

# Oadby & Wigston Borough Council

## Internal Audit Progress Report 2014/15

March 2015



## 1. Introduction

This report summarises the work of Internal Audit for the period to early March 2015. The purpose of the report is to update the Committee on progress made in 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 190 days of work against the 2014/15 plan to early March 2015, which is in line with our planned profile at this stage of the year, given that management have requested deferral of certain reviews into April/May 2015 and others to be carried forward into the 2015/16 audit plan.

## 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
<b>Budgetary Control &amp; Medium Term Financial Strategy</b>	This review has been completed and a final report agreed with management	<b>Significant</b>
<b>Creditors</b>	This review has been completed and a final report agreed with management	<b>Significant</b>
<b>Main Accounting</b>	This review has been completed and a final report agreed with management	<b>Significant</b>

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 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 1 such issue in relation to the above audits and this is set out below for the Committee's information.

## Creditors

**System Control Objective 1: Payments to suppliers are accurate, timely, properly accounted for and only made in respect of authorised invoices and for goods and services received.**

Expected Control	Audit Finding	Risk	Risk Ranking	Recommendation	Response	Who	When
<b>1.2 Masterfile changes – Supporting documentation</b>	<p>Using the Supplier Masterfile Changes Reports ( New Suppliers and Changes to Suppliers respectively), testing was undertaken on a sample of 5 new suppliers and 5 bank detail changes for existing suppliers, to confirm that the P1 Forms (Supplier Change forms) had been appropriately completed, and supporting evidence documented and retained.</p> <p>This highlighted the following:</p> <ul style="list-style-type: none"> <li>P1 forms could not be found for 3 of the new suppliers and for 4 change of bank details for existing suppliers. In the 3 cases where P1 Forms had been found, there was insufficient evidence available to support the confirmation of the validity of the change details by the Finance Team.</li> </ul> <p>A similar finding was reported in our 2013/14 Creditors report.</p> <p>This finding links to our finding at 4.1 below.</p>	<p>Unauthorised changes to standing data not identified in a timely manner.</p> <p>Reduced audit trail of bank account changes checks.</p> <p>Increased risk of fraud</p>	2	<p>P1 Forms should be completed and retained for all changes to the bank account details of existing suppliers and for the setting up of new suppliers (including the recording of independent Finance Team checks on bank account details). Any other supporting documentation to support these changes should be attached to the P1 forms which should be filed in a systematic manner.</p>	<p>New supplier and changes to supplier details are kept.</p> <p>Changes to a current supplier are verified with the supplier before carrying them out.</p> <p>In this instance changes to current supplier were clearly marked as checked but not to what.</p> <p>Going forward more detail will be recorded.</p>	Chris Raymakers Principal Accountant	Implemented

Members will note that as part of his responses to the report the relevant manager has advised that the agreed action has already been completed; this is the manager's response and not verified by us.

## 4. Recommendation tracking

We provide 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 relevant actions agreed and due by 28/2/15. 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 28/2/2015	-	19	125	51	195
Implemented	-	15	115	46	176
Closed (effectively implemented or system changed)	-	-	3	1	4
Still to be completed	-	4	7	4	15

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	4	1	-	5
3 – 6 months	-	-	2	1	3
Greater than 6 months	-	-	4	3	7
Total	-	4	7	4	15

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

\*the tables below refer to management updates (where provided) unless specifically stated to be from Internal Audit's own follow-up work.

High risk/priority issues due for action, but not yet reported to be implemented:

Review	Recommendation	Risk Rating	Response and proposed implementation date	Most recent status per management update*
13/14 Health & Safety	<p><u>Policies and Procedures</u></p> <p>The Council should approve and make available to members and staff all required health and safety policies and procedures as a matter of urgency taking into account the impact of recruiting a new officer. During the recruitment process consideration should be given to setting up a temporary officer contact for providing members and staff with guidance and assistance on health and safety issues affecting them at the Council.</p>	2	<p>Agreed.</p> <p>Audit has acknowledged that effort is being made to complete the approval and then availability of health and safety policies to members and officers. Originally this exercise was expected to be completed by August 2014 but due to the resignation of the Corporate Support Officer with effect from the end of May 2014 and the need to recruit a replacement; this is now likely to be delayed. It is hoped that a new Health and Safety Officer can be recruited and in post by September 2014, at the latest to enable the other health and safety policies to be taken to the PFD Committee in February 2015 for approval and adoption.</p> <p>Kalv Garcha, Head of Corporate Resources - 28/2/15</p>	<p>A suitable Health and Safety Officer has been recruited and was inducted for 4 days in Feb 2015. He commenced employment on 2 March 2015. He has been instructed to document training for members and staff alike. It is envisaged that this training will be a part of the corporate induction training. In order to allow him time to settle in, this has been deferred until September 2015 and it is anticipated that this will be on track. He is required to work off and modify existing policies and procedures we have in place.</p> <p>Revised date 30/9/15</p>

Review	Recommendation	Risk Rating	Response and proposed implementation date	Most recent status per management update*
13/14 Health & Safety	<p><u>Training &amp; awareness</u></p> <p>It should be ensured that a documented training needs assessment for all members and staff which corresponds to their roles and responsibilities is produced as a matter of urgency in order that appropriate training can be identified and linked with current training arrangements to ensure that appropriate health and safety training is provided to all staff and members who need it in a timely manner.</p>	2	<p>Agreed. There has been some service specific external training sourced and delivered to specific and specialist staff dealing with some high risk areas of importance. The unexpected and untimely resignation of the Corporate Support Officer (Health and Safety) Officer has impacted on the delivery of the programme of training to staff and members. It is hoped that a new Health and Safety Officer can be recruited and in post by September 2014, at the latest, so that a training programme can be rolled out ensuring priority training can be reported as completed, to the PFD Committee in February 2015.</p> <p>Kalv Garcha, Head of Corporate Resources - 28/2/15</p>	<p>A suitable Health and Safety Officer has been recruited and was inducted for 4 days in Feb 2015. He commenced employment on 2 March 2015. He has been instructed to document training for members and staff alike. It is envisaged that this training will be a part of the corporate induction training after the Elections.</p> <p>Revised date 1/6/15</p>
13/14 Health & Safety	<p><u>Risk assessments</u></p> <p>It should be ensured that health and safety risk assessments are accurately completed for all areas of the Council as a matter of urgency and the results are used to inform relevant safety action plans and risk registers.</p>	2	<p>Agreed. Regrettably the unexpected and untimely resignation of the Corporate Support Officer (Health and Safety) Officer has had Council wide ramifications on the health and safety projects as a whole and in particular the cascading down and training of risk assessments to all line</p>	<p>A suitable Health and Safety Officer has been recruited and was inducted for 4 days in Feb 2015. He commenced employment on 2 March 2015. He has been instructed to document training for members and staff alike. It is envisaged that this training will be a part of the corporate induction training.</p>

Review	Recommendation	Risk Rating	Response and proposed implementation date	Most recent status per management update*
			managers. It is hoped that a new Health and Safety Officer can be recruited and in post by September 2014, at the latest, so that training on risk assessments can be given to all line managers by late 2014 so that can be reported as completed, to the PFD Committee in February 2015.  Kalv Garcha, Head of Corporate Resources - 28/2/15	In order to allow him time to settle in, this has been deferred until September 2015 and it is anticipated that this will be on track.  Revised date 30/9/15
13/14 Health & Safety	<u>Resources</u>  It should be ensured that sufficient resources are dedicated to achieving compliance with statutory health and safety regulations as soon as possible. Staffing resources should be made available to ensure the completion of the recommended actions at 1.1; 2.1 and 3.1 above, and to price the equipment needs as presented to SMT in January 2014 so that these can either be approved or alternative solutions found.	2	Agreed. The health and safety project is a mammoth project which requires overarching and integral consideration Council wide. The recruitment to a Health and Safety Officer is required to identify all priority tasks detailed in the Action Plan so that work is undertaken as soon as possible to deal with any shortfalls that the Council presently has identified. It is envisaged that considerable progress will be made, following identification of all priority works and training, which can be reported to PFD committee in February 2015.  Kalv Garcha, Head of Corporate Resources - 28/2/15	A suitable Health and Safety Officer has been recruited and was inducted for 4 days in Feb 2015. He commenced employment on 2 March 2015. He has been instructed to document training for members and staff alike. It is envisaged that this training will be a part of the corporate induction training after the Parliamentary and Borough Election.  Revised date 1/6/15

Issues originally due to be implemented more than 6 months ago:

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
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	Following wider restructure discussions at Head of Service and wider service delivery reviews this item has been put on hold to enable the whole of the regulatory services reviews. This will also be part of any new structural changes.  Revised date amended to 2/5/15
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 new draft debt recovery policy will be presented to the Policy, Finance and Development Committee in March 2015. It will be consistent with financial regulations.  Revised date 31/3/15
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 new draft debt recovery policy will be presented to the Policy, Finance and Development Committee in March 2015. It will be consistent with financial regulations.  Revised date 31/3/15
12/13 Risk Management	An exercise should be undertaken to review all existing partnerships and	3	Agreed	A consultant for Zurich has been commissioned to further embed



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	projects to establish what risk registers are currently in place. A 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.		28/6/13 – Paul Loveday, Head of Finance	risk management including this recommendation as part of the 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
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 Financial Regulations.  31/3/14 – Paul Loveday, Head of Finance	The new draft debt recovery policy will be presented to the Policy, Finance and Development Committee in March 2015. It will be consistent with financial regulations.  Revised date 31/3/15
12/13 Building Control	Management should consider	3	a) Agreed – A data capture exercise has been outsourced	Project still ongoing with IDOX, pilot data due to be loaded for

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	<p>a) review and cleansing of system data to ensure all data is up to date and as accurate as possible</p> <p>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.</p>		<p>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.</p> <p>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.</p> <p>No specific implementation date set – Jonathan Lee, Building Control Manager</p>	<p>testing.</p> <p>Revised date 31/3/15</p> <p>Owner now Chris Forrett, Planning Control Manager</p>

## 5. 2014/15 Internal audit plan

Review	Scheduled Start	Status	Level of assurance
Emergency Planning	May/June 2014	Final report issued	<b>Significant</b>
Additional: Grant funding – member request	May 2014	Report issued; further work now underway following additional request	<b>N/A</b>
Anti Fraud & Corruption-targeted fraud prevention/detection work*	June/July 2014	Draft report issued and under further discussion	
Corporate Governance – Counter- Fraud policies and awareness for 2014/15*	June / July 2014	Final report issued	<b>N/A</b>
Street Cleansing	July 2014	Final report issued	<b>Limited</b>
Grounds Maintenance	July 2014	Final report issued	<b>Limited</b>
Income Management & Cash Receipting	Jan 2015 onwards	In progress	
Elections / Electoral Registration	Oct 2014 onwards	Final report issued	<b>Significant</b>
Budgetary Control/Medium Term Financial Strategy	Oct 2014	Final report issued	<b>Significant</b>
Creditors	Oct – Dec 2014	Final report issued	<b>Significant</b>
Debtors	Jan 2015 onwards	In progress	<b>Significant</b>
Treasury Management	Oct – Dec 2014	Final report issued	<b>Significant</b>
Main Accounting	Oct - Dec 2014	Final report issued	<b>Significant</b>

Review	Scheduled Start	Status	Level of assurance
Council Tax	Nov – Dec 2014	Draft report issued	
Business Rates	Nov – Dec 2014	Draft report issued	
Benefits	Nov – Dec 2014	Draft report issued	
Private Sector Housing/Disabled Facilities Grants	Jan 2015 onwards	In progress	
Additional review: grant funding - capacity	Jan 2015	Report provided to management	
Void Property Management	Jan – Mar 2015	In progress	
Payroll & Expenses	March 2015	In progress	
Capital Projects	March 2015	Scoping	
Refuse & Recycling collection	March 2015	Scoping	
Strategic Procurement / Shared Services Value for Money	March 2015	Scoping	
Housing Rents	Requested by management to carry out by May 2015		
Housing Landlord services	Requested by management to defer to 2015/16 audit plan		
Housing Repairs & Maintenance	Now scheduled for 2015/16		
Planning Control (follow up)	Now scheduled for 2015/16		

Review	Scheduled Start	Status	Level of assurance
Greening the Borough	Now scheduled for 2015/16		