

# Oadby & Wigston Borough Council

## Internal Audit Progress Report 2013/14

March 2014



## 1. Introduction

This report summarises the work of Internal Audit for the period to early March 2014. The purpose of the report is to update the Committee on progress made in delivering the 2013/14 audit plan.

## 2. Progress summary

The agreed internal audit plan for the 2013/14 year totals 254 days. Section 5 provides details of all of the audit assignments included in the 2013/14 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 205 days of work against the plan to early March 2014, which is in line with our amended planned profile at this stage of the year. At management request we have re-prioritised various planned audits within 2013/14 and brought forward certain audits originally planned for 2014/15.

## 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
Council Tax	This review has been completed and a final report agreed with management	Significant
Main Accounting	This review has been completed and a final report agreed with management	Significant

Further to the request from members at the last meeting, where we have provided 'full' or 'significant' assurance overall on an audit review, this provides the Committee with confidence that there are no significant issues within that review that they need to be aware of, so no further detail has been supplied in these cases.

## 4. Recommendation tracking

CW Audit Services has implemented 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 actions agreed and due by 28/2/14 which were carried forward into 2013/14 as not previously reported as actioned. The first table below 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 28/2/2014	-	3	71	32	106
Implemented	-	3	54	27	84
Closed (effectively implemented or system changed)	-	-	1	1	2
Still to be completed	-	-	16	4	20

Time overdue for actions o/s or not complete	1 Critical	2 High	3 Medium	4 Low	Total
Less than 3 months	-	-	2	-	2
3 – 6 months	-	-	3	1	4
Greater than 6 months	-	-	11	3	14
Total	-	-	16	4	20

The most recent status known in relation to these 20 outstanding issues, is as follows:

\*the table below refers to management updates except where specifically stated to be drawn from Internal Audit's own follow-up work.

Review	Recommendation	Risk Rating	Response/proposed implementation date	Most recent status per management update*
12/13 Disabled Facilities Grants	To ensure that estimates for work are reasonable, consideration should be given to producing a schedule of rates against which estimates should be compared and where the lowest quote includes cost elements in excess of 'approved' rates within the schedule, using these as maxima for grant aided funding.	3	Agree – consideration will be given to the feasibility of devising an approved schedule of rates.  28/9/12 – Anita Pathak-Mould, Head of Community	As DFG clients have a statutory right to choose their own contractors on the basis that they could be making a significant contribution it is not easy to provide for Schedule of rates as it stands. All works are scheduled and reasonable tests made. We continue to explore best options and looking at how other local authorities are working in this area of work.  Revised date 1/6/14
12/13 Disabled Facilities Grants	In the short term, the terms of engagement for the DFG consultant should be reviewed and updated where necessary to give greater clarity and certainty around cost, i.e. should include maximum monthly and annual fees and how the fees are to be calculated, and these should be complied with.  Going forward, the Council should consider market testing the service provided by the consultant to gauge	3	Agreed – a new service level agreement will be formulated and agreed with the existing DFG consultant to properly control the existing working arrangements.  Agreed – the Council will undertake research into the possible methods of service	The consultants contract has been reviewed and further negotiations are to near completion. A new comprehensive contract was given to the consultant and this is being further reviewed. The consultants' contract has been reviewed and further negotiations are to near completion. The review included value for money check, customer satisfaction and quality

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	whether better value for money could be obtained from other possible providers of such a service in the current market. Other options could include a Home Improvement Agency, in house provision or potential for a shared service approach.		<p>delivery for DFG support. Will assess these options in terms of value for money and identify the appropriate method that meets the Council's long term needs.</p> <p>29/3/13 – Anita Pathak-Mould, Head of Community</p>	<p>of work. In-house options have been considered. We are currently looking at bringing both the DFG and Council stock adaptations under one umbrella to deliver consistent approach to all residents regardless of tenure. A new compressive contract is being renegotiated with the consultant who has considerable experience Permanent in-house services could lead to additional recruitment costs especially in light of the DFG funding regime is undergoing major changes with change in funding regimens as well. A prudent approach is being taken in the current climate of change.</p> <p>Revised date 1/6/14</p>
12/13 Disabled Facilities Grants	The monitoring and reporting requirements set out in the PSHR Policy should be complied with.	3	<p>Agree – as part of the review of the PSHR, the monitoring and reporting requirements will be reviewed.</p> <p>Appropriate monitoring and reporting standards will be incorporated into the revised Policy which will be presented to Committee for approval.</p>	<p>A revised Policy was presented to Committee in 2013 and significant review of the reporting to members on Monthly Bulletin was undertaken. It was agreed through the constitution group that the Monthly Bulletin is not the appropriate vehicle of reporting the level of details of people grants funding and this is</p>

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			29/3/13 – Anita Pathak-Mould, Head of Community	now being reported through the main committees in Service Delivery. The approvals are now signed off through both Head of Service and Director of Services. The Property manager also agrees the works and standards with the consultant.  Revised date 1/6/14
12/13 Housing Options	Management should ensure that policies and procedures are documented for housing options that govern the assessment, decision and referral for allocation of those presenting in priority need and also the administration of the rent deposit scheme.	3	Noted. I have been told that there are some procedures but accept that they need updating  31/3/13 Sandra Parker, Community Safety and Tenancy Manager with HoC	We found that existing documents have been reviewed. A list of Policies is on the intranet including standard letters and checklists. Housing Options Procedures were approved by Policy, Finance and Development Committee in April 2013 No formal policy was found to be in place for administration of the rent deposit scheme – although a detailed guidance note had been developed. A formal policy is to be developed. -update above at follow up in June/July 2013
12/13 Hsg Responsive Repairs	Detailed policies and procedures should be put into place that covers all areas of housing repair responsibilities.	3	Agreed H.O.C Interim Property Manager Dec 2012  31/12/12 – John Stemp, Community Property Manager	A number of standard forms have been introduced or updated e.g. relet inspection/monitoring form, form accepting responsibility for items left by former tenants, checklist for relet lock change visit. More work on procedures to follow.-

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				update as at June/July 2013 follow up
12/13 Hsg Responsive Repairs	The housing repairs team should consider implementing a schedule of rates that can be used when allocating typical works to contractors or where possible obtaining quotes prior to work being allocated.	3	Schedule of rates do exist but some uplifting is necessary and take opportunity to consult contractors in readiness with the Orchard Interface currently under implementation Interim Property Manager awaiting appointment Dec 2012  31/12/12 – John Stemp, Community Property Manager	No update provided, we consider this is in progress given our follow-up work
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	This review is yet to be undertaken in view of staffing shortages in the team. Various options have been looked at in and conversations commenced with other local authorities, most authorities are considering outsourcing to Private structure, however OWBC needs to carry out a value for money exercise and consider best options that meet with needs of authority.  Revised date 1/6/14
12/13 Creditors	Management information on compliance with invoice price tolerance should be readily available. Management should consider whether further detail on compliance with invoice price tolerance could be	4	We will review available reports and will look at revamping reports available, with a view to enhancement at a future point. In the meantime we will re-iterate to Budget	Software suppliers to write reports in April  Revised date 30/4/14

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	generated using skills available within the Council or whether Integra should be commissioned to produce a report.		Holders the importance of accurate pricing on Purchase Orders.  30/6/13 - Paul Loveday, Head of Finance	
12/13 Creditors	Management should implement a report of amendments to standing data to enable review of such changes.	3	Agreed - to review in line with recommendation 1.1. An audit trail is available online if a specific issue were to arise.  30/6/13 - Paul Loveday, Head of Finance	Software suppliers to write reports in April  Revised date 30/4/14
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 low level of debtor raising (£30) suggested by the debt recovery policy would lead to not charging for a number of income items including allotments. Consequently, the policy needs to be reviewed by the Chief Financial Officer. This will be completed by the end of April. Revised date 30/4/14
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 Chief Financial Officer will be consulted on the appropriate write-off levels to ensure consistency between the debt recovery policy and financial regulations. This will be achieved by the end of April  Revised date 30/4/14



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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	Agreed  28/6/13 – Paul Loveday, Head of Finance	The service does not currently have enough resource to carry out this recommendation but is to undergo a restructuring. This will be carried out post this.  Revised date 30/6/14
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	Current manual measures are adequate. However, the business case for software will be considered by June  Revised date 30/6/14
12/13 Risk Management	The Council needs to draw up a clear specification to identify the requirements for the integrated risk and performance management system. A timeline for delivery of the system also needs to be established.	3	In view of budgetary constraints the bid was not considered to be as high a priority when evaluated against competing bids as with the risk management IT funding will continue to be reviewed and alternative ways of embedding performance management will be explored  28/6/13 – Paul Loveday, Head	This still needs further discussion  Revised date 30/6/14

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12/13 Payroll	There should be regular, evidenced reconciliation of the officers and pay rates on the payroll to the officers and pay rates on the HR Establishment. This reconciliation should be undertaken independently of the HR function.	3	of Finance It is to be proposed that this reconciliation will be done by the Council's Finance Department to ensure that this reconciliation is independent of the Council's HR function.  30/9/13 – Lynn Middleton, HR Officer	This matter is currently on hold pending the implementation of the new HR software system. Updating the Council's records and ensuring the accuracy of data held is a key part of the implementation of this system, as inaccurate information will jeopardise the quality of the system. It therefore follows that it is sensible to carry out this reconciliation exercise when the HR software system is fully implemented in the year.  Revised date 1/5/14
12/13 Payroll	The car allowance rate recorded in the Members Allowance Scheme should be updated to show the correct rate payable.	4	The rate which should be paid to Members is 50.5p per mile (irrespective of engine size) and this will be confirmed with LCC.  Ongoing – the correct rate is 50.5p per mile to 20/08/2013, when it will be reviewed again. Currently liaising with payroll to determine whether there has been an error and the extent of the error (see email).  20/9/13 – Lynn Middleton, HR Officer	The current rate of mileage being paid to members is now 52.2p per mile. The Electoral and Democratic Services Officer has been advised to update and amend the Members Allowance Scheme document accordingly.

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12/13 Payroll	It should be ensured that the Authorised Signatories List is updated to include officers authorised to sign additions to the payroll relating to expenses and allowances.	3	In order to consolidate authorised signatories centrally , Finance will carry out a review and update of all authorising signatories related to payroll  20/9/13 – Lynn Middleton, HR Officer	The Council's Finance team has created an authorisation list which indicates the amount which each named individual can authorise respectively. Again, rather than go through the lengthy process of obtaining copy signatures for all authorised signatories and checking these against signatures on expenses claims (which is not an effective use of resources), it is more appropriate to place this recommendation on hold pending the implementation of the HR software system. Once the system has been fully implemented, authorised signatories will be required to use the system to verify all expenses claims and they will be required to use their own unique log in details to do so.
13/14 Business Rates	It should be ensured that Charitable relief is reviewed prior to the 2014/15 Business Rates billing so that charges can be made against any property that no longer meet criteria.	3	Agreed  31/12/13 - David Coe, Senior Revenues Officer	Due to change in funding regime for NNDR, a new policy needs to be formulated and approved by members. All cases will then be reviewed. The implementation date has been changed to 31 July 2014.

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12/13 Safeguarding	The correct Incident Reporting Form should be used in all documents referring to Safeguarding Children & Young People including the Staff Safeguarding Guidelines, and the path to find these documents on the intranet should be reviewed to ensure it is clear and correct.	3	As above, once the policy is updated the appended forms can also be updated on the intranet  31/10/13 – Anita Pathak-Mould, Head of Community	Safeguarding Policy and procedures and responsible officers commenced on action plan and updated and training to all staff completed. Just need to test that correct forms are appended on Intranet by Lead Safeguarding officer
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 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.	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 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.  31/12/13 – Jonathan Lee, Building Control Manager	Work continues with IDOX data services (still resolving issues), now that Uniform v9 has been installed IDOX can proceed with loading the test back of the historic applications. The retention of the Building Control Technician (BCT) post, has not been approved and therefore this position will not be able to monitor the expiration of applications as planned. Additionally with the technical work that the BCT was to undertake, this will now have to be carried out by the surveyors leaving less time available for them to visit expired applications to 'spot check' if work has been completed without notification.  Revised date 31/7/14

## 5. 2013/14 Internal audit plan

Review	Scheduled	Status	Level of assurance
Housing Rents	May 2013	Final report issued	Significant
Housing Repairs and Maintenance – Responsive Repairs Ordering	May 2013	Final report issued	Significant
Housing Options / Homelessness	May 2013	Final report issued	Significant
Void Property Management	May 2013	Final report issued	Significant
Planning Control	Oct 2013 start	Draft report issued/imminent	
Transport – Vehicle Repairs Ordering and Management	Sept 2013 start	Draft report issued	
Income Management and Cash Receipting	Sept-Oct 2013	Final report issued	Significant
Debtors	Oct 2013	Final report issued	Significant
Business Rates	Oct/Nov 2013	Final report issued	Significant
Benefits	Oct/Nov 2013	Final report issued	Significant
Creditors	Nov 2013	Draft report issued	
Treasury Management	Nov 2013	Final report issued	Significant
Council Tax	Dec 2013	Final report issued	Significant

Review	Scheduled	Status	Level of assurance
Member Services (including Allowances)	Dec 2013/Jan 2014	Draft report issued	
Main Accounting	Dec 2013	Final report issued	<b>Significant</b>
Town Centre / Economic Regeneration/Planning policy	Feb/Mar 2014	Draft report imminent	
Risk Management	Jan – Mar 2014	Scoping	
Budgetary Control	Jan- Mar 2014	In progress	
Health and Safety	Feb 2014	In progress	
Payroll and Expenses	Feb 2014	In progress	
Legal Services / Corporate Legal Compliance Arrangements	April/May 2014	Rescheduled at management request	
Corporate Governance		Awaiting further info from management team	
Greening the Borough		Now to be covered as part of 2014/15 audit plan	
Capital Projects		Now to be covered as part of 2014/15 audit plan	
LCTS / Welfare Reforms Implementation		To be dropped from plan by agreement with management	
Commercial Asset Management		To be dropped from plan by agreement with management	

Review	Scheduled	Status	Level of assurance
Leisure Centres / Leisure Development		Now to be considered for 2014/15 audit plan	
Capital Accounting		To be dropped from plan by agreement with management	
Additional review: Equalities	April/May 2014	Scope agreed	
Additional review: Planning Policy	Feb 2014	See Town Centre/Regen above	
Additional follow up: Housing Repairs, Voids and Housing Options	March/April 2014	In progress	
Additional review: Human Resources	March 2014	In progress	
Additional review: Policy into Practice (to be delivered as an additional element of budgetary control review)	Jan-Mar 2014	In progress	