

Oadby & Wigston Borough Council

Internal Audit Progress Report

January 2018



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1. Introduction

This report summarises the work of Internal Audit to late January 2018. The purpose of the report is to update the Committee on progress made in completing the 2016/17 audit plan, delivering the 2017/18 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 has been substantially completed, with a limited amount of work still remaining. Work on the 2017/18 internal audit plan is also ongoing; Section 5 provides details of all audit assignments included in the 2017/18 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.

The following 2016/17 audits remain to be formally completed and reported:

Grant aid – Town Forums – in progress; delayed at request of the former Interim Section 151 Officer, the reasons for which were outlined at the meeting of this committee in October 2017.

Food Hygiene –draft report remains under discussion with management.

In addition the following 2015/16 audit is still to be formally reported:

Community Safety/Anti-social Behaviour – we are awaiting responses from management to our proposals for taking this forward given recent changes in responsibility.

3. Reviews completed

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

Review	Status	Level of assurance
2017/18 Fuel and valuable asset control	Final report issued	Significant
2017/18 IT & Information risk assessment	Final report issued	N/A
2017/18 General Data Protection Regulation preparedness	Final report issued	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 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. No such issues have been reported in relation to the above audits.

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 01/01/18, 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 01/01/18	-	58	264	75	397
Implemented	-	50	247	72	369
Closed (e.g. superseded or system changed)	-	-	9	2	11
Still to be completed	-	8	8	1	17

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	-	-	-
3 – 6 months	-	6	2	1	9
Greater than 6 months	-	2	6		8
Total	-	8	8	1	17

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

Review	Recommendation	Risk Rating	Current status per Management
14/15 Street Cleansing & Grounds Maintenance	<u>Key Service Risks</u> Original recommendation: 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 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.	2	Ongoing with H&S Officer Rescheduled to 31/12/17 Brian Kew, Head of Service Operational Services and Street Scene
15/16 Budgetary Control/MTFS	<u>Budget Holder Training</u>	2	Unchanged - Senior Managers are briefed on the current financial position at the fortnightly managers meetings as appropriate. This will continue throughout 2017/18. Training - revised date 31/3/18. Chris Raymakers, Head of Finance, Revenues and Benefits.
16/17 Budgetary Control/MTFS	<u>Staff and member training</u> It should be ensured that budgetary and other financial	2	The Council's Financial Regulations have recently been reviewed and Contract Procedure Rules have been updated and were approved by Council in December 2017. Appropriate training on budget management, procurement and compliance will be incorporated into

Review	Recommendation	Risk Rating	Current status per Management
	<p>training sessions are arranged by Finance and it is made compulsory for all budget holders and other staff with budgetary responsibilities to attend these sessions. Appropriate regular training sessions should also be arranged for members.</p> <p><u>(NB going forward we will view this as superseding the previous recommendation on this matter – see above.</u></p>		<p>future training for staff and members. Brought in line with other training. Training - revised date 31/3/18. Chris Raymakers, Head of Finance, Revenues and Benefits.</p>
16/17 Housing – Repairs and Maintenance	<p><u>Recharging tenants</u></p> <p>The Council needs to ensure relevant staff (Contact Centre and Property team) are clear on the Council's Policy in this area. All re-charges must be be invoiced to tenants if the job has been flagged in the Orchard System as a re-charge.</p>	2	<p>Response: The comments relate to a period where customer service centre had not raised invoices in a timely manner and there were multiple disputes by customers. A draft policy was in place at the time of the audit and contained deadlines for raising invoices. This suggested that if these deadlines were not met the invoice should not be raised. The finance team had already indicated this was not acceptable and the draft will be amended. Draft to be amended and finalised by 30.09.2017.</p> <p>Updated: Checking procedures are working and to improve presentation in advance of key controls audit March 2018. Revised date 31/01/2018.</p> <p>John Stemp, Community Property Manager.</p>
16/17 Housing – Repairs and Maintenance	<p><u>Post-inspections of works</u></p>	2	<p>Response: Agreed. It should be noted however inspections will only ever be on a targeted sample basis unless we are to increase resources. The</p>

Review	Recommendation	Risk Rating	Current status per Management
	<p>The Council should ensure relevant staff are aware of the policy regarding inspections. The Policy should also state who approved it and when it is due to be reviewed and by whom. The Council should also consider and publish its policy on tenant recharges where contractors cannot gain access but are able to charge the Council to attend. This should be within the Tenant handbook and Customer Contact Centre process and training documents.</p>		<p>document referred to is a pragmatic operational approach agreed within the team because as far as we can tell there has never been a policy as such. (In 2016/17 we logged over 5500 jobs on Orchard - to give an idea of the scale of inspections and resources that would be required).</p> <p>JS - Procedure document was issued immediately to maintenance Officer and is to be updated and Orchard prompts set up for specific & sample based post inspections. All post inspections to be recorded on Orchard. To be operational by 30.09.17. We are likely to ask contractors to return no access cases after one broken appointment without charge as most do not charge anyway.</p> <p>Updated: Not fully implemented. Was to be completed in January 2018 in advance of key controls audit. John Stemp, Community Property Manager</p>
16/17 Housing – Repairs and Maintenance	<p>Market testing to ensure VfM in accordance with Contract Procedures.</p> <p>The council should ensure market testing is undertaken for works where spend levels on individual contractors undertaking these works requires this as per the Contract Procedures.</p>	2	<p>Response: The thresholds values for individual jobs/contracts are observed up to and including EU thresholds. This issue relates to aggregate values of smaller awards not triggering a higher band procurement. The examples given are responsive maintenance / relet contractors that have aggregate values over £75,000 in any period (up to 4 years). JS to prepare a report to SG by 30.09.17 to set out procurement options for the responsive maintenance service. Further clarity will be sought as to what constitutes an aggregate contract e.g. is it Council wide, by department, by defined activity?</p> <p>Updated: Work has commenced on looking at National Schedule of Rates (and other options) as a means of demonstrating value for money in</p>

Review	Recommendation	Risk Rating	Current status per Management
			<p>procuring responsive and relet maintenance. The Interim Head of Communities has extended the deadline for a report on this and wider procurement issues to 31.1.2018. New financial regulations have been approved and are about to be implemented. Still working to 31.1.18 deadline to prepare a report to Interim Head of Community.</p> <p>John Stemp, Community Property Manager.</p>
16/17 Housing – Void Property Management	<p><u>Housing Repairs Contractors</u></p> <p>Management should review the use of existing contractors and consider market testing to ensure that it is getting value for money from their services. Overall annual amounts spent with each contractor should be monitored.</p>	2	<p>Response: Discussions will take place with the finance department and Section 151 officer regarding requirements of contract procedural rules and aggregation of works to a single contractor. Data for expenditure per contractor for all activities of the housing maintenance team for 2016/17 is currently being compiled to inform this discussion.</p> <p>Updated:</p> <p>Now running in tandem with later repair audit recommendation 3.1 with a report date to Interim Head of Communities of 31 January 2018</p> <p>John Stemp, Community Property Manager.</p>
16/17 Housing – Void Property Management	<p><u>Budgetary Control</u></p> <p>The extent of cost variations for individual void jobs should be monitored and managed.</p>	2	<p>Response: Having considered the issue we feel our first response should be to increase awareness of the importance of these estimates and to improve accuracy where we can. We will set out what is required in.. revised procedures .. and issue guidance notes. An example would be, bandings for electrical work based on visual inspection.</p> <p>Updated:</p> <p>Further work required – revised date 31/01/2018</p> <p>John Stemp, Community Property Manager.</p>

Medium (level 3) risks outstanding for over 6 months

Review	Recommendation	Risk Rating	Current status per Management
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	<p>Most recent management update: Zurich Municipal have now been contracted to revise the Council's risk strategy, register and roll out training to SMT and Service Heads with the possibility of further training to other key staff at a latter date. – revised date 31/12/17</p> <p>Most recent update: The new risk management policy will go to members in the March cycle of meetings. Once approved work can be done with the partners to find a way forward regarding their risk registers. Revised date: 30/6/18</p>
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	<p>Most recent management update: Waiting for Council decision on Waste Collection service.</p> <p>No current updates at 22/01/2018.</p>
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>Most recent management update: Awaiting consultants report – rescheduled to 31/3/18.</p> <p>Latest update: As stated previously waiting for waste consultants report -31/3/18. Karen Parkes, Recycling Coordinator.</p>

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14/15 Refuse & Recycling Collection	<p><u>Vehicle Replacement/Procurement Programme</u></p> <p>A vehicle replacement / procurement programme for the refuse and recycling fleet should be completed as soon as possible. KPIs should be introduced to enable the monitoring of the downtime of vehicles. This should highlight vehicles that are constantly or more regularly idle and enable investigation into the reasons. Relevant information from this monitoring should be used to update the vehicle replacement / procurement programme.</p>	3	<p>Update - Awaiting Council decision on the method and frequency of collections; to be reported to Dec 2017 Council meeting.</p> <p>Latest update: We have awarded the tender for the replacement of the compact sweeper and are awaiting delivery information. We are at the stage of awarding the tender for the replacement of the 12 tonne sweeper but are awaiting contact from the supplier to finalise the process Mark Weskamp, Fleet Manager</p>
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</p>	3	<p>Update from Chris Raymakers: Scrutinizing and reporting on the recovery of arrears will be a performance target for the new Senior Recovery Officer and his team Revised date: 31 October 2017.</p> <p>Updated: The new senior recovery officer is now in post. Reports will be taken to SMT and PFD next cycle 31/01/2018 Chris Raymakers, Head of Finance, Revenues and Benefits.</p>

Review	Recommendation	Risk Rating	Current status per Management
	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.		
16/17 Health & Safety – Depot Services	<p><u>3.3a External Consultant - Structural Survey of Recycling Facilities- Recommendations(1)</u></p> <p>It should be ensured that timely action is taken to deal with the recommendations in the Structural Survey of Recycling Facilities report.</p>	3	<p>Original response: agreed Brian Kew, Operational Services & Street Scene Manager – by 31/3/17 Update: "measured on a monthly basis."</p> <p>No current updates at 22/01/2018.</p>

5. 2017/18 Internal audit plan

Review	Scheduled Start*	Status	Level of assurance
Performance Management	Oct – Dec 2017	Requested to defer into 2018/19	N/A
Business Continuity	By September 2017	Final report issued	Significant
IT & Information risk assessment	November 2017	Final report issued	N/A
Capital Programme	Oct 2017 – March 2018	Scope agreed	
Anti Fraud & Corruption-targeted fraud prevention/detection work	Oct 2017 – March 2018	Review requested by management complete	N/A
Project assurance (eg Housing Company, System Support, Asset Management)	To be ascertained dependent on project progress	Requested to defer into 2018/19	
Procurement	Jan – March 2018	Requested to defer into 2018/19	
Budgetary Control	Feb 2018	Letter of Engagement issued	
Financial systems (ledger, creditors, debtors, treasury management, income management & cash receipting-key controls	Dec 2017 – Jan 2018	Work in progress	
MTFS – key risk areas/savings plans	Feb 2018	Letter of Engagement issued as will be combined with	

Review	Scheduled Start*	Status	Level of assurance
assurance		Budgetary Control review	
IT contract assurance	November 2017	Draft report issued	
Payroll & Expenses	Oct 2017 – Mar 2018	Scope agreed	
Taxi and Hackney Carriage Licensing	By Dec 2017	Work in progress	
Council Tax	Nov 2017	Draft report issued.	
Business Rates	Oct 2017	Draft report issued.	
Benefits/Council Tax Support	Oct 2017	Draft report issued.	
Management of Section 106 agreements and related contributions	Oct – Dec 2017	Draft report issued	
Housing Rents	Jan – Mar 2018	Scope agreed	
Repairs & Voids key controls/follow-up	Jan – Mar 2018	Scope agreed	
Fuel and valuable asset control	By Sept 2017	Final report issued.	Significant
Additional – General Data Protection Regulation preparedness	By Sept 2017	Final report issued	N/A

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