

Audit and Corporate Governance Committee Report



Report of Audit Manager

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**AGENDA ITEM NO
7**

Internal Audit Activity Report 2007/2008

Purpose of Report

1. The purpose of this report is to summarise the outcomes of recent internal audit activity for the Committee to consider. The Committee is asked to review the report and the main issues arising, and seek assurance that action has been or will be taken where necessary.

Background

2. Internal Audit is an independent assurance function that primarily provides an objective opinion on the degree to which the internal control environment supports and promotes the achievements of the Councils' objectives. It assists the Councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary.

- After each audit assignment, Internal Audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

Assurance ratings given by Internal Audit indicate the following:

Full Assurance: There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.

Satisfactory Assurance: There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.

Limited Assurance: There are some weaknesses in the adequacy of the internal control system which put the system objectives at risk and/or the level of non-compliance puts some of the system objectives at risk.

Nil Assurance: Control is weak leaving the system open to significant error or abuse and/or there is significant non-compliance with basic controls.

Each recommendation is given one of the following ratings:

High: Fundamental control weakness for senior management action

Medium: Other control weakness for local management action

Low: Recommended best practice to improve overall control

Internal Audit Activity

Since the last Audit and Corporate Governance Committee meeting, the following planned audits have been completed:

	Assurance Rating	No. of Recs	High Recs.	No. Agreed	Medium Recs.	No. Agreed	Low Recs.	No. Agreed
Council Tax	Satisfactory	8	0	N/A	6	5	2	2
Didcot Wave and Didcot Leisure Centre	Satisfactory	5	0	N/A	2	2	3	3
Bank	Limited	10	3	3	2	2	5	5

Reconciliation								
Waste Management	Full	1	0	N/A	0	N/A	1	1

Appendix 1 of this report sets out the key points and findings relating to the completed audits.

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2. Members of the Committee are asked to seek assurance from the internal audit report and/or respective managers that the agreed actions have been or will be undertaken where necessary.

8. A copy of each report has been sent to the appropriate Service Manager, the relevant Strategic Director, the relevant Section 151 Officer and the relevant Member Portfolio Holder.

9. A 6 month follow up is undertaken on all audits completed to establish the implementation status of agreed recommendations.

10. It will be noticed that the Waste Management report is in a different format to the other reports. This is due to the introduction of the new internal audit approach, and the review and harmonisation of the internal audit working papers. All future internal audit reports presented to Committee will be in the revised format.

APPENDIX 1

SOUTH OXFORDSHIRE DISTRICT COUNCIL INTERNAL AUDIT

Summary Report

COUNCIL TAX AUDIT 2007/2008

The audit fieldwork was undertaken in October and November 2007 and the final report was issued in January 2008.

The aims of the review were to ensure that controls within the system were adequate and operating effectively, and that working procedures were in accordance with approved policies, regulations and legislation.

The areas identified for review were:

- Demand Notices – Billing
- Exempt and Void Properties
- Credit Balances and Refunds

- Write Offs and Cancellations

The review also sought to establish that all recommendations agreed following the 2006/2007 audit had been implemented and continue to be adhered to.

Audit Opinion

From the work undertaken internal audit is of the opinion that the controls operating within the system are **satisfactory**.

Key Points, Findings and Recommendations

- It was agreed that the recommendations made following the 2006/2007 audit review of Council Tax would be reviewed by the Revenues Manager and the implementation status assessed.

(Recommendation made Report Ref. 4.1.3 – Risk Rating Medium – Agreed by Management)

- From the testing undertaken, Internal Audit is satisfied that the Demand Notice contains the information required by legislation and is issued at least 14 days prior to the first instalment due date.
- Internal Audit suggests that consideration should be given to contacting the Oxford Probate Registry, with a view to reducing the amount of time taken in cases where probate is awaited. In addition, Internal Audit testing identified two instances where action is outstanding.

(Recommendation made Report Ref. 4.3.11 – Risk Rating Low – Agreed by Management)

- There was no evidence available to Internal Audit to confirm that inspections of void properties had regularly been undertaken by the Property Inspector.

(Two Recommendations made Report Ref. 4.3.13 – Risk Rating Medium – Agreed by Management and Report Ref 4.3.20 – Risk Rating Medium)

- Practices and procedures require enhancement to ensure that when the Council receives notification of a liable party for a void property, necessary action is undertaken ensuring that the void account remains appropriate.

(Recommendation made Report Ref. 4.3.22 – Risk Rating Medium – Agreed by Management)

- In relation to refunds, Internal Audit is of the opinion that a minimum limit should be set for refund amounts as it is not cost effective to process transactions for small amounts.

(Recommendation made Report Ref. 4.4.6 – Risk Rating Low – Agreed by Management)

- A recommendation was made following the previous audit relating to the number of accounts with a credit balance. Internal Audit considers that this recommendation remains valid and should therefore be implemented.

(Recommendation made Report Ref. 4.4.11 – Risk Rating Medium – Agreed by Management)

- From the testing undertaken, it was confirmed that write-offs had been processed timely and accurately.
- It was noted that a signature stamp is used during the write-off authorisation process. Delegated power could be given to other members of staff in the service area if it were thought to be appropriate.

(Recommendation made Report Ref. 4.5.8 – Risk Rating Medium – Not fully agreed by Management)

- All other areas within write-offs and cancellations were found to be satisfactory.

Management Response

The report and action plan was accepted. Eight (8) recommendations were made and seven (7) were agreed. Various implementation dates were provided.

Audit Review Timetable

A follow up review has been programmed for July 2008 to ensure the accepted recommendations have been implemented.

The Action Plan for Council Tax detailing the recommendations made and the management response follows.

COUNCIL TAX SODC AUDIT 2007/08 ACTION PLAN

Report Ref.	Internal Audit Recommendations	Risk Rating	Management Response
	Previous recommendations		
4.1.3	The recommendations made following the 2006/2007 audit review of Council Tax are reviewed by the Revenues Manager and the implementation status assessed.	Medium	Agreed
	Exempt and void properties		
4.3.11	As discussed previously, consideration is given to contacting the Oxford Probate Registry with a view to reducing the amount of time taken in cases where probate is awaited.	Low	Agreed
4.3.13	Due to the limited activity record on both accounts (HENORA0071 and HENORA0072), the current exemption remains valid and appropriate.	Medium	Agreed Council Tax Team Leader December 2007
4.3.20	Regular inspections are undertaken by the Property Inspector, the inspections are documented and the Council Tax system/Anite is updated to provide an adequate audit trail.	Medium	Regular inspections are undertaken by the Property Inspector; however, the Property Inspector accepts that a clear audit trail should be readily available.
4.3.22	The accounts highlighted by Internal Audit testing are investigated to ensure that the void status of the account remains	Medium	Agreed

	appropriate. In addition, practices and procedures are enhanced to ensure that when the Council is notified of the liable party, necessary action is undertaken ensuring that the Council Tax account is amended and remains appropriate.		
	Refunds and credit balances		
4.4.6	Consideration should be given to a minimum limit being set for the value of the refund as it is not cost effective to produce and process transactions for small amounts.	Low	Refund amount has been limited to £1.00 and over
4.4.11	As previously agreed, a review of the credit balances on the Council Tax system is undertaken as soon as possible.	Medium	Agreed. However, other council tax priority issues prevent this recommendation from being carried out immediately.
	Write offs and cancellations		
4.5.8	<p>a) To avoid the possibility of transactions being inappropriately authorised, without the knowledge of the officer with delegated powers, the signature stamp for the Revenues and Benefits Client Manager which is used by other members of the client team for authorising transactions should be withdrawn.</p> <p>b) Delegated power could be given to other members of staff in the service area if it were thought appropriate for the operation of the service. If this were the case, a copy of the delegation and specimen signature of the officer given these powers would need to be completed and retained by appropriate personnel.</p>	Medium	<p>a) Not agreed. The signature stamp is used for signing letters as well as signing bulk mail shots, but is used less and less due to electronic mailing. Is Internal Audit therefore going to recommend withdrawing electronic signatures as well? I also completely trust the staff who use the stamp.</p> <p>b) Agreed</p>

SOUTH OXFORDSHIRE DISTRICT COUNCIL INTERNAL AUDIT

Summary Report

DIDCOT WAVE AND LEISURE CENTRE AUDIT 2007/2008

The audit fieldwork was undertaken in August and September 2007 and the final report was issued in January 2008.

The aims of the review were to ensure that controls within the system were adequate and operating effectively, and that working procedures were in accordance with approved policies, regulations and legislation.

The areas identified for review were:

- The contractor is adhering to the contract.
- All monitoring information is prompt and accurate.
- The client officer is adequately monitoring the contract and undertaking adequate checks.
- Any issues/queries are being promptly investigated by the client officer and promptly resolved by the contractor

The review also sought to establish that all recommendations agreed following the 2002/03 audit had been implemented and continue to be

adhered to.

Audit Opinion

From the work undertaken internal audit is of the opinion that the controls operating within the system are **satisfactory**.

Key Points, Findings and Recommendations

- One recommendation following the previous audit review had not been implemented. This related to inventories being updated on a regular basis.

(Recommendation made Report Ref. 4.1.7 – Risk Rating Low – Agreed by Management)

- A discrepancy between the contract management fee and the sundry debtor invoices raised to SOLL Leisure was discussed with the Principal Accountant who stated that the difference in value was due to 'irrecoverable VAT'. The Leisure Manager informed Internal Audit that SOLL Leisure makes exempt supplies and cannot recover the VAT on purchases associated with those supplies. This arrangement was approved at the time by the Strategic Director however no documentation to support this can be located.

(Recommendation made Report Ref. 4.2.7 – Risk Rating Medium – Agreed by Management)

- Testing undertaken during Internal Audit's site visit revealed instances where there was no evidence to support that Criminal Records Bureau checks had been completed for all employees.

(Recommendation made Report Ref. 4.3.10 – Risk Rating Medium – Agreed by Management)

- Internal Audit considered that the categories on the Accident Analysis form could be expanded to give a more thorough breakdown of accidents and injuries.

(Recommendation made Report Ref. 4.3.20 – Risk Rating Low – Agreed by Management)

- The issue of the accuracy of reporting information has been raised at strategic review meetings and SOLL has put in place a process where all figures are checked by either the Managing Director or Deputy Managing Director prior to being issued to the Council. Internal Audit

suggests that this process is monitored to ensure the accuracy and reliability of reporting documents.

(Recommendation made Report Ref. 4.4.10 – Risk Rating Low – Agreed by Management)

Management Response

The report and action plan was accepted. Five (5) recommendations were made and five (5) were agreed. Various implementation dates were provided.

Audit Review Timetable

A follow up review has been programmed for July 2008 to ensure the accepted recommendations have been implemented.

The Action Plan for Didcot Wave and Leisure Centre detailing the recommendations made and the management response follows.

DIDCOT WAVE AND LEISURE CENTRE AUDIT 2007/2008 ACTION PLAN

Report Ref.	Internal Audit Recommendations	Risk Rating	Management Response
	Implementation of 2002/2003 audit recommendations		
4.1.7	Inventories are updated and continue to be updated on a six monthly basis or as necessary.	Low	The inventories will be updated as part of the work leading up to the new leisure management contract and will be updated on a six monthly basis thereafter.
	Adherence to contract		
4.2.7	The fee charged through Sundry Debtors is investigated, resolved and documented. In addition, consideration should be given to including this arrangement in the contract.	Medium	The fee will be investigated, resolved and documented. We will discuss this matter with Legal Services to establish what can be covered by a supplementary agreement, if so such an agreement is entered into.

Monitoring Information			
4.3.10	In the instances where CRB checks have not been undertaken, employees are requested to complete the disclosure form and submit them for processing.	Medium	SOLL Leisure will be asked to ensure in cases where CRB checks have not been carried out, employees are asked to complete disclosure forms and submit them for processing. Checks of CRB checks will be incorporated into the programme of unannounced monitoring
4.3.20	The categories on the Accident Analysis form are expanded to give a thorough breakdown of accidents and injuries.	Low	SOLL Leisure will be asked to expand categories on the Accident Analysis form. Requirement will be incorporated into new leisure management contract.
Contract Monitoring			
4.4.10	Alternative arrangements are made to ensure that the Didcot Wave and Leisure Centre contract is fully monitored.	Low	Officers consider that the current arrangements are sufficient to monitor the contract. However, they will add Didcot Wave Leisure Management Contract as a separate item on the agenda of the monitoring meetings.

SOUTH OXFORDSHIRE DISTRICT COUNCIL INTERNAL AUDIT

Summary Report

BANK RECONCILIATION AUDIT 2007/2008

The audit fieldwork was undertaken in September and October 2007 and the final report was issued in December 2007.

The aims of the review were to ensure that reconciliations of bank accounts were being undertaken promptly and independently checked, and that discrepancies were being investigated and supported by adequate documentation and explanation to validate any adjustments.

The areas identified for review were:

- Drawings Bank Account
- General Bank Account
- Post Office Giro Bank Accounts
- Contractor Deposit Accounts, and
- Cash Interface Z-Suspense Account.

- Management Information on reconciliation was also considered. Transactions made on these accounts during the period April to August 2007, where recorded, were examined

The review also sought to establish that all recommendations agreed following the 2006/07 audit had been implemented and continue to be adhered to.

Audit Opinion

From the work undertaken internal audit is of the opinion that the controls operating within the system are **limited**.

Key Points, Findings and Recommendations

- The 2006/2007 audit report made a number of recommendations which were either implemented or superseded by the implementation of the Agresso system. Subsequently, Internal Audit has no concerns with the implementation of the previous reports recommendations.
- Capita manage the Agresso financial information system against which the reconciliations are undertaken. Following the appointment of Capita as the financial system contractors, reconciliation of the Drawings Account has not been possible in the current year as the relevant information could not be obtained from Agresso. However, an Agresso package has been introduced which, on evidence of a recent run, provides a n adequately transparent reconciliation path. This lists Cashbook and Statement transactions and totals for matched and unmatched items, including manual matching, along with a spreadsheet of rolling balances on the Council Bank Accounts.

(Recommendation made Report Ref. 4.2.5 – Risk Rating High – Agreed by Management)

- Reconciliation of the General Account continued to be done based on Agresso reports up to May 2007. However, the data supporting the monthly summaries appears to be more difficult to identify and retrieve from Agresso. Several items are recorded as differences to be resolved. In addition, for June the overall Adjusted Cash Book Balance did not at the time of the review reconcile to the Balance per Bank Statement.

(Two recommendations made Report Ref. 4.3.7 – Risk Rating High – Agreed by Management and Report Ref. 4.3.8 – Risk Rating High – Agreed by Management)

- The two Giro Accounts held with the Alliance and Leicester Commercial Bank for payments from sundry debtors and payments of Council Tax respectively are not yet being checked and reconciled in the current year. Bank statements are received and details of payments entered and totalled on Balance Tables for each account, but these also contain other transactions and the Giro items cannot be clearly identified.

(Recommendation made Report Ref. 4.4.6 – Risk Rating Medium – Agreed by Management)

- The two remaining contractors' deposit accounts continue to be checked and reconciled, but background documentation is limited. The Accountancy Section have been unable to obtain a view from Legal Services as to justification for the accounts, as well as advice on the subsequent treatment of funds from a third account which was closed last year.

(Three recommendations made Report Ref. 4.5.6 – Risk Rating Low – Agreed by Management, Report Ref. 4.5.7 – Risk Rating Low – Agreed by Management and Report Ref. 4.5.8 – Risk Rating Low – Agreed by Management)

- The Cash Interface Z-Suspense Account is reconciled by means of an Agresso transaction listing and maintenance of an itemised spreadsheet and summary of balance sheet. The current balance levels in suspense appear acceptable, however there are various factors in the current system affecting the efficiency of the reconciliation procedure which require further attention from Capita.

(Recommendation made Report Ref. 4.6.8 – Risk Rating Medium – Agreed by Management)

It was noted that due to the problems with the system, the monthly Financial and Budget Monitoring Reports providing management information on the various bank reconciliations lack reliable information. No reports have yet been completed in the current year. Current General Account and Z-Suspense Account unresolved differences have therefore not yet been reported.

(Two recommendations made Report Ref. 4.7.3 – Risk Rating Low – Agreed by Management and Report Ref. 4.7.4 – Risk Rating Low – Agreed by Management)

Management Response

The report and action plan was accepted. Ten (10) recommendations were made and ten (10) were agreed. Various implementation dates were provided.

Audit Review Timetable

A follow up review has been programmed for June 2008 to ensure the accepted recommendations have been implemented.

The Action Plan for Bank Reconciliation detailing the recommendations made and the management response follows.

BANK RECONCILIATION AUDIT 2007/2008 ACTION PLAN

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING	MANAGEMENT RESPONSE
4.2	Drawings Account		
4.2.5	Accountancy Section should satisfy themselves that the Agresso package being introduced by Capita is a suitable replacement for the previous procedure. Records should be brought up to date as soon as possible, the new reconciliation procedure and format should be vigorously checked, and procedure notes should be updated.	High	Agreed
4.3	General Account		
4.3.7	Reconciliation summaries for the current year should be revisited to ensure that items and figures recorded are evidenced by the supporting papers. It should also be noted where particular running totals on supporting spreadsheets have changed during the month from the appropriate amount in the summary.	High	The process for reconciling the general account has changed more critical to reconcile transactions up to date rather than re-creating months reconciliations Capita is working on this and the drawings account and will provide reconciliations from April 07 to for review by SODC
4.3.8	Summaries should be prepared post-June as soon as possible, and should be signed, reviewed and countersigned and dated by preparing and reviewing officers within two weeks of month end.	High	As above
4.4	Post Office Giro Accounts		

4.4.6	Reconciliation of the Post Office Giro accounts should be resumed as soon as valid and workable data can be retrieved.	Medium	These accounts have now been reconciled, action is being taken to correct the postings on Agresso. Capita will be reconciling these accounts too. They will be set up and reconciled in the same way as the General and Drawings Bank Accounts.
4.5	Contractor Deposit Accounts		
4.5.6	Accountancy Section should discuss with Legal whether legal or financial grounds exist for maintaining either or both of the existing accounts.	Low	Agreed
4.5.7	It should be confirmed that the erroneous credit to the Mowlem account has been corrected and the revised balance reflected in the Accountancy spreadsheet.	Low	Agreed
4.5.8	It should be established whether monies from the closed Waitrose account have been appropriately reposted, monitored and / or spent.	Low	These are being monitored
4.6	Cash Interface Z-Suspense Account		
4.6.8	Accountancy Section should ensure that reconciliations and summary totals are produced and checked monthly, and should seek to refine reconciliation and in-year monitoring format subject to workable system facilities.	Medium	Agreed
4.7	Management Information		
4.7.3	Monitoring reports should be prepared for May 2007 onwards to include current information on reconciliations, including General Account Unresolved Discrepancies and Z-Suspense Accounts Unidentified Income determined to date.	Low	Monitoring reports for the current period can reflect data that would have been included in earlier reports. It has been agreed that such monitoring is required at least on a monthly basis.
4.7.4	Guidance notes on reconciliation procedure for all areas should be updated to take account of the revised system facilities from 1.4.07.	Low	SODC and Capita to produce and update relevant procedure notes.

SOUTH OXFORDSHIRE DISTRICT COUNCIL

WASTE MANAGEMENT AUDIT 2007/2008

MANAGEMENT SUMMARY

1. INTRODUCTION

- 1.1 This report details the internal audit review of procedures, controls and the management of risk in relation to Waste Management. The audit has been undertaken in accordance with the 2007/2008 Audit Plan agreed with the Audit and Governance Committee of South Oxfordshire District Council.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that policies are in place and procedures are comprehensive, up to date and available to appropriate employees.
 - To ensure that the Waste Management Contract is managed and controlled.
 - To ensure that the Contractors performance is regularly monitored and the information passed to the Council by the Contractor is reliable and accurate.
 - To ensure that recycling facilities are located appropriately, are fit for purpose and emptied in a timely manner.
 - To ensure that the specification in the Garden Waste Contract is adequately controlled and managed. In addition, contract performance information available to management is accurate, timely and verified and that performance is adequately managed.
 - To ensure that the recommendations made following the 2003/2004 audit review have been implemented.

2. BACKGROUND

- 2.1 Waste Management was contracted out in December 2001 to Grundon (Services) Ltd. In addition to weekly kerbside waste collection, the contract includes clinical waste collection, servicing of litter bins, provision of bring banks and weekly kerbside collection of recyclable materials.
- 2.2 The Garden Waste Contract was awarded to Verdant Group PLC in June 2006 and includes the fortnightly collection of garden waste and also delivery of replacement and new waste containers.

3. PREVIOUS AUDIT REPORTS

- 3.1 Waste Management was last subject to an internal audit review in September 2003 and 10 recommendations were raised and a satisfactory opinion was issued.

4. 2007/2008 AUDIT ASSURANCE

- 4.1 **Full Assurance:** There is a sound system of internal control designed to meet the system objectives and the controls are being consistently applied.
- 4.2 One recommendation has been raised in this review and has been categorised as a Low recommendation.

5. MAIN FINDINGS

5.1 Policies and Procedures

- 5.2 In relation to Council Policy, South Oxfordshire District Council is part of the Oxfordshire Waste Partnership (OWP) alongside Oxfordshire County Council, Oxford City Council, Vale of White Horse District Council, Cherwell District Council and West Oxfordshire District Council. The aim of the OWP is to provide a waste strategy for Oxfordshire that will cover the period 2010 to 2035. The Waste Strategy has been adopted by this Council and Internal Audit was informed that progress is being made towards implementing the required short-term, medium-term and long-term actions.
- 5.3 In the area of procedures, Internal Audit was informed that the Head of Environmental Services has introduced a 'Quality Management System' in which all function procedures will be documented. This process is ongoing and an electronic folder has been set up on the network which contains the procedures. It is clear that many of the functions within Waste Management have been documented and a review of the procedure notes identified that they are comprehensive and would allow another member of staff to cover the service if key personnel are absent. It should be noted that this process is ongoing and there are areas in which procedure notes still need to be written, however Management are aware of this and efforts are being made to ensure they are completed. Two officers have been allocated responsibility for ensuring that the procedures remain up to date. No concerns were noted in this area.

5.4 Management and Monitoring of the Waste Management Contract

- 5.5 The Waste Management Contract is monitored through monthly contract monitoring meetings and also through quarterly meetings with Senior Grundon staff. Testing confirmed that the monthly contract meetings are held in accordance with the contract. Contract monitoring is linked to performance monitoring as it includes Key Performance Indicators.
- 5.6 Information is sent through by the Contractor and is verified by an appropriate officer of the Council. There are two full time Contract Monitoring Officers employed by the Council who observe collections and report any breaches to the Council and also to the Contractor. No concerns were noted in this area.

5.7 Monitoring of Contractor Performance

- 5.8 Performance is monitored in conjunction with the contract as they both include Key Performance Indicators (KPI's), Key Performance Targets (KPT's) and Best Value Performance Indicators (BVPI's). A review of the performance monitoring sheet maintained by the Council confirmed that thorough performance monitoring is undertaken. It was also confirmed that this process allows any under-performance to be highlighted promptly.
- 5.9 Internal Audit also reviewed the BVPI information, provided by the Contractor and maintained by the Council, and no issues arose. The BVPI's had been compiled accurately from the information maintained. No concerns were noted in this area.

5.10 Recycling Facilities

- 5.11 The 'Recycling Banks Locations' table was reviewed by Internal Audit and it appears that recycling facilities are appropriately located throughout the District. It should be noted that whilst the Contractor manages the provision of textile, shoe and books banks at various sites, it does not do so on behalf of the Council.
- 5.12 There is a Key Performance Target (KPT) in which bring bank containers should not be more than 80% full. A review of performance confirmed that the Contractor has underperformed in this area, however this has been addressed at the monthly contract meetings and also verbally. No concerns were noted in this area.

5.13 Management and Monitoring of the Garden Waste Contract

- 5.14 The Garden Waste Contract is monitored through monthly contract monitoring meetings between the Council and Verdant. It was noted during testing that whilst contract monitoring meetings are taking place regularly, providing a forum to discuss any issues arising, they do not appear to be occurring on a monthly basis as stated in the contract. This issue was discussed with the Waste Services Manager and the Senior Waste Management Officer at the exit meeting. It was confirmed that it is sometimes difficult to have meetings on a monthly basis due to leave and sickness and also there is one key contact at Verdant who is sometimes not available to attend the meetings. One recommendation has been made as a result of our work in this area.

- The Contract specifies the services required from the Contractor and to aid monitoring,
- 5.15 the key requirements have been incorporated in Key Performance Targets. Testing in this area confirmed that the Council is monitoring the contract, the information provided by the Contractor is verified and performance is also monitored.

Previous Recommendations

- 5.16 Ten recommendations were made and agreed following the 2003/2004 audit. The recommendations were reviewed and it was identified that nine recommendations had
- 5.17 been superseded and no longer remained relevant. The remaining recommendation had been implemented.

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Audit Review Timetable

A follow up review has been programmed for July 2008 to ensure the accepted recommendation has been implemented.

The observations and recommendations detailing the recommendations made and the management response follows.

OBSERVATIONS AND RECOMMENDATIONS

MANAGEMENT AND MONITORING OF THE CONTRACT

1. Contract Monitoring		(Low)
Recommendation	Rationale	Responsibility
In accordance with the contract, contract monitoring meetings be held on a monthly basis and the Contractor is reminded of this requirement.	<p><u>Best Practice</u></p> <p>Monthly contract meetings should occur as prescribed in the Contract with Verdant.</p> <p><u>Findings</u></p> <p>Whilst there are regular meetings with Verdant, the frequency does not appear to be monthly as stated in the contract. This is due to leave, sickness and the limited resource at Verdant.</p> <p><u>Risk</u></p> <p>The contract is not being managed in accordance with the contract, which could result in the service becoming ineffective.</p>	Senior Waste Management Officer
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Accept that this recommendation will be implemented as it is appropriate.</p>		From January 2008