

Oadby & Wigston Borough Council

Internal Audit Progress Report 2016/17

March 2017



Bringing public value to life

cw audit
internal audit services

1. Introduction

This report summarises the work of Internal Audit for the period to mid-March 2017. The purpose of the report is to update the Committee on progress made in delivering the 2016/17 audit plan, completion of delayed and deferred audits from the 2015/16 audit plan, and to update in relation to management's implementation of internal audit recommendations.

2. Progress summary

The agreed internal audit plan for the 2016/17 year totals 260 days. Section 5 provides details of all of the audit assignments included in the 2016/17 year, together with details of the point in the year at which each assignment is currently planned for delivery and an update on the current position.

3. Reviews completed

The following reviews have been completed and final reports agreed with management since the last full Internal Audit progress report (January 2017 meeting):

Review	Status	Level of assurance
2016/17 Debtors	Final report issued	Full

For the Committee's information, we can also update on the remaining 2015/16 audits as follows:

Legal Compliance – this review, started in September, is in progress and we would expect a report to be agreed before the next meeting of this Committee.

Community Safety/Anti-social Behaviour – a draft report is under discussion and we expect that a final management briefing report will be agreed before the next meeting of this Committee.

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 only report specific findings, recommendations and agreed actions arising from our finalised audits where these relate to matters we deemed to be high risk/priority. There were no such issues reported in relation to the above finalised audit.

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. The first table below represents the status of agreed actions due to be implemented by 28/02/17, 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 has verified the status.

Summary	1 Critical	2 High	3 Medium	4 Low	Total
Due by 28/02/17	-	38	235	71	344
Implemented	-	29	204	66	299
Closed (e.g. superseded or system changed)	-	-	6	2	8
Still to be completed	-	9	25	3	37

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	1	6	2	9
3 – 6 months	-	-	-	-	-
Greater than 6 months	-	8	19	1	28
Total	-	9	25	3	37

As previously requested we provide below details of all outstanding 'high risk' issues, and 'medium risk' issues outstanding for more than 6 months.

'High Risk' outstanding issues (NB given that these issues have in the main been reported on previous occasions we have not restated the original recommendation or previous updates in such cases.

Review	Recommendation	Risk Rating	Current status per Management
13/14 Health & Safety	<u>Policies and Procedures</u>	2	Update from Karen Pollard 19/1/17: The Policy is on target to go to committee. The Health and Safety Officer is trying to move the date of the report so that it can include data from the whole of the financial year. Reporting could be in March 2017. Rescheduled to 31/3/17
13/14 Health & Safety	<u>Training & awareness</u>	2	Update from Karen Pollard 19/1/17: Training for staff is scheduled to take place over the next six months. Training will be delivered at the depot first as this group of employees have the highest priority.

Review	Recommendation	Risk Rating	Current status per Management
13/14 Health & Safety	<u>Risk assessments</u>	2	Update from Karen Pollard 19/1/17: Risk assessments are on going work. The Health and Safety Officer is working through them in priority order. Rescheduled to 31/3/17
14/15 Street Cleansing & Grounds Maintenance	<u>Key Service Risks</u>	2	See Response provided for Health and Safety - Risk Assessments above. The proposed implementation date has been amended to 31/3/17 by the service.
15/16 Budgetary Control/MTFS	<u>Budget Holder Training</u>	2	Update from Chris Raymakers: Senior Managers are briefed on the current financial position at the fortnightly managers meetings as appropriate. Will continue throughout 2017/18 – revised date 31/3/18.
15/16 Main Accounting	<u>Leavers Access to Council's IT system</u>	2	Original response: ICT to co-ordinate with Human Resources to identify when officers leave the employment of the authority to ensure they are deactivated in a timely manner. Paul Langham, IT Manager 28/2/16 Owner changed subsequently to Mike Dungey, ICT Infrastructure Manager. No update provided.
14/15 Housing Rents	<u>Orchard System Functionality</u>	2	Update by Steve Nash 12/1/17 : The revised rent arrears sequence covers Secure Tenancies, Introductory Tenancies, Former Tenancy Arrears and Non-secure (homelessness) tenancies. These were due to be implemented by System Support on 2 January 2017, however SopraSteria the Council's IT supplier have been unable to schedule access to the required resource which is delaying implementation. Once implemented there will be a period of adjustment as such configuration changes are not within scope of full UAT processes. This important feedback will be used to finalise the procedure which once agreed and implemented will finalise the review process started at the end of 2015. Date revised to 1/5/17
14/15 Housing Rents	<u>System administrator access to the rent system</u>	2	Update by Steve Nash 12/1/17: It is envisaged that the necessary resilience in having an additional

Review	Recommendation	Risk Rating	Current status per Management
			system administration function will be met through the wider corporate system support review which should conclude later in 2017.
2015/16 Housing Register & Allocations	<p><u>Housing Applications</u></p> <p>All current applicants on the Housing Register should be reviewed to ensure that the details and allocated bandings held on the Housing Register are correct.</p>	2	<p>Original response and proposed action: All applications on the Housing Register are reviewed annually through a 'rolling review' process administered by Technical Officers at Customer Services. This process involves writing to all applicants (usually April / May) on the Housing Register inviting them to notify the Council of any changes to their circumstances. It is proposed that the process will be amended to incorporate the Customer Services officers considering, based on responses received, whether a review of the existing banding decision is required and if so, to refer to the Housing Options Team for a full review of the banding. Note the chances of incorrect banding are minimised by the fact that applicants are written to explaining the reasons for the banding decision and have the opportunity to challenge it.</p> <p>Steve Nash, Community Housing Team Leader – by 28/2/17. No update yet provided.</p>

Medium (level 3) risks outstanding for over 6 months

Review	Recommendation	Risk Rating	Current status per Management
13/14 Equalities	Compliance with the Equalities Act 2010 should be monitored by an appropriate body within the Council and progress should be reported to, and approved by an appropriate Committee.	3	Most recent management update: Work is planned for September. The Equality and Diversity Officer works alongside the local community to produce a check on the council's progress. Date revised to 1/9/17

Review	Recommendation	Risk Rating	Current status per Management
13/14 Equalities	To comply with the legislation the Council should consider enhancing the type of information presented in its workforce profile to include a profile of staff at different grade, levels and rates of pay, including part-time work etc	3	Most recent management update: Data is being collected from all staff in February with a view to publishing the data in April 2017. Date revised to 31/3/17
13/14 Equalities	The relevant data should be collated and progress against the measures for the equality objectives should be reported on a timely basis.	3	Most recent management update: This work is due to be completed in September 2017. Date revised to 1/9/17
14/15 Private Sector Housing/Disabled Facilities Grants	It should be ensured that when the Private Sector DFG Policy is reviewed, clear and accurate information is included relating to the criteria for prioritising applications.	3	Most recent update: A report has been prepared for the July 2016 committee meeting but this involves the potential for the service to be incorporated in the Lightbulb Project which will introduce a consistent county wide service. If this goes ahead the service standards will be set jointly with participating authorities through the Lightbulb project. Revised implementation date 31/10/16 Date now revised to 30/9/17
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 and project risk registers and ensure that all partnerships and projects maintain such registers.	3	Most recent management update: Zurich Municipal to be contacted to assist with risk management – revised date 31/3/17

Review	Recommendation	Risk Rating	Current status per Management
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	Most recent management update: Zurich Municipal to be contacted to assist with risk management – revised date 31/3/17
14/15 Main Accounting	<p>Prompt removal of leavers from financial systems access:</p> <p>a) It should be ensured that HR provide timely notification of leavers to the IT provider to assist with the prompt removal of leavers from the domain accounts.</p> <p>b) The IT provider should delete all leavers in a timely manner upon notification from HR.</p>	3	<p>HR have confirmed they will let IT know when there is a leaver – date revised to 3/1/17. No further updates made on system.</p> <p>(Recent Audit Review has confirmed this is not being done).</p>
11/12 Corporate Governance: Tenon review-Pest Control service review	<p>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.</p> <p>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</p>	3	<p>Pest Control income was considered and included as part of the 2016/17 budget setting process and included in the PFD Committee approved Fees & Charges for 2016/17. The cost to benefits of the provision of this service will be kept under review for the first half of the 2016/17 financial year and a paper will be taken to the PFD Committee in October 2016 when the proposed Fees & Charges for 2017/18 will be taken for approval, recommending discontinuing the service if this is deemed necessary.</p> <p>Stephen Glazebrook</p>

Review	Recommendation	Risk Rating	Current status per Management
	the most economic and effective manner.		Interim Community Manager October 2016 Date now revised to 31/3/17
14/15 Street Cleansing and Grounds Maintenance	Efficient working: It should be ensured that consideration is given to the maximisation of the efficient and effective use of staff and equipment (including procurement) across the Clean and Green Team and other Council Teams.	3	Purchase of equipment will continue demonstrate the consideration of efficiency issues eg the purchase of refuse trucks for approximately £1m in the last financial year. Efforts have been made to harmonise the working contracts for staff in the Clean and Green Team and Refuse and Recycling Team with direct input from the HR Team but this has stalled at the moment. Efforts will be made to progress this issue. Brian Kew, Operations Manager Ongoing Update: date amended to 31/3/17 – this is still ongoing with HR
14/15 Street Cleansing and Grounds Maintenance	Cleanliness Service Standards – Targets: The Council should introduce specific cleaning performance targets for monitoring and reporting against.	3	All staff have been trained on the Cleanliness Standards A – D previously used in NI195. All areas are to be restored to the A standard after being visited. Areas are subject to spot checks by foremen/supervisors. A reporting mechanism on performance has not yet been devised due to current lack of resources. Brian Kew, Operations Manager Ongoing Update: date amended to 31/3/17

Review	Recommendation	Risk Rating	Current status per Management
15/16 Benefits	Management should review the information held on the Council website to ensure it is accurate, and up to date.	3	Update from Jacky Griffith Oct 16: The Customer Service Charters for 2015 which are now historic will not be posted on the website but the new charters when produced – will be published – revised implementation date 31 May 2017.
14/15 Refuse & Recycling Collection	<p><u>Recycling Strategy</u></p> <p>The Recycling and Composting Strategy 2005 -2015 should be reviewed, updated and re-implemented.</p>	3	<p>Original response: To be reviewed for the next 5 years 2016- 2021</p> <p>Karen Parkes, Recycling Officer –by 30/6/16</p> <p>Update from Karen Parkes: date revised to 30/6/17 - revised implementation date due to major changes in April 2018.</p> <p>Update from Karen Parkes: Until a final decision is made in September 2017 regarding the waste the strategy cannot not be written</p>
15/16 Payroll & Expenses	<p><u>Mileage and overtime claims</u></p> <p>It should be ensured that all expense claims are fully signed and dated by the claimant and the authorising officer whose signature should be legible. To aid recognition of authorising signatures, officers who can authorise expense claims should be added to the Councils ASL. - the spreadsheet used to calculate payments for mileage claims is reviewed for errors in the set formulae in cells and, associated over/underpayments during the year</p>	3	<p>Original response: Staff will be reminded that all claims must be signed with name printed in letters and dated. HR will liaise with Finance to ensure they have access to the up to date ASL for reference. The spreadsheet has been reviewed and this confirmed that it had not been updated to reflect the employees use of a car with a bigger engine which attracts a higher mileage rate. This has now been actioned and arrangements to pay the employee for the shortfall are underway. Karen Pollard, Interim Corporate Resources Manager, by 30/6/16</p> <p>Update and date revised to 22/12/16: Two members of the HR team check mileage claims.</p> <p>No further updates provided.</p>

Review	Recommendation	Risk Rating	Current status per Management
	identified and appropriately actioned.		
15/16 Council Tax	<p><u>Reporting of arrears</u></p> <p>Arrears reports showing the position and performance of the Recovery Team in collecting arrears should be produced periodically and considered by senior management. This could be monthly or quarterly and show information including/such as: the position to date; performance since the last report; comparative performance against prior year; and Detailed reports on the oldest and highest risk debtors outlining what has been done and other potential recovery actions that need to be considered including ongoing write-offs.</p>	3	<p>Update from Jacky Griffith: A Communications & Business Performance Management Officer joined the organisation in July 2015. One of the objectives of this post is to introduce a Performance Management system across the organisation. This is currently in progress using a balanced scorecard approach which measures performance in each service area across four strands: •Financial health •Process •People (staff) •Customer Focus This will include the reporting of arrears Revised date: 31 January 2017. No further updates provided.</p>
15/16 Business Rates	<p><u>Collection and Recovery Performance Reporting</u></p> <p>The Council should ensure quarterly reports on key elements of the performance of collection and recovery of Business Rates is reported to senior management outside the department.</p>	3	<p>Original response: Reporting is done informally at present but will be put on a more formal basis. Jacky Griffith will ask Senior Management Team to specify exactly what information they require and will provide this information formally on a regular basis (suggest quarterly) – Jacky Griffith, Welfare & Taxation Processing Manager, by 30/6/16.</p> <p>Update: A Communications & Business Performance Management Officer joined the organisation in July 2015. One of the objectives of this post is to introduce a Performance Management system across the</p>

Review	Recommendation	Risk Rating	Current status per Management
			<p>organisation. This is currently in progress using a balanced scorecard approach which measures performance in each service area across four strands: •Financial health •Process •People (staff) •Customer Focus The process element will include reporting on Business Rates collection and recovery performance. Revised date: 31 January 2017.</p> <p>No further updates provided.</p>
15/16 Housing Rents	<p><u>Effective arrears management per procedures</u></p> <p>Periodic reviews should be undertaken to ensure staff comply with revised processes.</p>	3	<p>Original response: Staff have been set clear targets in terms of arrears and accounts are monitored on a weekly basis by the income officers and performance is checked by the Team Leader on a fortnightly basis.</p> <p>Steve Nash, Community Housing Team Leader, by 31/5/16.</p> <p>Update: The revised rent arrears sequence created by the Team Leader Community, Orchard (IT supplier) and the System Support Officer is due to be implemented shortly. Once implemented the new sequence will have to run for a few months to determine if there are any faults as such a change is not subject to formal UAT being a configuration issue. Once bedded in and any tweaks made then the draft procedure will be amended as necessary after which consideration will be given to checking that staff are following the procedure. Date revised to 1/6/17</p>
15/16 Housing Rents	<p><u>Rent Collection Procedures</u></p> <p>Up to date procedures should be produced covering rent collection activities to provide for timely and complete collection of chargeable</p>	3	<p>Original response: This is accepted by the Council. A complete review of the rent collection process and procedures will be carried out ASAP to ensure compliance with Policy. This will include implementation of ICT changes and training for all relevant members of staff including Customer Services Centre.</p>

Review	Recommendation	Risk Rating	Current status per Management
	rent.		<p>Steve Nash, Community Housing Team Leader, by 30/4/16</p> <p>Update: A draft Procedure has been produced which clarifies the various roles and a revised rent arrears collection sequence for the Orchard Housing system has been devised. Implementation of the revised rent arrears sequence is pending SopraSteria the internal IT contractor providing suitable resource.</p> <p>Date revised to 1/3/17.</p> <p>No further updates provided.</p>
15/16 Housing Rents	<p><u>Guidance to staff</u></p> <p>Guidance should be provided to staff on security and confidentiality.</p>	3	<p>Original response: Training for all relevant members of staff including Customer Services Centre will be carried out and also will be incorporated into a role specific induction programme for new staff. Steve Nash, Community Housing Team Leader, by 30/4/16</p> <p>Update: Global training is being provided via Sarah Jones on Data Protection scheduled for the end of January and beginning of February 2017.</p> <p>Revised date 12/2/17</p> <p>No further updates provided.</p>
15/16 Housing Rents	<p><u>Rent roll and reconciliation to property records</u></p> <p>An annual reconciliation should be undertaken of the properties on the rent system and the Council's asset register, and that this agrees to legal services records.</p>	3	<p>Original response: The Council accepts this and will ensure that regular reconciliations are carried out at Mid Financial Year (October) and Financial year End (April). - Property Manager /Principal Accountant / Legal Services</p> <p>Update: Will be completed when new rent roll is updated in February- Chris Raymakers, Interim Accountancy Manager 28/2/17.</p> <p>No further updates provided.</p>

5. 2016/17 Internal audit plan

Review	Scheduled Start*	Status	Level of assurance
Budgetary Control/Medium Term Financial Strategy	January 2017	In progress	
Main Accounting	November/December 2016	Draft Issued	Significant
Creditors	February 2017	In progress	
Debtors	February 2017	Final report issued	Full
Treasury Management	November/December 2016	Final report issued	Full
Income Management & Cash Receipting	November/December 2016	Final report issued	Full
Anti Fraud & Corruption-targeted fraud prevention/detection work	May 2016	Completed	N/A
Strategic Procurement / Shared Services / Service Review - VFM	To be agreed		
Income Generation/fees and charges	June/July 2016	Completed	N/A
Cash Receipting system implementation	April-June 2016	Completed	N/A

Review	Scheduled Start*	Status	Level of assurance
Grant Aid – Value for money review	March 2017 onwards		
Food Hygiene	March 2017 onwards		
Payroll & Expenses	March 2017	In progress	
Workforce – Procurement of agency staffing	Included in Payroll & Expenses	In progress	
Council Tax	December 2016	Final report issued	Significant
Business Rates	October - November 2016	Final report issued	Significant
Benefits	November 2016	Final report issued	Significant
Housing Rents	April 2017	Scope agreed	
Housing – investment / repairs and maintenance	March / April 2017	Scope agreed	
Void Property Management	March 2017	In progress	
Brocks Hill	To be agreed		
Health & Safety – ‘Depot Services’	July/August 2016	Final report issued	Significant
Vehicle procurement and management	March 2017 onwards		

- Timings either agreed with management where relevant or proposed by us.