

Oadby & Wigston Borough Council

Internal Audit Progress Report

September 2018



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1. Introduction

This report summarises the work of Internal Audit for the period to the end of August 2018. The purpose of the report is to update the Committee on progress made in delivering the 2018/19 audit plan and to update in relation to management's implementation of internal audit recommendations.

2. Progress summary

This is the first progress report for 2018/19. We are satisfied that delivery to date is in accordance with the delivery profile agreed with management.

3. Reviews completed

The following reviews have been completed and final reports agreed with management:

Review	Level of assurance
Capital Programme	Limited
Cleaning Contract	Moderate
Taxi & Hackney Carriage Licensing	Limited
GDPR – Follow Up	Significant
Homelessness	Significant

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.

Capital Programme

Detailed audit testing undertaken on a sample of 10 capital programme schemes, with a combined budget of approximately £4m, highlighted a number of control weaknesses in the systems and processes applied for approving, managing and delivering such schemes. A summary of the key areas where one or more of the schemes tested indicated the need for control improvements is as follows:

- Consistent application of project management methodology to ensure that only fully developed projects that can be delivered are added to the capital programme; and that projects are delivered according to appropriate timescales and disciplines.
- Consistent documentation and retention of project appraisal documents for schemes that include detailed costings and clear linkages to corporate objectives.
- Compilation of a comprehensive contracts register.
- Consistent application of contract procedures with regard to tendering and the requirement for formal waivers where there are compelling reasons why contract procedures cannot be followed.
- Agreement of contracts prior to work starting and payments only made after work has been completed, supported by detailed schedules of work completed and independent Quantity Surveyor certification.
- Retentions should be held for major works.

A comprehensive response has been received to the recommendations raised in this report and we are pleased to confirm that action has either already been taken, or is in the process of being implemented, that should enable significant improvements to the manner in which the capital programme is delivered in the future.

Cleaning Contract

Our review found that the **Council has put in place an appropriate system from monitoring delivery of the cleaning contract**, but that service delivery by the contractor has not been of an acceptable standard since the cleaning contract was let in September 2017. A significant amount of management time has been spent in protracted discussions with the contractor in an attempt to raise cleaning standards to an acceptable level. At the time the audit was completed, there were some early signs of service delivery improvement, but it remains to be seen whether this reaches a satisfactory level that is sustained for the duration of the contract. Our report identifies a number of areas where improvements are required to the performance information being provided by the contractor. It also highlights areas where the Council can strengthen its monitoring processes; mainly in respect of ensuring that there is a sufficient management trail in place to demonstrate the contractor's failure to deliver an acceptable service should the Council need to take formal dispute action.

Taxi and Hackney Carriage Licensing

This audit highlighted the following weaknesses that we have assessed as being high risk:

- Sample testing of 20 driver files, 12 vehicle files and 5 operator licence files found that 2 driver files and 1 operator file could not be located. In these cases it was not possible to ensure that the licence had been granted appropriately.
- Sample testing on vehicle inspections, which should be completed every six months, highlighted 4/12 cases where there was no record of an inspection having been carried out within the last six months.
- The Licensing department has a complaints system, however at the time of review the system had not been kept up-to-date, with only one complaint relating to 2017 recorded and nothing on the system for 2018.

Responses received from management indicate that all of the above issues have been addressed.

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 31/08/18, the second table outlines 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 31/08/18	-	80	307	86	472
Implemented	-	74	294	84	452
Closed (e.g. superseded or system changed)	-	3	10	2	15
Still to be completed	-	3	2	-	5

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

As previously requested we provide below details of all outstanding 'high risk' issues, and 'medium risk' issues outstanding for more than 6 months. (NB where these issues have been reported on previous occasions we have not restated the original recommendation or previous updates).

'High Risk' outstanding issues

Review	Recommendation	Risk Rating	Current status per Management
16/17 Housing Repairs & Maintenance	Introduce formal programme of post inspections.	2	Risk based system of post inspections, reducing numbers by targeting where there are most likely to be issues, has been introduced. Due to no Responsive Repairs Officer in post January to June / July 18 (once recruited) this will not be fully implemented / tested until there are sufficient resources available. Rescheduled date of 31/08/18 has passed.
16/17 Housing Repairs & Maintenance	Market test contractors where aggregate spend over an extended period exceeds tendering limit.	2	Corporate response required to address aggregate spend with contractors – to be dealt with through development of corporate procurement strategy. Rescheduled to 31/03/19.
17/18 Benefits / Council Tax Support	Review of procedures for recovering, monitoring and reporting on unrecovered overpayments.	2	Procedures are being reviewed as part of the debt management team restructure and in the light of Universal Credit. However the effect of UC has yet to be determined. Rescheduled to 30/09/18.

Medium (level 3) risks outstanding for over 6 months

There are currently no medium level risks that have been outstanding for longer than six months.

5. 2018/19 Internal audit plan

Review	Scheduled Start*	Status	Level of assurance
Performance Management	Oct 2018	Scoping	
Risk Management	Nov 2018		
Project/Programme Management/Project Assurance	Oct – Nov 18	Scoping	
Capital Programme	April 2018	Final Report	Limited
Cleaning Contract	June 2018	Final Report	Moderate
Procurement	Jan – March 2019		
Budgetary Control/MTFS	Oct – Nov 2018		
Financial systems (ledger, creditors, debtors, treasury management, income management & cash receipting-key controls	Nov 2018 –Dec 2018		
Cybersecurity	Sept – Oct 2018	Fieldwork ongoing	

Review	Scheduled Start*	Status	Level of assurance
IT Disaster Recovery	Sept – Oct 2018	Scope agreed	
Payroll & Expenses	Jan – Feb 2019		
Taxi and Hackney Carriage Licensing	April 2018	Final Report	Limited
GDPR – follow up	June 2018	Final Report	Significant
Legal Compliance	July 2018	Fieldwork ongoing	
Council Tax	Oct – Dec 2018		
Business Rates	Oct – Dec 2018		
Benefits/Council Tax Support	Oct – Dec 2018		
Housing Rents	Jan – Mar 2019		
Housing Strategy	Mar 2019		
Homelessness	June 2018	Final report	Significant
Repairs & Voids key controls/follow-up	July 2018	Fieldwork ongoing	
Environmental Health - Food Safety	July 2018	Fieldwork ongoing	

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