

Oadby & Wigston Borough Council

Internal Audit Progress Report 2014/15 - and 2015/16 update

July 2015



1. Introduction

This report summarises the work of Internal Audit for the period to early July 2015. The purpose of the report is to update the Committee on progress made in completing the 2014/15 audit plan and in starting the 2015/16 audit plan.

2. Progress summary

The agreed internal audit plan for the 2014/15 year totalled 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 was planned for delivery and an update on the current position. Management requested deferral of certain reviews into April-May 2015 and others to be carried forward into the 2015/16 audit plan. Given the number of delays and deferrals of reviews at management request, our focus thus far in 2015/16 has been on continuing to complete this work as far as possible.

3. Reviews completed

The following 2014/15 reviews have been completed and final reports agreed with management since the last meeting of this Committee.

| Review | Status | Level of assurance |
|---|--|--------------------|
| Additional review: grant funding (requested by Councillor Boyce) | This review has been completed and a final report agreed with management | N/A |
| Income Management & Cash Receipting | This review has been completed and a final report agreed with management | Significant |
| Council Tax | This review has been completed and a final report agreed with management | Significant |
| Business Rates | This review has been completed and a final report agreed with management | Significant |
| Benefits | This review has been completed and a final report agreed with management | Significant |

| Review | Status | Level of assurance |
|------------------------------------|--|--------------------|
| Disabled Facilities Grants | This review has been completed and a final report agreed with management | Significant |
| Void Housing Property repairs | This review has been completed and a final report agreed with management | Moderate |
| Income Generation/Fees and Charges | This review has been completed and a final report agreed with management | N/A - advisory |

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

Void Housing Property Repairs

System Control Objective 2: Robust and demonstrable processes are in place to promptly inspect and identify works required for properties becoming empty / System Control Objective 3: Processes ensure prompt scheduling and delivery of required repairs and maintenance for properties becoming empty / System Control Objective 4: Processes ensure required works to void properties are completed as planned.

| Expected Control | Audit Finding | Risk | Risk Ranking | Recommendation | Response | Who | When |
|----------------------------|--|---|--------------|--|--|------------------------|-----------|
| <u>2.2 Void Turnaround</u> | The void property spreadsheet does not show overall turnaround times and there is no evidence of formal monitoring. The target for void turnaround is 28 days and for 2014/15 the average time taken is 40 days (7 | Inefficient turnaround of void properties | 2 | a) The spreadsheet should be amended to calculate void turnaround times and this should be regularly monitored so that any actions required to address performance issues can be | It is agreed that the spreadsheet will be amended to show live time information on turnaround and monitoring will be more formal. Reasons for the delays will be investigated further for any | Overseen by John Stemp | Immediate |

| Expected Control | Audit Finding | Risk | Risk Ranking | Recommendation | Response | Who | When |
|------------------------------|--|--|--------------|--|--|------------|------------|
| | were over 70 days and of these 2 were over 90 days). | | | taken promptly. b) Reasons for unavoidable overruns should be recorded for future reference. | lessons to be learned. | | |
| <u>2.7 Budgetary Control</u> | There is currently no formal budget monitoring in place in relation to the individual cost of void work. | Expenditure on voids could increase; loss of assurance of value for money. | 2 | Management should set and monitor the costs being incurred in relation to void properties and actions taken to minimise these. | With regard to overall budget monitoring, monthly reports are provided by finance and a review meeting takes place. Average cost per void is not monitored but could very easily be produced. Cost of works has been checked against the national schedule of rates by the last two postholders both concluding that local contractors were providing good value for money. This needs to be done in a more methodical way including considering whether OWBC should subscribe to / buy the national schedule of rate books. | John Stemp | Immediate. |

Members will note that as part of his responses to the report the relevant manager has advised that the agreed action would be implemented immediately; the manager has since confirmed to us that this has been completed.

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 30/6/15. 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 30/6/2015 | - | 23 | 161 | 60 | 244 |
| Implemented | - | 15 | 123 | 52 | 190 |
| Closed (effectively implemented or system changed) | - | - | 3 | 1 | 4 |
| Still to be completed | - | 8 | 35 | 7 | 50 |

| Time overdue for actions o/s or not complete | 1 Critical | 2 High | 3 Medium | 4 Low | Total |
|--|---------------|-----------|-------------|----------|-------|
| Less than 3 months | - | 2 | 14 | 2 | 18 |
| 3 – 6 months | - | 6 | 14 | 1 | 21 |
| Greater than 6 months | - | - | 7 | 4 | 11 |
| Total | - | 8 | 35 | 7 | 50 |

We have agreed with the 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> |
| 13/14 Health & Safety | <p><u>Training & 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</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</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</p> |

| Review | Recommendation | Risk Rating | Response and proposed implementation date | Most recent status per management update* |
|-----------------------|---|-------------|---|--|
| | 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. | | 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. Kalv Garcha, Head of Corporate Resources - 28/2/15 | 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. Revised date 30/9/15 |
| 13/14 Health & Safety | <u>Risk assessments</u> 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. | 2 | Agreed. The resignation of the Corporate Support Officer (Health and Safety) 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 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 | 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. Revised date 30/9/15 |

| Review | Recommendation | Risk Rating | Response and proposed implementation date | Most recent status per management update* |
|--------------------------------|--|-------------|--|---|
| | | | Committee in February 2015. Kalv Garcha, Head of Corporate Resources - 28/2/15 | |
| 13/14 Health & Safety | <p><u>Resources</u></p> <p>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.</p> | 2 | <p>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.</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 Parliamentary and Borough Election.</p> <p>Revised date 30/9/15</p> |
| 14/15 Void Property Management | <p><u>Void Turnaround</u></p> <p>a) The void property spreadsheet should be amended to calculate void turnaround times and this should be regularly monitored so that any actions required to address performance issues can be taken promptly.</p> | 2 | <p>It is agreed that the spreadsheet will be amended to show live time information on turnaround and monitoring will be more formal.</p> <p>Reasons for the delays will be investigated further for any lessons to be learned.</p> | <p>Void spreadsheet currently being amended to show running number of days. Reasons for unavoidable delays now being recorded.</p> |

| Review | Recommendation | Risk Rating | Response and proposed implementation date | Most recent status per management update* |
|--|--|-------------|--|--|
| | b) Reasons for unavoidable overruns should be recorded for future reference. | | John Stemp – immediate (deemed to be June 2015) | |
| 14/15 Void Property Management | <u>Budgetary Control</u> Management should set and monitor the costs being incurred in relation to void properties and actions taken to minimise these. | 2 | <p>With regard to overall budget monitoring, monthly reports are provided by finance and a review meeting takes place. Average cost per void is not monitored but could very easily be produced. Cost of works has been checked against the national schedule of rates by the last two postholders both concluding that local contractors were providing good value for money. This needs to be done in a more methodical way including considering whether OWBC should subscribe to / buy the national schedule of rate books.</p> <p>John Stemp, Property Manager – immediate (deemed to be June 2015)</p> | Average void costs are being prepared for the first quarter outturn. |
| 14/15 Street Cleansing & Grounds Maintenance | <u>Key Service Risks</u> It should be ensured that all the risk assessments identified by Audit and/or due for review are reviewed in a timely manner. Additionally new | 2 | <p>The Depot Manager will instruct foremen to carry these out.</p> <p>Brian Kew, Operations Manager, 31/3/15</p> | All risk assessments have been reviewed with the Health & Safety Officer . The daily records and worksheets are now updated on a daily basis |

| Review | Recommendation | Risk Rating | Response and proposed implementation date | Most recent status per management update* |
|------------------|---|-------------|--|---|
| | risks to the service should be identified and assessed. Based on the evaluated risks rating undertaken as part of these risk assessments (reviews and additionally identified risks), key service risks should be identified and included in a Risk Register which should then be kept under constant review. | | | |
| 13/14 Equalities | <p><u>Equality Impact Assessments – not being completed</u></p> <p>An EIA should be completed for all Council Policies and Procedures as outlined in the EIA Guidance Notes</p> | 2 | <p>H o S and SMT are all aware that EIAs should be undertaken in any new and revised policies etc. A reconciliation exercise can be undertaken on all policies and EIAs</p> <p>Kalv Garcha, Head of Corporate Resources, 31/3/15</p> | Revised date to 31/10/15 |

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 | The review has been delayed due to staff turnover for various reasons. A trial period of joint working with North West Leicestershire assisting with the service to cover sick leave has been put in place. Revised date amended to 31/12/15 |
| 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, Finance Manager | The new draft debt recovery policy is being presented to Policy, Finance and Development Committee on 21 July 2015 Revised date 31/7/15 |
| 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, Finance Manager | A revised draft debt recovery policy is being presented to the policy, Finance and Development Committee on 21 July 2015. Revised date 31/7/15 |
| 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 review should then take place to standardise the format of partnership | 3 | Agreed 28/6/13 – Paul Loveday, Finance Manager | This work is ongoing involving a Zurich consultant but due to operational reasons has been delayed Revised date 30/9/15 |

| Review | Recommendation | Risk Rating | Response/proposed implementation date | Most recent status per management update* |
|------------------------|--|-------------|--|---|
| | and project risk registers and ensure that all partnerships and projects maintain such registers. | | | |
| 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, Finance Manager | This work is ongoing with a consultant from Zurich having been commissioned to carry this work . However, the work has been delayed for operational reasons Revised date 31/7/15 |
| 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, Finance Manager | The revised debt recovery policy is being presented to the Policy, Finance and Development Committee on 21 July 2015 Revised date 31/7/15 |
| 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 | 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 | Project still ongoing with IDOX, pilot data due to be loaded for testing. Ongoing discussions with supplier to resolve the issues. Revised date 31/12/15 |

| Review | Recommendation | Risk Rating | Response/proposed implementation date | Most recent status per management update* |
|-------------------------|--|-------------|---|--|
| | 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. | | 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. | |
| 13/14 Budgetary Control | Budget holders – training attendance: It should be ensured that all budget holders and other staff with budgetary responsibilities attend budget training sessions. | 3 | It has been pointed out to those officers who did not attend. Further workshops will be arranged in 2014 and those officers will attend at that point. Chris Raymakers, Principal Accountant, 30/9/14 | Budget training will be held at the start of the 2016/17 process. Dates will be chosen for the end of August 15. Revised date 31/8/15 |
| 13/14 Main Accounting | It should be ensured that the Council's Communication Technology and Disaster Recovery Plan is fully reviewed and tested to confirm its suitability for purpose. | 3 | The Disaster Recovery Plan is due for review and this review will also incorporate some changes / improvements to the infrastructure over the next 2/3 months. Once this exercise is completed the plan will then be tested. Paul Langham, ICT Manager 30/9/14 | DR Plan has been revised. Technical DR Test scheduled for end Feb 2015. Any 'lessons learnt' will be fed back into the DR Plan. Revised date 31/10/15 |
| 13/14 Legal | New, Amended and Revised | 3 | The Government introduced | Revised date 31/12/15 |

| Review | Recommendation | Risk Rating | Response/proposed implementation date | Most recent status per management update* |
|--|--|-------------|---|--|
| Services/Corporate Legal Compliance Arrangements | <p>Statutory Duties, Powers and Legal requirements: Action should be taken to ensure that legislative and other changes are addressed by the Council on a timely basis and can be implemented for the date that such changes come into force.</p> <p>The Council's website should be updated to include accurate information on changes to legislation.</p> | | <p>the Scrap Metal Act but didn't release the guidance until after the Act was implemented.</p> <p>Website will be updated as soon as the Communications Officer is in post.</p> <p>Finance team should have liaised with others to ensure updated on website as was their responsibility regarding Procurement strategy</p> <p>Kalv Garcha, Head of Corporate Resources, 31/3/15</p> | |
| 13/14 Human Resources | <p>It should be ensured that :</p> <ul style="list-style-type: none"> - the HR Policy list is complete with all policies recorded on it; - the review dates for all policies are consistently recorded on the policies and the HR Policy List; - all approved policies should have "Final Version" recorded on them); - all policies bear the names of the authors; - committee minutes to confirm approval and adoption of policies are readily available. | 4 | <p>Agreed.</p> <ol style="list-style-type: none"> 1. The HR Policy list is now complete, and will be checked periodically for accuracy. 2. A date of review field has been added to Policy template cover page. 3. "Final version" will be added to Committee approved Policies as a watermark by the Compliance Officer. A Policy Guide is in the process of being devised for Council staff to reflect this. | <p>In progress.</p> <p>Revised date 3/7/16</p> |

| Review | Recommendation | Risk Rating | Response/proposed implementation date | Most recent status per management update* |
|--------|----------------|-------------|--|---|
| | | | <p>4. The Policies which did not bear the author's name have been updated. Authors' names are added to the more recent policies.</p> <p>5. Committee minutes are more readily available as now added to Policy files in the P: Drive (ongoing).</p> <p>Gurpinder Ghuman, Compliance Officer, 30/9/14</p> | |

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; work extended see Grant funding-capacity below | N/A |
| Anti Fraud & Corruption-targeted fraud prevention/detection work* | June/July 2014 | Briefing report provided to management | N/A |
| Corporate Governance – Counter- Fraud policies and awareness for 2014/15* | June / July 2014 | Final report issued | N/A |
| Street Cleansing | July 2014 | Final report issued | Limited |
| Grounds Maintenance | July 2014 | Final report issued | Limited |
| Income Management & Cash Receipting | Jan 2015 onwards | Final report issued | Significant |
| Elections / Electoral Registration | Oct 2014 onwards | Final report issued | Significant |
| Budgetary Control/Medium Term Financial Strategy | Oct 2014 | Final report issued | Significant |
| Creditors | Oct – Dec 2014 | Final report issued | Significant |
| Debtors | Jan 2015 onwards | Draft report issued | Significant* |
| Treasury Management | Oct – Dec 2014 | Final report issued | Significant |
| Main Accounting | Oct - Dec 2014 | Final report issued | Significant |
| Council Tax | Nov – Dec 2014 | Final report issued | Significant |

| Review | Scheduled Start | Status | Level of assurance |
|--|--|--|------------------------------|
| Business Rates | Nov – Dec 2014 | Final report issued | Significant |
| Benefits | Nov – Dec 2014 | Final report issued | Significant |
| Private Sector Housing/Disabled Facilities Grants | Jan 2015 onwards | Final report issued | Significant |
| Additional review: grant funding - capacity | Jan 2015 | Report provided to management | N/A – advisory report |
| Void Property repairs | Jan – Mar 2015 | Final report issued | Moderate |
| Payroll & Expenses | Requested by management to carry out May 2015; further delayed at management request | | |
| Capital Projects | March 2015 | Draft report issued and under discussion with management | |
| Refuse & Recycling collection | April 2015 | In progress | |
| Income Generation/Fees and Charges – in place of planned review on Strategic Procurement / Shared Services Value for Money | March 2015 | Briefing report provided to management | N/A - advisory |
| Housing Rents | Requested by management to carry out by May 2015; further delayed on request | | |
| Housing Landlord services | Requested by management to defer to 2015/16 audit plan | | N/A |
| Housing Repairs & Maintenance | Now scheduled for 2015/16 | | N/A |

| Review | Scheduled Start | Status | Level of assurance |
|------------------------------|---------------------------|--------|--------------------|
| Planning Control (follow up) | Now scheduled for 2015/16 | | N/A |
| Greening the Borough | Now scheduled for 2015/16 | | N/A |