agreed. 31/12/13 - David Coe, Senior Revenues Officer	Draft policy review has been completed, recommendation should be complete by 31 October 2014.
12/13 Building Control	Management should consider a) review and cleansing of system data to ensure all data is up to date and as accurate as possible b) visiting a small sample of higher risk sites where no inspections have been carried out as work has not been reported as started, to ensure this position is accurate. Taking any necessary steps to regularize matters where b) identifies unreported and thus uninspected works.	3	a) Agreed – A data capture exercise has been outsourced to IDox and the review and cleansing of data will be undertaken as part of this exercise. However the end date for this process has yet to be determined. b) This is already undertaken for larger Commercial properties. Where staffing levels permit this will be undertaken for domestic properties. Where identified this will be undertaken as per the Regularisation fees already set in place. No specific implementation date set – Jonathan Lee, Building Control Manager	Project still ongoing with IDOX, pilot data due to be loaded for testing. Revised date 1/12/14

5. 2014/15 Internal audit plan

Review	Scheduled Start	Status	Level of assurance
Emergency Planning	May/June 2014	Final report issued	Significant
Additional: Grant funding – member request	May 2014	Report issued	N/A
Anti Fraud & Corruption-targeted fraud prevention/detection work*	June/July 2014	Draft report issued	
Corporate Governance – Counter- Fraud policies and awareness for 2014/15*	June / July 2014	Final report issued	N/A
Street Cleansing	July 2014	Draft report issued	
Grounds Maintenance	July 2014	Draft report issued	
Income Management & Cash Receipting	Oct 2014 onwards	In progress	
Elections / Electoral Registration	Oct 2014 onwards	Scoping	
Budgetary Control/Medium Term Financial Strategy	Oct 2014	In progress	
Creditors	Oct – Dec 2014	In progress	
Debtors	Oct – Dec 2014	In progress	
Treasury Management	Oct – Dec 2014	Draft report issued	
Main Accounting	Oct - Dec 2014	In progress	

Review	Scheduled Start	Status	Level of assurance
Council Tax	Nov – Dec 2014	Scope agreed	
Business Rates	Nov – Dec 2014	Scope agreed	
Benefits	Nov – Dec 2014	Scope agreed	
Strategic Procurement / Shared Services Value for Money	Jan 2015 onwards		
Private Sector Housing/Disabled Facilities Grants	Jan 2015 onwards		
Refuse & Recycling collection	Jan 2015 onwards		
Greening the Borough	Jan 2015 onwards		
Capital Projects	Jan 2015 onwards		
Payroll & Expenses	Jan – Mar 2015		
Planning Control	To be agreed		
Housing Rents	To be agreed		
Housing Repairs & Maintenance	To be agreed		
Housing Landlord services	To be agreed		
Void Property Management	To be agreed		

* Following a presentation on fraud “Protecting the Public Purse” by KPMG to the PFD Committee in March 2014, we were requested by the Interim Chief Financial Officer to complete the checklist at Appendix 2 of the presentation “Checklist for Councillors and others responsible for governance”. We have completed this exercise and our report sets out the outcome.