

# **Audit and Corporate Governance Committee Report**

Report of Audit Manager

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To: Audit and Corporate Governance Committee

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**AGENDA ITEM NO 6**

## **Internal Audit Activity Report 2008/2009**

### **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.
3. 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.

4. 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.

5. Each recommendation is given one of the following risk ratings:

**High Risk:** Fundamental control weakness for senior management action

**Medium Risk:** Other control weakness for local management action

**Low Risk:** Recommended best practice to improve overall control

### Internal Audit Activity

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

#### Planned Audits

Full Assurance: 0

Satisfactory Assurance: 3

Limited Assurance: 1

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. Treasury Management	Satisfactory	4	0	N/A	0	N/A	4	4
2. Brown Bins	Limited	6	0	N/A	4	4	2	2
3. Contract Monitoring	Satisfactory	4	0	N/A	3	3	1	1

<b>4. Income Arrangements</b>	<b>Satisfactory</b>	<b>9</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>1</b>	<b>1</b>
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#### Unplanned Audits

	<b>Assurance Rating</b>	<b>No. of Recs</b>	<b>High Risk Recs.</b>	<b>No. Agreed</b>	<b>Medium Risk Recs.</b>	<b>No. Agreed</b>	<b>Low Risk Recs.</b>	<b>No. Agreed</b>
<b>5. Focus Group Cash Payments</b>	<b>Limited</b>	<b>7</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>

#### Follow Up Reviews

	<b>Assurance Given</b>	<b>No. of Recs</b>	<b>Implemented</b>	<b>Partly Implemented</b>	<b>Not Implemented</b>	<b>Ongoing</b>
<b>6. Didcot Wave &amp; Leisure 07/08</b>	<b>Satisfactory</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>
<b>7. Elections 07/08</b>	<b>Limited</b>	<b>14</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>1</b>
<b>8. Housing Allocations 07/08</b>	<b>Satisfactory</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>0</b>	<b>0</b>
<b>9. Cleansing Service 07/08</b>	<b>Satisfactory</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>
<b>10. Waste Management 07/08</b>	<b>Full</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>11. Business Continuity Planning 07/08</b>	<b>Satisfactory</b>	<b>9</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>

7. **Appendix 1** of this report sets out the key points and findings relating to the completed audits
8. 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.
9. 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.

10. A 6 month follow up is undertaken on all non-financial audits undertaken to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

## **1. TREASURY MANAGEMENT 2008/2009**

### **1. INTRODUCTION**

- 1.1 Final issued 21<sup>st</sup> November 2008.
- 1.2 The following areas have been covered during the course of this review:
- Previous audit recommendations;
  - Review of the Council's Treasury Management Strategy regarding the investment of funds;
  - Regular monitoring of Treasury Management Performance
  - Sampling of Transactions
  - Adherence to CIPFA Code of Practice
  - Access controls to computerised systems
  - Adequate separations of duties regarding the duties within the Treasury Management function.

### **2. BACKGROUND**

- 2.1 Council is required to undertake a Treasury Management function in accordance with the CIPFA Code of Practice for Treasury Management in the Public Service. The code recommends that an organisation's treasury management policy reflects and includes statements that are relevant to its treasury management activities. The Council is also required under the Local Government Act 2003 to detail performance against the Prudential indicators on an annual basis.
- 2.2 The Treasury Management Policy, agreed by the Council on 25 April 2002 requires the approval of an annual Treasury Management and Investment Strategy before the beginning of each financial year. This sets the borrowing limits, investment objectives approved organisations for investment, guidelines, and the performance criteria for the in-house operation. The Council's Treasury Management Investment Strategy for 2008/2009 was approved by Council on 27 March 2008 after Cabinet recommended approval on 6 March 2008.
- 2.3 The Treasury Management function is the responsibility of the Cabinet and all executive decisions on borrowing, investment or financing are delegated to the Head of Finance (s.151 Officer). He is ultimately responsible for ensuring that the authority obtains the optimum return on investments consistent with the risks and policies laid down in the Treasury Management Investment Strategy.

### **3. PREVIOUS AUDIT REPORTS**

- 3.1 Treasury Management was last subject to an internal audit review in March 2008 and seven recommendations were raised and a Satisfactory opinion was issued.
- 3.2 Six recommendations were agreed at the time of the previous audit. Two have not yet been implemented and have been re-iterated within this report.

## 4. 2008/09 AUDIT ASSURANCE

- 4.1 **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.
- 4.2 Four recommendations have been raised in this review. All recommendations are considered as Low risk.

## 5. MAIN FINDINGS

### 5.1 Previous Audit Recommendations

- 5.2 Six recommendations were agreed at the time of the previous audit and two have yet to be implemented. They relate to enhancements to working practices. These recommendations have been carried forward and included made as a result of our work in this area.

### 5.3 Treasury Management Strategy

- 5.4 The Council's Treasury Management Strategy was reviewed in relation to the investment of funds. A possible enhancement to the Treasury Management Policy, by incorporating the four elements of the CIPFA code key recommendation 4 to ensure compliance to Treasury management code of practice was suggested.

- 5.5 It was also noticed that work instructions need to be reviewed and updated. Two recommendations have been made as a result of our work in this area.

### 5.6 Monitoring of Treasury Management Performance

- 5.7 Internal Audit reviewed the mechanism for the regular review and monitoring of Treasury Management performance. There are a number of such mechanisms that provide both comprehensive and concise monitoring information including performance reports from Butler's, the Council's appointed treasury advisors, performance against LIBID indicators and quarterly reports on investment performance from the Council's fund managers, Tradition UK. No recommendations have been made as a result of our work in this area.

### 5.8 Sampling of Transactions

- 5.9 Following a review of this sample of investments transactions Internal Audit was able to confirm that adequate documentation exists to support the investment activities, records exist to support that interest and the principal sum are repaid at the appropriate time. However Internal Audit did note the interest calculation for the abbey national account is validated for accuracy and IA would advocate that consideration is given to more frequent deposits of the interest payment into the Council's Abbey national account. No recommendations have been made as a result of the work undertaken in this area.

### 5.10 Adherence to the CIPFA Code of Practice

- 5.11 The Council's Treasury Management policy was reviewed in conjunction with the Treasury Management strategy to ensure that we had adopted and were

adhering to CIPFA's Code of Practice. This was found to be satisfactory. No recommendations have been made as a result of our work in this area.

**5.12 Access Controls to Computer Systems**

5.13 The access controls, user rights and privileges were reviewed to ensure that adequate controls existed within the system and that adequate back up controls existed. These were found to be satisfactory. No recommendations have been made as a result of our work in this area.

**5.14 Segregation of Duties**

5.15 Internal Audit reviewed the segregation of duties around the treasury management function and found them to be satisfactory. No recommendations have been made as a result of our work in this area.

**5.16 Anti-Fraud and Corruption**

5.17 Internal Audit has identified that adequate arrangements exists to support a robust control environment for the administration of the Council's Treasury Management function. Senior Management has in place processes to proactively identify any evidence of fraud with Treasury Management. No recommendations have been made as a result of the work undertaken in this area.

**OBSERVATIONS AND RECOMMENDATIONS**

**PREVIOUS RECOMMENDATIONS**

**1. Treasury Management Register**

**(Low Risk)**

Recommendation	Rationale	Responsibility
<p>This recommendation has been carried forward from the 2007/2008 internal audit review of Treasury Management. The Council should discontinue the use of the Treasury Management Register in favour of an electronic one.</p>	<p><u>Best Practice</u> Electronic records of investment transactions are more efficient and effective than manual records. The latter are not backed up; the former are regularly backed up.</p> <p><u>Findings</u> The details recorded in the register are replicated in the TM spreadsheet. The former is a manual record that could be lost or mislaid for which there is no second copy. The latter is held electronically on the Council's network, contains formulae and is backed up routinely. When an investment matures, the line of entry is ruled through but this control is not signed off by anyone. From an analytical viewpoint it would be time-consuming to extract statistics from the manual register, whereas the converse is true of an electronic spreadsheet.</p> <p>The Treasury Management register has been retained for use, full harmonisation has not occurred and therefore this recommendation will be carried forward as part of a development programme for Accountancy under the umbrella of the RSSP. A revised review date of June 2009</p>	<p>Principal Accountant</p>

	has been noted by Internal Audit.  <u>Risk</u> Duplication of records and inefficient manual systems.	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b></p> <p>The manual records are a duplicate, however they are held and continued to support the Finance Business Continuity Plan, so that in the event of complete computer failure / significant system downtime, minimum treasury operations could be effected if required.</p> <p>The records will be continued until alternatives / changes that would need to be made to Business Continuity Plan procedures have been assessed and agreed.</p> <p>Management Response: Principal Accountant</p>		June 2009

## 2. Reconciling Treasury Management Spreadsheet

(Low Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>This recommendation has been carried forward from the 2007/2008 internal audit review of Treasury Management. The Chief Accountant should introduce a procedure for checking that the TM spreadsheet has been promptly and correctly reconciled to the following documents:</p> <ul style="list-style-type: none"> <li>• Council's faxed instruction to the counterparty confirming the investment;</li> <li>• Faxed confirmation from the fund manager, and;</li> <li>• Counterparty document confirming the investment transaction.</li> </ul>	<p><u>Best Practice</u> Reconciliation is a key control to ensure the existence of a complete management trail.</p> <p><u>Findings</u> Documents relating to investment transactions are not checked to Council records for some considerable time after receipt.</p> <p><u>Risk</u> Errors in the faxed confirmation could remain unchecked.</p>	Principal Accountant
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b></p> <p>The Treasury Management Spreadsheet is updated and reconciled daily. This is reviewed by 2 other officers in finance, and then signed by the Chief Accountant - daily.</p> <p>Any transactions that have been effected, including the Council's instruction to a counterparty which confirms an investment have to be verified and signed by an authorised signatory ( usually the chief Accountant) as part of the process to remit the funds the day the investments / movements of funds are made.</p> <p>The documents received which confirm a transaction, are checked on receipt. They are given to an officer that did not make the deal, verified, and signed off as checked in the manual register, and then filed.</p> <p>Management Response: Principal Accountant</p>		Implemented



## TREASURY MANAGEMENT STRATEGY

### 3. Treasury Management Policy

(Low Risk)

Recommendation	Rationale	Responsibility
<p>This recommendation has been carried forward from the 2007/2008 internal audit review of Treasury Management. The Treasury Management policy is updated to incorporate the four elements of the CIPFA code key recommendation 4 in accordance with CIPFA code of practice for Treasury Management and to be consistent with the Council's Treasury Management strategy.</p>	<p><u>Best Practice</u> The treasury management policy should contain the four elements of the CIPFA code key recommendation 4 to ensure compliance to Treasury management code of practice.</p> <p><u>Findings</u> The treasury management policy does not currently incorporate the four elements of the CIPFA code key recommendation 4</p> <p><u>Risk</u> Without incorporating the CIPFA code key recommendation 4, the Council is not demonstrating compliance to the Treasury Management code of practice.</p>	N/A
Management Response		Implementation Date
<p>Recommendation is <b>Not Agreed</b> All recommendations of CIPFA TM Code were adopted and agreed in 2002 report to Council, which adopted the TM Code in full. Key Recommendation 4 which refers to delegated responsibilities and the implementation and execution of TM activities required authorities to incorporate the recommendations into to the Council's Financial Procedures. Reference Article 14 of the constitution, Schedule 1. ref 47 ( page 50) and Financial Procedure Regs Pg 127 demonstrates compliance with this requirement. TMP's 1 / 5 &amp; 10 is further detail and part of the Treasury Management policy.</p> <p>Approach taken by SODC is that a recommendation annually is not required in the TMS as this element of the policy has already been adopted and incorporated into the Council Constitution / financial procedure regs, and should only require approval for any changes. This differs from the approach carried out at VWHDC.</p> <p>Management Response: Principal Accountant</p>		<p>Recommendation considered to be implemented and in place within constitution.</p>

### 4. Work Instructions

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Work instructions regarding Treasury Management duties should be reviewed and updated with a view to incorporate the date drafted/version control. Thereafter they should be reviewed at regular intervals to ensure further changes are incorporated when necessary.</p>	<p><u>Best Practice</u> Work instructions covering the Treasury Management function should be current, accurate, regularly reviewed and version controlled.</p> <p><u>Findings</u> Work instructions were found that required updating.</p> <p><u>Risk</u> Failure to follow accurate work instructions could result in officers inadvertently making wrong decisions and taking incorrect actions.</p>	Staff Officer
Management Response		Implementation Date
<p>Recommendation is <b>Agreed</b> Quarterly review and sign off procedures are now in place to verify and control changes to work instructions. Propose review of Vale working instructions to ascertain in format / presentation could improve /</p>		November 2008

enhance current practices in place at SODC.	
Management Response: Principal Accountant	

## 2. BROWN BINS 2008/2009

### 1. INTRODUCTION

- 1.1 Final issued 23<sup>rd</sup> December 2008.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that management information is used to monitor and manage the brown bin scheme adequately and accurately.
  - To ensure that income is appropriately processed and reconciled to budgeted income and management information.
  - To ensure that the procedure for controlling the renewals and non renewals of brown bins is comprehensive and adequate and being adhered to.
  - To ensure that brown bin operations are controlled in accordance with the contractual terms.

### 2. BACKGROUND

- 2.1 The Council provides a garden waste service with fortnightly collections from wheeled bins. The charge is £30 for a year's service or £28.50 if payment is made by direct debit. The brown bins are available in two sizes, 140 and 240 litres.
- 2.2 The service is managed by the Waste Services Manager which sits within Environmental Services.

### 3. PREVIOUS AUDIT REPORTS

- 3.1 This area has not previously been subject to an internal audit review.

### 4. 2008/09 AUDIT ASSURANCE

- 4.1 **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.
- 4.2 6 recommendations have been raised in this review. 4 Medium risk and 2 Low risk.

### 5. MAIN FINDINGS

#### 5.1 **Management Information**

- 5.2 In the area of policies and procedures, it was identified that whilst documented procedures are in place for the service area, these procedures are lacking in detail and are not considered to be comprehensive. One recommendation has been made as a result of our work in this area.

#### 5.3 **Income**

- 5.4 There have been problems with direct debit payments due to the links with Agresso, and this has resulted in a number of transactions being posted to the suspense account. It was also found that there is no communication link

between Agresso and telephone payments, which again has meant that payments have gone straight to suspense.

5.5 The invoices from Agresso are pre-numbered and issued by Capita, however, the invoice number is not common to the community database information thereby making it difficult to reconcile participants in the scheme to invoices raised/paid. Three recommendations have been made as a result of our work in this area.

5.6 **Brown Bin Renewals**

5.7 It was found that a renewal procedure is in place that is produced quarterly in Excel detailing what SODC and Capita staff need to do. However, this is not in great detail. One recommendation has been made as a result of our work in this area.

5.8 **Brown Bin Operations**

5.9 Currently there is no formal process in place to obtain feedback from brown bin participants to assess the effectiveness of the scheme. One recommendation has been made as a result of our work in this area.

## OBSERVATIONS AND RECOMMENDATIONS

### MANAGEMENT INFORMATION

#### 1. Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
That the existing procedures be updated to reflect and detail all processes involved in the brown bin operation and registration.	<p><u>Best Practice</u> Procedures should be effective, comprehensive and accessible.</p> <p><u>Findings</u> The procedures in place are lacking detail and are not considered by Internal Audit to be comprehensive.</p> <p><u>Risk</u> Procedures that are not comprehensive may result in officers failing to undertake tasks or undertaking them incorrectly.</p>	Administration Manager – Environmental Services
Management Response		Implementation Date
Recommendation is <b>Agreed</b>  Management Response: Waste Services Manager		1 April 2009

### INCOME

#### 2. Direct Debits

(Medium Risk)

Recommendation	Rationale	Responsibility
That collection of payment through Direct Debit should be examined.	<p><u>Best Practice</u> All common methods of payments should be available to the general public.</p> <p><u>Findings</u> There has been a problem with direct debit payments due to the links to Agresso, and this has caused a number of transactions to be</p>	Capita

	<p>posted to the suspense account.</p> <p><u>Risk</u> Unless the direct debit payments can be correctly posted and their accuracy relied upon, reminders may be sent out for payments already made causing embarrassment to the Council.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> We agree with this recommendation however we feel that this should be acted upon by Capita as they have the main control over this process and they will be contacted.</p> <p>Management Response: Waste Services Manager</p>		<p>Discuss with Capita on the 12 January 2009.</p>

### 3. Telephone Payments

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>That Agresso should be linked to / or be allowed to communicate with telephone payments to reduce the number of unresolved suspense accounts.</p>	<p><u>Best Practice</u> All common methods of payments should be available to the general public.</p> <p><u>Findings</u> There is no communication link between Agresso and telephone payments. When a member of the public makes a payment by telephone, it goes straight to suspense and because of the volume it is difficult to reconcile.</p> <p><u>Risk</u> Unless the telephone payments can be correctly posted and their accuracy relied upon, reminders may be sent out for payments already made causing embarrassment to the council.</p>	<p>Capita</p>
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> We agree with this recommendation however we feel that this should be acted upon by Capita as they have the main control over this process. Also we do not have access to the back office systems to make changes or amendments needed, they will be contacted.</p> <p>Management Response: Waste Services Manager</p>		<p>Discuss with Capita on the 12 January 2009</p>

### 4. Invoices

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The invoicing system / numbering should be reviewed and made compatible with the community database system by way of a common reference across both systems.</p>	<p><u>Best Practice</u> Invoice references should be uniform across the different systems involved.</p> <p><u>Findings</u> The invoices are pre-numbered and issued by Capita, however, the invoice is not compatible with the community database information thereby making it difficult to reconcile participants in the scheme to invoices raised/paid.</p> <p><u>Risk</u> Without knowing that participants have been</p>	<p>Capita / Administration Manager - Environmental Services</p>

	invoiced and paid, some members of the public may not be paying for the services received	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b>          With the waste contract we will need to review our current database and at this time we plan to work closely with Capita to bring in a new system that will address this issue.</p> <p>Management Response: Waste Services Manager</p>		August 2009

## 5. Renewal Procedures

(Low Risk)

Recommendation	Rationale	Responsibility
The renewal procedures should be updated and produced in a format that will make it easy to understand and eliminate the quarterly production of Excel procedures.	<p><u>Best Practice</u>            A record/database of renewals due at any time should be constantly available without the need to re-produce documentation quarterly.</p> <p><u>Findings</u>            A written renewal procedure is in place in Excel format and is produced quarterly and details what needs to be done by SODC and Capita staff. However, it is not comprehensive.</p> <p><u>Risk</u>            Without a record/database that automatically updates, renewals may be overlooked resulting in lost income to the council.</p>	Administration Manager – Environmental Services
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b>            Procedures have been updated to reflect current processes, however with the new waste contract and the possibility of a new database that will support the audits recommendations.</p> <p>Management Response: Waste Services Manager</p>		August 2009

## BROWN BIN OPERATIONS

### 6. Customer Satisfaction Survey

(Low Risk)

Recommendation	Rationale	Responsibility
That a quarterly satisfaction survey should be conducted to enable the council to monitor the scheme and ensure that it meets customer needs.	<p><u>Best Practice</u>            A process for obtaining regular feedback should be in place to ensure that the council is aware of the participants views on the schemes.</p> <p><u>Findings</u>            Currently, there is no process in place to obtain feedback from Brown Bin participants.</p> <p><u>Risk</u>            If the Council is not aware of the views of the participants in relation to the brown bins scheme, shortcomings may not be addressed resulting in dissatisfied customers.</p>	Administration Manager / Admin – Environmental Services
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b>            Once the new waste contract is in place we will introduce a customer satisfaction survey.</p> <p>Management Response: Waste Services Manager</p>		August 2009

### 3. CONTRACT MONITORING 2008/2009

#### 1. INTRODUCTION

1.1 Final issued 6<sup>th</sup> January 2008.

1.2 The following areas have been covered during the course of this review:

- By review of contracts confirm there are arrangements in place to monitor the contractors' performance.
- Confirm there are arrangements in place for reporting contractors' performance/compliance.
- Establish the adequacy of procedures for poor performance of contractor, and the Council's responses to any breaches of contract.
- Assess the frequency and adequacy of communication between the Council representatives and the contractor.
- Assess the constraints of the contract and whether they are reasonable and being adhered to (e.g. budget, progression on schedule of work, resources required on sides of both council and contractor).
- Assess adequacy of records being maintained relating to contracts and ensure responsibilities surrounding information management are understood and communicated effectively to relevant Council staff.

#### 2. BACKGROUND

2.1 Contract Monitoring is part of the Council's obligations for procurement. Basic contract monitoring procedures (such as regular contractual meetings) are usually outlined in the terms and conditions that are sent at the tender stage. As well as these, Councils need to adhere to contractual legislation such as Public Contract Regulations Act 2006.

2.2 At the time of the audit and for the sample selection of contracts, there were no departmental issues on the side of the Council that Internal Audit came across or were made aware of.

#### 3. PREVIOUS AUDIT REPORTS

3.1 No audit has been performed previously specifically on Contract Monitoring.

3.2 Contract monitoring was previously looked at as part of the audit for Contract Management audit. However because it was not at the same level of detail as this audit, the recommendations have been incorporated into this audit and presented to management where deemed appropriate.

#### 4. 2008/2009 AUDIT ASSURANCE

4.1 **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.

4.2 Four recommendations have been raised in this review. Three Medium risk and one Low risk.

## **5. MAIN FINDINGS**

### **5.1 Contract Monitoring Arrangements**

5.2 Internal Audit sampled three contracts. It was found that the Council had a rigid structure in place for the annual monitoring of the contractor's performance and the subsequent reporting to the respective Scrutiny Committee and Cabinet. This included contractual obligation for monthly meetings with the Council, minutes of which were taken by the Council and signed by both parties once agreed.

5.3 Internal Audit reviewed the issues discussed in the minutes taken for the above meetings and found no issues. No recommendations have been made as a result of our work in this area

### **5.4 Reporting Contractor's Compliance/Performance**

5.5 Within the reporting structure mentioned above, Internal Audit confirmed that there were multiple means of reporting the contractor's performance, as well as the chance for the contractor to feedback on Council's performance on the contract.

5.6 This included feedback obtained from three different perspectives: The Council's satisfaction with the contractor's performance, the customer's satisfaction with the contractor's performance and any feedback which the contractor may wish to give about the Council. No recommendations have been made as a result of our work in this area.

### **5.7 Adequacy of Procedures for Poor Performance**

5.8 Internal Audit could not find any poor performance incidents within the contracts that were reviewed. Although there were no formal poor performance procedures documented, it was acknowledged that through guidance available to all staff, the correct procedures for the poor performance of a contractor did exist.

5.9 Internal Audit obtained an action plan created in response to a previous incident of poor performance with a contractor. Despite there being areas that had been implemented, it was noted the latest version of the action plan did not have any implementation progress detailed against it. It was also noted that the action plan was not on the intranet guidance, despite there being comprehensive associated documents to assist with the various contracting processes. Internal Audit has made two recommendations in this area.

### **5.10 Communication Frequency and Adequacy**

5.11 Internal Audit established there was good communication internally for each of the teams dealing with the contracts reviewed, and that managers of Contract Monitoring Officers were well informed of progress and had a good understanding of what was expected of the contractor.

5.12 In addition, it was established that the communication between the contractor and the Council representatives was extensive enough to cover the day to day detail of operations, allowing complaints and feedback from customers to be dealt with effectively. Internal Audit have made no recommendation in this area.



### 5.13 Resource Monitoring

5.14 The resources on both the side of the Contractor and the side of the relevant positions dealing with the Contract were reviewed by Internal Audit with no issues identified.

5.15 Internal Audit examined the financial management side of each contract and the associated method of invoice control. The procedures in place were deemed reasonable, although the invoice recording document required updating as there were still invoiced amounts paid, but not recorded on the relevant invoice control sheet. Internal Audit has made one recommendation in this area.

### 5.16 Documentation and Information Management

5.17 Internal Audit reviewed both the general storage arrangement for contracts held by the Council and the specific storage arrangements for documentation relating to the contracts reviewed. The specific storage was satisfactory as all documentation is stored in an orderly way and is locked away at the end of the day. Internal Audit felt that the storage arrangements surrounding all contracts could have been improved due to the potential risk of theft and unauthorised entry to the contract strong room.

5.18 The responsibilities of various officers working on the contracts were well demarcated, and the information was well stored and easily accessible. Internal Audit has made one recommendation in this area.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **CONTRACTOR POOR PERFORMANCE PROCEDURES**

#### **1. SITA Action Plan on Online Procurement Guide**

**(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
The SITA action plan should be included on the Procurement Guidance section of the intranet as it is a key document for understanding the procedure of how to avoid or detect poor contractor performance.	<p><u>Best Practice</u> All knowledge of poor contractor performance and any official guidance or procedures drawn up are shared with all relevant staff in order to prevent or detect poor performance happening again.</p> <p><u>Findings</u> The SITA Action Plan was a document drawn up directly from the Council having the experience of poor performance; however it was not included as part of the list of guidance documents within the procurement assistance section.</p> <p><u>Risk</u> If knowledge from past experience of poor contractor performance is not shared and early procedures not put in place for a contract, the incident may occur again, potentially causing serious embarrassment to the Council and potentially serious inconvenience to customers.</p>	Business Improvement Manager
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		Implemented

Link to intranet added to document already on general drive. Management Response: Geoff Bushell, Business Improvement Manager	Completed 24 <sup>th</sup> November 2008.
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## 2. SITA Action Plan Implementation

(Medium Risk)

Recommendation	Rationale	Responsibility
The implementation progress on the SITA action plan should be updated where possible.	<p><u>Best Practice</u> Staff should know the action taken against any targets so the relevant information can be shared as soon as possible and the implementation be communicated effectively.</p> <p><u>Findings</u> The latest copy of the SITA action plan was obtained and contained targets from 2007 that had no implementation against them.</p> <p><u>Risk</u> If the implementations of a certain target are not documented, this may cause confusion and potentially duplication of work. It may also mean the mistakes the document is trying to avoid are made again if the relevant officers have no knowledge of the relevant documents.</p>	Head of Legal and Democratic Services
Management Response		Implementation Date
Recommendation is <b>Agreed</b>  Management Response: Margaret Reed, Head of Legal and Democratic Services		31 January 2009

## RESOURCE AND BUDGETARY CONTROL

### 3. Invoice Control Spreadsheet

(Low Risk)

Recommendation	Rationale	Responsibility
Absent balances relating to the payment of contractual charges for the monitoring of the Monson engineering contract are entered.	<p><u>Best Practice</u> Documentation for the monitoring of contractual expenditure should be updated regularly and should allow management to verify contractual payments through invoice matching where appropriate.</p> <p><u>Findings</u> Invoice control sheets obtained on contracts reviewed contained gaps for fees, the numbers for which had been noted, but not entered onto the main monitoring spread.</p> <p><u>Risk</u> The Council may pay over the anticipated amounts for a contract if the current expenditure is calculated incorrectly. It may also be difficult for officers to agree invoiced amounts if they do not know which invoices have been paid or received.</p>	Technical and Support Manager
Management Response		Implementation Date
Recommendation is <b>Agreed</b> For Monson spreadsheet where column is completed as non fixed then price box to be highlighted in red to make it more obvious.		Immediate

**DOCUMENTATION AND INFORMATION MANAGEMENT****4. Contract Strong Room Storage Arrangements****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Consideration should be given to restricting the code allowing access to the strong room to authorised officers.	<p><u>Best Practice</u> In order to prevent security breaches, the code for the contractual strong room is restricted to officers that require access, whilst still allowing for access during staff absences.</p> <p><u>Findings</u> The main door to the strong room cannot be closed, the code had not been changed recently and the strong room was in close proximity to an external entrance to the Council building.</p> <p><u>Risk</u> If the security information required to access the strong room are not managed, people who do not work for the Council may have access, potentially preventing the Council from taking action against a contractor if signatory agreement of their obligations cannot be found.</p>	Facilities Manager
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Officers responsible will investigate possibilities surrounding security.</p> <p>Management Response: Facilities Manager</p>		31 <sup>st</sup> January 2009

## 4. INCOME ARRANGEMENTS 2008/2009

### 1. INTRODUCTION

1.1 Final issued 8<sup>th</sup> January 2009.

1.2 The following areas have been covered during the course of this review:

- To ensure that policies and procedures are in place providing guidance as to the handling and processing of income and, where applicable, in accordance with the Council's Financial Procedure Rules.
- To ensure that all income is promptly and accurately accounted for.
- To ensure that for all income received, a complete audit trail exists.
- To ensure that all un-allocated income (suspense) is promptly identified and posted.
- To ensure that income is effectively and accurately monitored within the financial information systems, particularly in relation to periodic income.
- To ensure that all cash income is dealt with in an appropriate manner.

### 2. BACKGROUND

2.1 Building Control and Pest Control were selected as the sample areas for this review. The fees charged by both the Building Control and the Pest Control service are detailed in the Scale of Charges section within the budget book, and on the Council's website.

2.2 The Pest Control Service is within Environmental Services, and there is one full time Pest Control Officer employed by the Council. Members of the public can request the pest control service by contacting Environmental Health by telephone, visiting reception in person and by requesting the service online. The majority of requests are made by telephone.

2.3 In July 2004 the Building Control service was merged with the Planning Service, with the Head of Service for Planning assuming overall responsibility for the Building Control function and the day to day management of the function being the responsibility of the Building Control Manager.

2.4 There are no departmental issues that need to be reported at this time although it is understood that the provision of the pest control function is being reviewed.

### 3. PREVIOUS AUDIT REPORTS

3.1 Although both Pest Control and Building Control have both been subject to audit reviews previously, not specifically to review the income arrangements. Therefore Internal Audit have not taken the previous reports into consideration.

### 4. 2008/09 AUDIT ASSURANCE

4.1 **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.

- 4.2 Nine recommendations have been raised in this review. One High risk, seven Medium risk and one Low risk.

## **5. MAIN FINDINGS**

### **5.1 Procedures**

#### **5.2 Pest Control**

Currently, although there are some notes referring to the processes undertaken within the Pest Control function, there are no comprehensive procedures. Also there is no nominated officer whose responsibility it is to ensure that the procedures are comprehensive and up to date. Two recommendations have been made as a result of our work in this area.

#### **Building Control**

Building Control's (and Planning's) procedures are managed by a company called TRA. They make the procedures available to the necessary officers on-line and appeared comprehensive in their coverage.

### **5.3 Accounting for Income**

#### **5.4 Pest Control**

For some time the Cash Office receipts were not being attached to the Pest Control booking sheets. More recently, this situation has improved, however, within the sample selected covering the period August to September 2008, a number had no receipt attached. Also, the reconciliations of income were found to have discontinued and require re-instating. Two recommendations have been made as a result of our work in this area.

#### **Building Control**

The process for accounting for income appeared well managed, and any cash received is double checked. Income is recorded manually on receipt of income post pads that are passed to the Cash Office along with the remittances for processing. The remittances are also recorded on Ocella.

### **5.5 Monitoring of Income**

#### **5.6 Pest Control**

During the course of the review it became apparent that whilst monitoring of income by management used to occur, this practice has since lapsed and needs to be re-instated with emphasis on this being included in the updated procedures. Two recommendations have been made as a result of our work in this area.

#### **Building Control**

On the occasions of previous reviews of building control, it has always been the case that the team improves its ability to monitor income by running its own reports from the financial information system. Currently this facility has not been provided within the Agresso financial information system. One recommendation has been made as a result of our work in this area.

### **5.7 Anti-Fraud and Corruption**

#### **5.8 Pest Control**

The Food and Safety Manager informed Internal Audit that he was aware of the Anti-Fraud and Corruption Policy and knew that all staff should be vigilant concerning potential fraud and should take appropriate action should they

become aware of irregularities.

### Building Control

The Principal Building Control Surveyor informed Internal Audit that he was unaware of the existence of the Anti-Fraud and Corruption Policy and the Building Control & Planning Office Manager had not read the document. Additionally, no exercise has been undertaken to identify the key risk areas within Building Control. Two recommendations have been made as a result of our work in this area.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **PROCEDURES**

#### **1. Production of Procedures**

**(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<b>Pest Control</b> That the Pest Control Notes are enhanced as procedures to include full details of the pest control process and be dated and version controlled.	<u>Best Practice</u> Procedures should be in place that are complete, up to date, available to all relevant staff and version controlled.  <u>Findings</u> The existing 'Pest Control Notes' are not considered by Internal Audit to be comprehensive, and Internal Audit was informed that even as they stand, they require updating.  <u>Risk</u> If procedures are not complete and up to date, staff may not be aware of the full extent of their responsibilities resulting in errors occurring.	Food and Safety Manager
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed in Principle</b> Procedures will be amended updated to include payment handling and will be provided to all relevant staff. It should be noted that it is likely that provision of the service will be outsourced from April 2009.  Management Response: Food and Safety Manager		January 2009

#### **2. Nominated Officer**

**(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<b>Pest Control</b> That an appropriate officer be given the responsibility of ensuring the procedures are always kept up to date.	<u>Best Practice</u> A named officer should be identified and given responsibility to keep the procedures up to date and correct.  <u>Findings</u> No officer currently has responsibility for maintaining procedures within Pest Control.  <u>Risk</u> If no officer has responsibility for maintaining the procedures there is the risk that they will become out of date leading to incorrect actions or decisions being taken.	Food and Safety Manager
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Louise Brown, Administration Manager will keep the revised procedures up to date as with other existing office procedures.		January 2009

Management Response: Food and Safety Manager

## ACCOUNTING FOR INCOME

### 3. Booking Sheets

(Medium Risk)

Recommendation	Rationale	Responsibility
<p><b>Pest Control</b> That a process is put in place whereby all booking sheets have an appropriate cash office receipt attached.</p>	<p><u>Best Practice</u> A receipt from the Cash Office should always be attached to the booking sheet indicating that payment has been received.</p> <p><u>Findings</u> For some time the Cash Office receipts were not being attached to the booking sheets. More recently, this situation has improved, however, of the recent sample selected, seven booking sheets had no receipt attached.</p> <p><u>Risk</u> Without the remittance being attached to the booking sheet, it is not immediately clear whether payment has been received for the work undertaken, thereby resulting in additional work to check and if necessary chase the payment.</p>	Food and Safety Manager
Management Response		Implementation Date
<p>Recommendation is <b>Agreed</b> This has been addressed and is being monitored by Louise Brown, Administration Manager.</p> <p>Management Response: Food and Safety Manager</p>		Immediate

### 4. Reconciliations

(Medium Risk)

Recommendation	Rationale	Responsibility
<p><b>Pest Control</b> That the reconciliations of anticipated income to actual income received be re-introduced as a matter of urgency.</p>	<p><u>Best Practice</u> Reconciliations of anticipated income to income received should be regularly undertaken.</p> <p><u>Findings</u> The reconciliations of income ceased and have not been re-instated.</p> <p><u>Risk</u> If reconciliations of actual income against anticipated income are not undertaken regularly, there is a risk that missing income may not be identified and also that errors may not be identified.</p>	Food and Safety Manager
Management Response		Implementation Date
<p>Recommendation is <b>Agreed</b> Spreadsheet for reconciliations has been set up on the shared drive.</p> <p>Management Response: Food and Safety Manager</p>		Immediate

## MONITORING OF INCOME

### 5. Effective Monitoring of Income

(Medium Risk)

Recommendation	Rationale	Responsibility
<p><b>Pest Control</b> That the Administration Manager recommences the monitoring of income on a regular basis.</p>	<p><u>Best Practice</u> Income should be closely monitored.</p> <p><u>Findings</u> Internal Audit was informed that whilst monitoring of income used to occur, this practice has now lapsed.</p> <p><u>Risk</u> Income not being effectively monitored may result in budget shortfalls not being identified early enough to undertake remedial action.</p>	Food and Safety Manager
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Spreadsheet has already been set up on shared drive and Louise Brown, Administration Manager is to monitor reconciliations.</p> <p>Management Response: Food and Safety Manager</p>		January 2009

### 6. Reports

(High Risk)

Recommendation	Rationale	Responsibility
<p><b>Building Control</b> That Capita be approached with a view to Building Control being allowed to run their own monitoring reports from Agresso.</p>	<p><u>Best Practice</u> A team should be able to run its own reports detailing income and/or expenditure whenever the information is required.</p> <p><u>Findings</u> Currently, it is not possible for Building Control to run their own reports from Agresso.</p> <p><u>Risk</u> If a team cannot run their own reports, but have to request Capita to run them, it is more difficult for an up to date view of the current income/expenditure position to be affirmed.</p>	Building Control Manager
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Management Response: Building Control Manager</p>		April 2009

### 7. Monitoring

(Medium Risk)

Recommendation	Rationale	Responsibility
<p><b>Pest Control</b> That when procedures are updated, there be a specific section on monitoring.</p>	<p><u>Best Practice</u> Procedures should include all functions relating to the monitoring of the budget.</p> <p><u>Findings</u> The procedure notes in existence are neither comprehensive nor up to date.</p> <p><u>Risk</u> If the procedure for monitoring income is not available to staff, staff may be unaware of how the income should be monitored, creating a risk of budget shortfall not being identified.</p>	Food and Safety Manager



<b>Management Response</b>	<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Monitoring to be included in revised procedures.</p> <p>Management Response: Food and Safety Manager</p>	January 2009

## ANTI FRAUD AND CORRUPTION

### 8. Anti Fraud and Corruption Policy

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p><b>Building Control</b> That staff be encouraged to read the Council's Anti-Fraud and Corruption Policy and their responsibilities in relation to it.</p>	<p><u>Best Practice</u> All staff should be aware of the Council's Anti-Fraud and Corruption Policy and their responsibilities in relation to it.</p> <p><u>Findings</u> The Building Control Manager was unaware of its existence and the Building Control &amp; Planning Office Manager had not read the document.</p> <p><u>Risk</u> If staff are unaware of or have not read the Council's Anti-Fraud and Corruption Policy, they may not be aware of their responsibilities in relation to it. This may lead to staff not understanding the actions they should be taking to mitigate the chance of fraud or corruption.</p>	Building Control Manager
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Management Response: Building Control Manager</p>		<p>Implemented Read on 03/12/08</p>

### 9. Key Risk Areas

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p><b>Building Control</b> That an exercise be undertaken to identify the key risk areas for fraud within their business area.</p>	<p><u>Best Practice</u> Management should have identified and be aware of the key risk areas for fraud within their business area.</p> <p><u>Findings</u> No exercise to identify the key risk areas had been undertaken within Building Control.</p> <p><u>Risk</u> If no exercise has been undertaken to identify the key risk areas for fraud within their business area the necessary mitigating actions may not have been taken resulting in there being an increased chance of fraud or corruption.</p>	Building Control Manager
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Management Response: Building Control Manager</p>		<p>April 2009</p>

## 5. FOCUS GROUP PAYMENTS 2008/2009

### 1. INTRODUCTION

1.1 Final issued 26<sup>th</sup> September.

1.2 The following areas have been covered during the course of this review:

- To ensure that there is documentation to support the amount of cash given to members of focus groups;
- To ensure that there is adequate supporting documentation to support the raising of cheques to pay members of focus groups;
- To ensure that the cash is held securely;
- To ensure that there are controls in place to evidence the issue and receipt of the cash payments.

### 2. BACKGROUND

2.1 The Council uses Focus Groups as one of the methods of consultation to obtain the views of stakeholders. Focus Groups can be selected from listings of users of the appropriate service area, from the Citizens Panel or recruited by a Market Research Agency. It is normal practice for an incentive to be given to attendees of focus group and most agencies pay around £50. The Council pays £15 or £20 to attendees.

2.2 At the time of the audit, seven Focus Groups had been held between the 7<sup>th</sup> and 13<sup>th</sup> of August 2008 as part of the Fit For the Future process. At the time of the review a total of £3,145.00 had been recorded within Agresso as consultation or focus group incentives during the five months since 1<sup>st</sup> April 2008. This indicates much higher expenditure than petty cash which had replenishments requests totalling £708.70 for the 5 month period January 2008 to May 2008, within a total of £1641.90 for the period 27<sup>th</sup> March 2007 to 23<sup>rd</sup> May 2008.

### 3. PREVIOUS AUDIT REPORTS

3.1 Focus Group Cash Payments has not been subject to an internal audit review before.

### 4. 2008/09 AUDIT ASSURANCE

4.1 **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.

4.2 Seven recommendations have been raised in this review. Four High risk, two Medium risk and one Low risk.

### 5. MAIN FINDINGS

#### 5.1 Documentation of Amounts

5.2 When the requirement to use focus groups was established following the Council's first consultation strategy in 2003, the process was agreed with the Head of Internal Audit and Head of Finance in post at the time. At the time of this review no documentation is available stating who can agree the amounts

paid for attendance at focus groups. Whilst the Council's constitution does support the use of focus groups there is no overall policy covering the mechanism and roles and responsibilities for holding focus groups.

5.3 The amounts paid are £15 or £20 dependant on the level of involvement and whether representatives are from businesses or invited as a member of the public. The amount paid is below the industry norm of £50. Although an estimate is provided when proposals are put forward to other departments for holding focus groups, the agreement of the amount to be paid was not seen to be appropriately documented.

5.4 Three recommendations have been made as a result of our work in this area.

#### 5.5 **Documentation for Cheques**

5.6 Cheques coded to consultation costs are raised via Agresso and authorised by the Policy and Community Engagement Manager. There can often be one amount raised for several focus groups. The cheques are payable to cash and taken by a member of staff to be cashed at Barclays Bank, Wallingford with an appropriately signed covering letter authorising the encashment of the cheque to the named officer. Although the Policy and Community Engagement Manager establishes the purpose of the cheque prior to authorisation, documentation detailing this and the calculation of the amounts due is not retained with the focus group documentation and is not always held centrally in support of the amounts raised. Where Focus Groups are held on behalf of other service teams the amount of incentive cash paid out will be recharged to that service area but this had not yet taken place at the time of the review.

5.7 Once the cheque is cashed, there isn't a recorded audit trail of who is responsible for the cash at the various stages other than when cash is handed back by the officer managing the Focus Group to an Administrator. Adequate reconciliations of amounts raised with expenditure for each group and cash remaining wasn't evident. During the course of the review, the Team Administrator provided a spreadsheet recording cash used and remaining against the cheques raised, but this did not balance back to the amount of cheques raised to the cash used and remaining as some details appeared to be missing.

5.8 One recommendation has been made as a result of our work in this area.

#### 5.9 **Security of Cash**

5.10 Cash is held in a locked desk drawer and the whereabouts of the key known only to the team involved in administering Focus Groups. A plastic wallet is used for each focus group and the appropriate incentive amount for each attendance placed in separate plain white envelopes for the expected number of attendees and held within the plastic wallet. It is understood that the envelopes are sealed when handed over to attendees and sealed envelopes were seen when Internal Audit inspected the cash held. It is not therefore immediately visible if any envelopes which should contain cash have been replaced with empty envelopes. The current practice would be better managed as an imprest account.

5.11 Payments are often made out of hours so storage of the cash within the Cash Office safe was not favoured, however the cash office could be used for storage in between focus groups. During the audit review cash was deposited

in the cash office safe but this was held in individual sealed plain white envelopes so the cashier was unable to check how much was being deposited. Only one officer usually visits Barclays, Wallingford to cash cheques and whilst this is covered by insurance up to £2,000, other processes such as storing cash in a locked desk, or staff taking money home after focus groups, may not always be fully insured if amounts exceed the stated insurance limits.

5.12 Two recommendations have been made as a result of our work in this area.

5.13 **Issue and Receipt of Cash**

5.14 A list of potential attendees is obtained before the focus group is held and used to record attendance at the group. Attendees are asked to sign a register to confirm receipt of the incentive amount which is handed to them in a sealed white envelope. The signed register is not necessarily a listing of all attendees at the meeting as not all attendees are due an incentive payment. There has been an occasion where the agency advised a couple they would each receive a payment but, as this is not normal practice, one of the couple did not get their payment on attendance. This was recognised and addressed by the team but highlights a need to record what has been agreed by the agency in advance of the meetings. The focus groups are usually held and administered by one member of staff so no independent checks are made of any cash remaining after the payments are made.

5.15 Whilst researching how other Councils manage focus group payments it would appear that there may be tax implications where payments are made to volunteers which are considered to be income. Also any policy and procedure detailing the process of holding the focus group needs to address Health and Safety requirements, such as advising attendees of arrangements should an alarm sound. These areas are outside the scope of this audit but should be considered and incorporated within appropriate documentation.

5.16 One recommendation has been made as a result of our work in this area.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **DOCUMENTATION OF AMOUNTS**

#### **1. Policy Document**

**(High Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>A policy is implemented covering the mechanism in place for holding focus groups which includes:-</p> <ul style="list-style-type: none"> <li>• Steps to be taken in establishing the focus group.</li> <li>• Supporting documentation required.</li> <li>• How amounts to be paid should be agreed and issued.</li> <li>• Nominated responsible officers and their role and</li> </ul>	<p><u>Best Practice</u> Adequate and up to date policies and procedures are in place covering the use of focus groups and processes such as agreeing amounts payable.</p> <p><u>Findings</u> The Constitution supports the use of focus groups but there is no clear documentation supporting the process, roles and responsibilities.</p> <p><u>Risk</u> Responsibility and accountability cannot be effectively covered if there are not clearly defined roles and the Council does not have a consistent approach. This could</p>	<p>Policy and Community Engagement Manager</p>

<p>authority.</p> <ul style="list-style-type: none"> <li>• Recharge procedures.</li> <li>• Security arrangements.</li> <li>• Insurance cover requirements.</li> </ul>	lead to reputational implications.	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		31 October 2008
Management Response: Assistant Chief Executive		

## 2. Proposal

(Medium Risk)

Recommendation	Rationale	Responsibility
Where a proposal is required to establish a focus group, an appropriately detailed, agreed and signed copy of the proposal is obtained and held with all other documentation relating to the focus group.	<p><u>Best Practice</u> Focus groups are held in accordance with stated and agreed purposes and approved costings.</p> <p><u>Findings</u> A draft proposal for focus groups was inspected. This included a recommendation of how much should be paid and an estimate of total expense. This was not signed and agreed or held within documentation for the actual expenditure for the focus group. Hence there is no signed agreement supporting the amounts paid to each individual.</p> <p><u>Risk</u> Without agreed and approved documentation it is difficult to evidence that payments have been made and authorised appropriately.</p>	Corporate Community Engagement Officer/Team Administrator
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> The principle of the recommendation is accepted - the level of detail of the proposal will depend upon the size and type of work to be undertaken – this may be as little as an email detailing the above points		1 October 2008
Management Response: Assistant Chief Executive		

## 3. Control Documentation

(High Risk)

Recommendation	Rationale	Responsibility
<p>A control sheet for each focus group is used to:-</p> <ul style="list-style-type: none"> <li>• Record key details and a summary of the focus group in the form of a checklist to ensure appropriate and consistent documentation is retained in support of agreed expenditure for all focus groups.</li> <li>• Provide evidence of responsibility and ownership of cash at each stage of the process.</li> <li>• Adequately detailed</li> </ul>	<p><u>Best Practice</u> Appropriate documentation is maintained for all focus groups.</p> <p><u>Findings</u> A complete set of documentation supporting each focus group is not always held centrally. There is no clear documentation supporting key tasks and who has carried these out. An audit trail covering ownership and responsibility for cash as it passes from one officer to another is not established. Although attendees sign for receipt of the incentive, the form used does not always specify the focus group being attended and does not contain a signature of the issuing officer.</p>	Corporate Community Engagement Officer/Team Administrator

receipt of payments and list of attendees in support of expenditure and recharges.	<u>Risk</u> Without adequate supporting evidence it is difficult to prove that payments have been made appropriately which could have embarrassing implications for the Council and may not be adequate evidence for recharges.	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		1 October 2008
Management Response: Assistant Chief Executive		

## DOCUMENTATION FOR CHEQUES

### 4. Agresso Coding and Reconciliation

(High Risk)

Recommendation	Rationale	Responsibility
Whilst current practices of raising cheques for focus groups are maintained, separate entries within Agresso are required for each focus group. Regular reconciliations should be made between cash held, expended and coded to Agresso and these should be evidenced as independently checked.	<p><u>Best Practice</u> Agresso transactions can be identified against the individual focus group they relate to.</p> <p><u>Findings</u> Whilst the amounts of individual cheques raised for focus group cash is recorded within Agresso, those amounts often comprise more than one focus group. Hence identifying expenditure and transactions for specific groups isn't easily achieved. Adequately reconciliations of expenditure are not yet fully implemented and not subject to independent checks.</p> <p><u>Risk</u> Without adequate reconciliations any misappropriations may go undiscovered with adverse financial implications.</p>	Team Administrator
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> The use of an imprest account will simplify this.		16 September 2008
Management Response: Assistant Chief Executive		

## SECURITY

### 5. Money Stored in Locked Cash Tin

(Medium Risk)

Recommendation	Rationale	Responsibility
Cash removed from the safe in readiness for focus groups should be held in a secure location and within a locked cash tin.	<p><u>Best Practice</u> Cash is held securely and in accordance with insurance requirements.</p> <p><u>Findings</u> Cash is usually held within several individual sealed plain white envelopes, inside a plastic wallet for each focus group and stored within a locked desk. It would be difficult to see if an envelope containing cash is swapped for an empty envelope. An independent check of cash held is not undertaken and records not maintained of responsibility for the cash. During the course of the audit cash was deposited in the cash office safe but held within white envelopes so not subjected to an</p>	Corporate Community Engagement Officer/Team Administrator

	<p>independent check of the amount deposited.</p> <p><u>Risk</u> If reasonable measures are not taken to appropriately hold money then the Council is exposed to greater risk of financial loss.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b></p> <p>Management Response: Assistant Chief Executive</p>		1 October 2008

## 6. Imprest Account

(High Risk)

Recommendation	Rationale	Responsibility
<p>Focus group cash is managed as an imprest account. An agreed amount will be held in the cash office safe within a dedicated locked cash tin, the key for which will be held by the focus group Team who would request the required amount of cash prior to, and on the day of, the focus group. A signed register of movements of cash will be held within the safe and a version of this also maintained electronically to assist in reconciliations.</p>	<p><u>Best Practice</u> A secure and agreed process is in place to hold and document cash used for focus groups.</p> <p><u>Findings</u> A cheque is raised via Agresso payable to cash and presented by an officer at Barclays Wallingford to be cashed. This process was instigated as there is not always sufficient cash within the cash office float to encash the cheque at SODC. Once the cash is returned to the office it has been held in a locked desk rather than in a secure and controlled method within a safe. Although the safe is now used for storage of money between focus groups it is not always separately allocated to each focus group.</p> <p><u>Risk</u> If cash transactions are not adequately recorded and independently checked then it is difficult to reconcile expenditure with individual focus groups and prove that all expenditure has been appropriate.</p>	<p>Policy and Community Engagement Manager</p>
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b></p> <p>We welcome this as a pragmatic solution to what has been a very clumsy and time-consuming process.</p> <p>Management Response: Assistant Chief Executive</p>		31 October 2008

## ISSUE AND RECEIPT OF CASH

### 7. Focus Groups

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Focus groups should be attended by two staff officers at least while attendees arrive and book in and then at the end of each group to witness payments being made, reconciliation of cash held, and amounts held overnight by the responsible officer.</p>	<p><u>Best Practice</u> Administrative support is provided to the officer holding the focus group as recommended in advice provided by market researchers such as B2BInternational.</p> <p><u>Findings</u> Focus groups are mostly managed by one member of staff. This can make the administration of larger groups more difficult and there is no independent witness to any amounts of cash the officer</p>	<p>Policy and Community Engagement Manager</p>

	<p>needs to take home as access to the offices for storage isn't possible when the group finishes outside of hours.</p> <p><u>Risk</u> If an independent check isn't made of cash taken off site then unnecessary disputes can occur should any discrepancies arise.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b></p> <p>This is usually the case as 1 member of staff will attend to welcome participants and take notes. However, this is not always necessary and insisting upon 2 people being present at the beginning and end of every group is a therefore not a good use of resource.</p> <p>However we will ensure that 2 members of staff are in attendance to witness payments made, get signatures from participants and verify remaining cash.</p> <p>Management Response: Assistant Chief Executive</p>		<p>16 September 2008</p>



## **6. DIDCOT WAVE & LEISURE FOLLOW-UP 2007/2008**

### **1. INTRODUCTION**

1.1 Final issued 15<sup>th</sup> September 2008.

### **2. INITIAL AUDIT FINDINGS**

2.1 The final report made five recommendations and all were agreed. A satisfactory opinion was issued.

### **3. FOLLOW UP MAIN FINDINGS**

3.1 The review found that three of the recommendations had been fully implemented. One recommendation relating to the completion of CRB forms by all employees has been partially implemented. The CRB process has been documented by the Contractor, however it appears that the recording of the checks has not been undertaken in all instances.

3.2 It was not clear whether the remaining recommendation, which related to the fee charged through Sundry Debtors, had been implemented. The responsible officer for implementation was the Leisure Manager who is no longer employed by the Council. The current contract is coming to an end, therefore Internal Audit considers that this recommendation no longer remains relevant.

## FOLLOW-UP OBSERVATIONS

REPORT WP REF.	INTERNAL AUDIT RECOMMENDATION	RISK RATING H/M/L	MANAGEMENT RESPONSE	RESPONSIBLE OFFICER	ACTION DATE
4.1	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 six monthly thereafter.	Leisure Facilities Officer	January 2008
			<p><b>Follow Up Observations:</b></p> <p><b>Leisure Facilities Officer comment:</b> Draft inventories are in place. Will be confirmed over the next couple of weeks and will be issued to bidders in the tender of the new leisure management contract.</p> <p><b>Internal Audit comment:</b> Implemented, evidence of draft inventories obtained.</p> <p><b>Implemented</b></p>		
4.2	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 and Democratic Services to establish whether it can be covered by a supplementary agreement, if so such an agreement will be entered into.	Leisure Manager	31 January 2008
			<p><b>Follow Up Observations:</b></p> <p><b>Internal Audit comment:</b> Leisure Manager is no longer employed by the Council. It is not clear whether this recommendation has been implemented, however the contract will be coming to an end soon so this recommendation can be considered no longer relevant.</p>		

4.3	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 that, 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.	Leisure Facilities Officer	January 2008
			<p><b>Follow Up Observations:</b>  <b>Internal Audit comment:</b> Confirmation provided by the Contractor that an enhanced CRB check would be completed on all staff. The CRB process allows the 'P41' form to be used to record all submissions, however it appears that not all CRB forms have been completed/submitted.  <b>Partially Implemented</b></p>		
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 the categories on the Accident Analysis form.  Requirement will be incorporated into the new leisure management contract.	Leisure Facilities Officer	January 2008
			<p><b>Follow Up Observations:</b>  <b>Internal Audit comment:</b> Confirmation provided by the Contractor that a new process will be followed following a recommendation from a Health and Safety expert. The Contractor confirmed that the accident records now have additional categories: lacerations, faints/panic, soft tissue injuries, fracture, fatality.  <b>Implemented</b></p>		

4.4	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 Leisure Management Contract as a separate item on the agenda of the monthly monitoring meetings.	Leisure Facilities Officer	January 2008
			<b>Follow Up Observations:</b> <b>Internal Audit comment:</b> Evidence of inclusion on agenda at monthly monitoring meetings seen. <b>Implemented</b>		

# 7. ELECTIONS FOLLOW-UP 2007/2008

## 1. INTRODUCTION

1.1 Final issued 21<sup>st</sup> October 2008.

## 2. INITIAL AUDIT FINDINGS

2.1 The final report made 14 recommendations and 14 were agreed. A limited assurance opinion was issued.

## 3. FOLLOW UP MAIN FINDINGS

3.1 The review found that five recommendations have been implemented, and revised dates have been agreed for the remaining recommendations, of which, five are partially implemented, three are not implemented and one is ongoing.

3.2 Some of the delays in implementing recommendations can be attributed to the Parliamentary and By-elections held this year.

3.3 Changes are being introduced following the recommendations, and procedures are being developed, tested and agreed as each process occurs. The way in which election details are recorded are being changed for the Parliamentary elections, and once the entire process has been completed this will encompass three of the recommendations with a view to rolling out the changes for future elections. Internal Audit has agreed to review the changes made in this area in December 2008 and to continue to monitor the management response to the other outstanding recommendations in six months time.

## FOLLOW-UP OBSERVATIONS

### ELECTORAL REGISTRATION PROCESS

#### 1. Working Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Procedure notes should be produced to reflect current practices in elections and electoral registration. These should include adequate version control, be regularly reviewed, appropriately authorised and available to all the relevant officers.</p>	<p><u>Best Practice</u> If key personnel are absent then procedure notes will allow other members of staff to cover their role and meet legislative requirements.</p> <p><u>Findings</u> Hard copies of legislation are available in the Elections office covering elections and canvassing. The EROS system does contain some flowcharts and details to assist users and documentation s provided to temporary staff such as canvassers. However, working office procedures are not evident to cover performance of duties should key personnel be absent. Whilst it is noted that this area has been recognised by the team as a weakness and work has commenced on producing office procedures, this needs to be followed up.</p> <p><u>Risk</u></p>	<p>Electoral Services Officer</p>

	Responsibilities cannot be covered if key personnel are absent.	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		Canvassing July 2008 Elections October 2008
<b>Follow-Up Observations</b>		
<p>The Democratic Services Manager and Electoral Services Manager have expanded this to incorporate procedures such as the process to follow when a Councillor resigns. Copies have been provided of the following procedures:-</p> <ul style="list-style-type: none"> <li>• Procedures for running the canvas (EROS)</li> <li>• Maintaining register, street and house data (EROS)</li> <li>• Printing Registers (EROS)</li> <li>• Procedures for elections (EROS)</li> <li>• Election briefing notes</li> <li>• The process to follow on the resignation of a district councillor</li> <li>• Year end procedures (EROS)</li> </ul> <p>Due to the Parliamentary and By-elections there has been a delay in fully implemented procedures. As events happen the procedures are drawn up and tested then agreed, hence the canvass procedures are still in development. It is intended that there is a hard copy of all procedures as well as electronic versions within the team directory. All but one of the procedures supplied were missing version control, dates and authorisation details.</p>		<p><b>Partly Implemented</b></p> <p><b>Revised implementation date: March 2009.</b></p>

## 2. Retention of Data

(Medium Risk)

Recommendation	Rationale	Responsibility
A policy should be implemented covering the retention period required for hard copy documentation and the process of disposal.	<p><u>Best Practice</u> Historic documents shouldn't be retained any longer than is necessary and a retention policy in line with Data Protection and Freedom of Information legislation should be in place.</p> <p><u>Findings</u> Whilst historic documents such as previous year's registration forms are held in a secure filing room, documents should not be retained any longer than is necessary. There is no current policy in place covering how long documents should be retained and the appropriate method of disposal.</p> <p><u>Risk</u> If a retention policy isn't in place, information may held longer than is necessary for its purpose resulting in a failure to comply with Data Protection Requirements and potential financial penalties.</p>	<p>Democratic Services Manager</p> <p>Electoral Services Officer</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		July 2008
<b>Follow-Up Observations</b>		
A hard copy of the 'Policy for retention of election documents' was provided by the Democratic Services Manager.		<b>Implemented</b>

## 3. Security of Hard Copies of Register

(Medium Risk)

Recommendation	Rationale	Responsibility
Paper copies of the register should be sent by an appropriate and secure method.	<p><u>Best Practice</u> Adequate security is required to cover the distribution of information.</p>	Electoral Services Assistant

	<p><u>Findings</u> The sale of registers includes electronic and hard copy versions. Hard copy registers are currently not issued by a secure method but are included in the normal post.</p> <p><u>Risk</u> If information is not transmitted in a secure way then it could be intercepted and used for unauthorised purposes resulting in an adverse effect on the Council's reputation.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		December 2008
<b>Follow-Up Observations</b>		
A copy of the procedure note 'Security of hard copies of register' was provided electronically by the Electoral Services Officer. Paper copies of the register are not often sent and none have been since the audit review, the procedure does state that they should be issued by recorded delivery. Emailed copies are password protected and the password provided in a separate email. Councillor copies are usually left in Councillors pigeon holes but these will in future be issued directly to the councillors who will be asked to sign for them.		<b>Implemented</b>

#### 4. Documenting Sample Checks

(Low Risk)

Recommendation	Rationale	Responsibility
Sample checks of registration forms against the EROS system should be carried out in accordance with a planned scheduled and appropriate evidence retained	<p><u>Best Practice</u> Sample checks of registration forms against the EROS system to validate data should be carried out by an appropriate officer and documented.</p> <p><u>Findings</u> The Electoral Services Officer carries out occasional spot checks but this process is not evidenced and is not on a regular basis. Consideration should be given to incorporating a specified sample testing process into the registration procedures.</p> <p><u>Risk</u> If sample checks are not carried out then errors may go undetected and replicated.</p>	Electoral Services Officer
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		March 2008
<b>Follow-Up Observations</b>		
The Electoral Services Officer carries out sample checks and documents findings on a spreadsheet, a copy of which has been provided electronically.		<b>Implemented</b>

### ROLES AND RESPONSIBILITIES

#### 5. Job Descriptions

(Medium Risk)

Recommendation	Rationale	Responsibility
Job descriptions for Electoral Registration staff require updating to reflect current processes and provide clearly defined responsibilities.	<p><u>Best Practice</u> Adequate and up to date job descriptions should be in place which reflect current practices and detail expected roles and responsibilities.</p> <p><u>Findings</u> Whilst the duties of officers fulfilling election</p>	<p>Head of Legal and Democratic Services</p> <p>Democratic Services Manager</p> <p>Electoral Services Officer</p>

	<p>requirements are prescribed by legislation and documents exist to cover these, the duties of the Electoral Services Officer and Democratic Services Manager are not clearly defined as far as their role within Electoral Services. It is acknowledged that a job evaluation is expected in this area but dates are not yet agreed for this being implemented.</p> <p><u>Risk</u> Responsibility and accountability cannot be effectively covered if there are not clearly defined roles</p>	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		June 2008
<b>Follow-Up Observations</b>		
Job descriptions have been developed but not yet rolled out as they are still undergoing the job evaluation process. There have been delays following Parliamentary and By-elections but they will need to be finalised in readiness for the new year budget.		<p><b>Partly Implemented</b></p> <p><b>Revised implementation date: December 2008</b></p>

## SCALE OF PAYMENTS

### 6. Agreed Scale of Fees - Canvassers

(Low Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
The scale of fees for canvassers should be formally documented, include a version control covering the date it is in force and agreed at an appropriate level.	<p><u>Best Practice</u> The agreed scale of fees for payments made to canvassers should be appropriately authorised and version controlled.</p> <p><u>Findings</u> The Electoral Registration Officer has agreed a revised method of payment for canvassers but this isn't documented in the same way as the fees for elections. The details have been provided by the ESO in the form of a spreadsheet used to calculate fees. A signed version of the fees showing the date period that the fees relate to and a version control is recommended.</p> <p><u>Risk</u> Agreed scales of fees should be used or amounts could be overpaid or made inappropriately.</p>	<p>Democratic Services Manager</p> <p>Electoral Services Manager</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		August 2008
<b>Follow-Up Observations</b>		
The proposal for canvass payments for 2008 was agreed via emails between the Democratic Services Manager and the Returning Officer (Chief Executive) and a copy was forwarded to Internal Audit.		<b>Implemented</b>

### 7. Calculation of Payments

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
The calculation of fees should be expanded to include a comprehensive overview and summary of the calculations used referring back to the	<p><u>Best Practice</u> Documentation should be in place to cover how fees are calculated, checked and recorded. This will assist with reconciling to the general ledger budget transactions and checking of calculations.</p>	<p>Head of Legal and Democratic Services</p> <p>Democratic Services Manager</p>



<p>agreed scale of fees. The calculations should be independently checked and agreed before payment is made.</p>	<p><u>Findings</u> The ESO provided spreadsheets showing the calculations used for elections and canvass payments but there wasn't a clear overall summary pulling together the various elements, so matching these items to codings on the general ledger proved difficult and highlighted several queries which could have been resolved sooner had the documentation been comprehensive. In addition, there didn't appear to be an independent check of the calculated amounts.</p> <p><u>Risk</u> Fees are not correctly recorded or paid, which could result in inappropriate payments being made which could impact on the Council's reputation.</p>	<p>Electoral Services Officer</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		June 2008
<b>Follow-Up Observations</b>		
<p>Changes to the way the calculations are presented were made for the Parliamentary Elections. These are still being finalised and pulled together with the reconciliations in recommendation 9. The same process will then be applied to other elections. It has been requested that Internal Audit review the revised layout and structure of the documentation once it is finalised.</p>		<p><b>Partly Implemented</b></p> <p><b>Revised implementation date: December 2008</b></p>

## 8. Authorisation of Payments

(High Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>All claims should be appropriately completed and authorised. Guidance should be provided to authorising officers stating what is allowable, what evidence must be supplied and how VAT should be recorded and dealt with.</p>	<p><u>Best Practice</u> All expense claims should be appropriately completed and authorised prior to payment. Vat receipts should be obtained where mileage expenses are claimed in order to meet tax requirements.</p> <p><u>Findings</u> Of the 135 elections mileage claim forms for 2007 checked during this audit, three forms were found to have no authorising signature and three others had no claimant signature. 39 had vat receipts for petrol. One claim seemed to be for an inappropriate amount of mileage and one claim had been authorised and paid twice. The forms with no authorising or claimant signature were not rejected by payroll.</p> <p><u>Risk</u> Incorrect amounts may be paid if forms are not checked and authorised.</p>	<p>Pay Officer, HR</p> <p>Democratic Services Manager</p> <p>Electoral Services Officer</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		April 2008
<b>Follow-Up Observations</b>		
<p>The Electoral Services Officer advised that recent claims had been checked and had all been appropriately authorised, and that the Head of Human Resources and Facilities had confirmed by email that VAT receipts would not be required for election expenses. Evidence supporting this, and documented guidance to staff on what can be claimed was not evident at the time of the follow up.</p>		<p><b>Partly Implemented</b></p> <p><b>Revised implementation date: March 2009</b></p>

## 9. Reconciliation of Payments

(High Risk)

Recommendation	Rationale	Responsibility
Adequate controls should be implemented to reconcile payments made with the agreed calculated amounts and to the authorised documentation.	<p><u>Best Practice</u> All payments made should be reconciled to ensure that the agreed amounts have been paid.</p> <p><u>Findings</u> There is no evidence to confirm that a reconciliation is carried out. From the testing undertaken it would appear that some overpayments have been made, for example transactions on EL01/1209 totalling £1118.80 appear to be duplicate payments and £2920.53 was not explained at the time of the audit.</p> <p><u>Risk</u> Without reconciliation, expenses and claims paid incorrectly may not be identified.</p>	<p>Democratic Services Manager</p> <p>Electoral Services Officer</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		April 2008
<b>Follow-Up Observations</b>		
This recommendation ties in with recommendation 7 as it will be easier to implement once the spreadsheets are comprehensively laid out. Although the accountant monitoring the team's budget does keep an eye on the codings to establish if they are appropriate, this is not a full reconciliation back to the expected income and expenditure detailed in the spreadsheets. This will be addressed once recommendation 7 is implemented and may require assistance in the use of Agresso to obtain the required information.		<p><b>Not Implemented</b></p> <p><b>Revised implementation date: December 2008.</b></p>

## RECHARGES

### 10. Invoices - Recharges

(High Risk)

Recommendation	Rationale	Responsibility
Tighter controls are needed to ensure correct invoices are raised in a timely manner. The calculations should be subject to an independent check and invoices raised reconciled back to the agreed calculations and any discrepancies investigated.	<p><u>Best Practice</u> Invoices to recharge parishes should be raised in a timely manner, include details of the amounts comprising the invoice and be matched with calculated and checked amounts due.</p> <p><u>Findings</u> Invoices for May 2007 were not raised until the second week of December, and they did not appear to have been checked by an independent officer. Inconsistencies were found on the invoices for Great Haseley and Didcot when compared to the calculated amounts. One parish had two invoices raised (Long Wittenham) and one hadn't been raised (Horspath). The total from the narrative didn't match the invoice amount for Didcot.</p> <p><u>Risk</u> Accurate invoices need to be raised in an appropriate and timely manner in order to avoid inappropriate costs.</p>	<p>Democratic Services Manager</p> <p>Electoral Services Officer</p>
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		April 2008

Follow-Up Observations	
Spreadsheets detailing the various elements of the charges for each parish have been revised so that they are comprehensive. There has been a delay in issuing the invoice for Cuddesdon and Denton whilst a query regarding it spanning two parishes is resolved, but otherwise invoices are being raised quicker. Usually the administration staff enter the invoice and this is approved by either the Electoral Services Officer or the Democratic Services Manager. Checks back to the Agresso system would still be required to ensure all invoices and income are coded correctly. This will be covered as part of the recommendations 7 and 9 follow up as all elements of the documentation and reconciliation should be in place.	<b>Partly Implemented</b>  <b>Revised implementation date: December 2008.</b>

## BUDGETS

### 11. Election Expenses Uniquely Coded

(Low Risk)

Recommendation	Rationale	Responsibility
Elections expenses should be coded in such a way that each election can be reported separately if the general ledger system allows this functionality.	<p><u>Best Practice</u> Election expenses should be uniquely coded so that costs can be related to each election.</p> <p><u>Findings</u> Recharges to the parishes are lumped together when one invoice is produced resulting in one transaction on the general ledger. Where 4 parishes held two sets of elections, only one coding covering the costs means these costs are not related to each election. Two transactions are listed in EL01/1209 which relate to duties for a parish poll in April. These do not appear to be separately identified to the transactions relating to May elections. From the testing undertaken it seems that the individual elections are not identified and recorded separately as far as the transactions within the general ledger.</p> <p><u>Risk</u> If codings are not identified to individual elections then it is harder to adequately report on expenses for each election, and identify an overspend or misappropriation of funds.</p>	Electoral Services Officer
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		May 2008
Follow-Up Observations		
The Democratic Services Officer advised that he had discussed this with the Accountant who monitors their budget. Separate code (EL02) was established for the Parliamentary elections. Separate codes will be used for bigger elections and for Parliamentary elections which have to be kept strictly separated to support expenditure. However it was not considered cost effective or worthwhile to implement this for district and parish elections.		<b>Implemented</b>

## POST-ELECTIONS PERFORMANCE REVIEW

### 12. Post Election Review to Include Canvass Review

(Low Risk)

Recommendation	Rationale	Responsibility
A post canvass review should be held with key staff in order to address	<p><u>Best Practice</u> The post-elections performance review should include a review of the canvass</p>	Democratic Services Manager

any issues and develop an action plan identifying areas of improvement for future canvasses. The review should assign responsibility and due dates for implementation of agreed points. The review should be documented and list participants	<p>process and an action plan developed and implemented to address areas for improvement.</p> <p><u>Findings</u> A post elections review was undertaken but it did not include a review of the canvass process.</p> <p><u>Risk</u> Weaknesses may not be identified or addressed so may be replicated in future years.</p>	Electoral Services Officer
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> A canvass review was undertaken after the 2006 annual canvass.		December 2008
<b>Follow-Up Observations</b>		
The Democratic Services Manager advised that questionnaires have been issued by the ACE team to all those involved with Elections. A small review had been held with key staff and findings will be merged with the results of the questionnaire when they are available. There will then be a review of the canvass process itself.		<b>Ongoing</b>  <b>Revised implementation date: March 2009</b>

### 13. Post Election Review Action Plan

(Low Risk)

Recommendation	Rationale	Responsibility
A formal action plan should be developed from the post election review, showing who is responsible, and set dates for implementation of actions. The notes should in future detail who is participating in the review.	<p><u>Best Practice</u> A post-elections performance review is held and an action plan developed and implemented to address areas for improvement.</p> <p><u>Findings</u> Although the review was carried out and notes made, a formal action plan has not been put into force to identify who will carry out the recommendations and when. The ESO advised that these changes are expected to be made ready for the 2009 elections.</p> <p><u>Risk</u> Any weaknesses identified may be replicated in future years.</p>	Electoral Services Officer
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		July 2008
<b>Follow-Up Observations</b>		
This will be implemented once recommendation 12 is complete.		<b>Not Implemented</b>  <b>Revised implementation date: March 2009</b>

## ANTI FRAUD AND CORRUPTION

### 14. Pro-Active Identification of Fraud and Corruption

(Medium Risk)

Recommendation	Rationale	Responsibility
Processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.	<p><u>Best Practice</u> The chances of fraud and corruption occurring are limited through pro-active management processes being in place. There should be evidence available to confirm that sufficient action to limit occurrences of fraud and corruption has</p>	Democratic Services Manager  Electoral Services Officer

	<p>been undertaken.</p> <p><u>Findings</u> Some areas for fraud are covered by Electoral Commission Guidance, for example checks on postal vote initiation, but key areas have not been identified within the business area and it was ascertained that there are no formal processes in place to pro-actively identify occurrences of fraud and corruption. Potential for fraud exists in areas such as expense claims and duty fees.</p> <p><u>Risk</u> If adequate processes are not implemented to pro-actively identify instances of fraud and corruption, there is a risk that sufficient action would not be taken to limit the chance of fraud and corruption occurring which could lead to significant financial, operational, legal and reputational implications.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		August 2008
<b>Follow-Up Observations</b>		
There does not appear to be anything in the risk register for Legal and Democratic services to cover this.		<p><b>Not Implemented</b></p> <p><b>Revised implementation date: March 2009</b></p>

## 8. HOUSING ALLOCATIONS FOLLOW-UP 2008/2009

### 1. INTRODUCTION

1.1 Final issued 21<sup>st</sup> October 2008.

### 2. INITIAL AUDIT FINDINGS

2.1 The final report made seven recommendations, four of which were agreed and one agreed in principle. A satisfactory assurance opinion was issued.

### 3. FOLLOW UP MAIN FINDINGS

3.1 The review found that five recommendations have been implemented and one has been partially implemented. Those implemented include one which was not initially agreed, but has been addressed by the changes to the application resulting from the introduction of Homechoice Choice Based Letting.

3.2 One recommendation relating to job descriptions which was agreed in principle has been partly implemented. A revised implementation date has not been established as the review of job descriptions will only take place as vacancies arise or when major changes occur.

## FOLLOW-UP OBSERVATIONS

### ROLES AND RESPONSIBILITIES

#### 1. Job Descriptions

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Job descriptions for Housing Allocations staff should be regularly reviewed and version control added showing the date they were last amended. The job descriptions should be updated as necessary to reflect changes as they occur.</p>	<p><u>Best Practice</u> Adequate and up to date job descriptions should be in place for all staff within the service area which reflect expected roles and responsibilities.</p> <p><u>Findings</u> Job descriptions are in place but are only reviewed as a position becomes available rather than as part of a regular review process. The job descriptions provided did not contain any version control. It is acknowledged that a restructure of the team is expected but no dates are yet agreed for this.</p> <p><u>Risk</u> If staff do not have up to date job descriptions then they may not be aware of their responsibilities and accountabilities and may make unauthorised and inappropriate decisions.</p>	<p>Housing Needs Manager</p>
Management Response		Implementation Date
<p>Recommendation is <b>Agreed in Principle</b> Job descriptions for Housing Needs Officers would be updated if there was a significant change to their role. Otherwise they are reviewed when a vacancy occurs. Therefore staff are aware of their current responsibilities. We will add a date to the current versions for the purpose of version control.</p>		<p>March 2008</p>

Follow-Up Observations	
Job descriptions now have a date added for version control and an example was provided confirming this. Job descriptions are reviewed following a significant change or when a vacancy occurs and are not subject to a regular review.	Partly Implemented

## 2. Policies and Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
Comprehensive and up to date policies and procedures covering the Housing Allocations processes should be produced as part of the implementation of the Choice Based Lettings System. A formal process should be developed to include adequate version control, regular reviews, and appropriate authorisation.	<p><u>Best Practice</u> Relevant and up to date policies and procedures should be in place for all aspects of the service which are regularly reviewed by a nominated officer.</p> <p><u>Findings</u> Internal Audit accept that the imminent introduction of the Choice Based Lettings system will result in changes to existing processes and acknowledge that management are aware that a formal procedure process is required once the new system is in place. Whilst some documented procedures are in place, they are not comprehensive or combined into a procedure manual with a formal review process. Handwritten comments and amendments on hard copies of procedures, such as those observed on the extract from 'Processes/Procedures' should be incorporated into the procedures so that the update is available for everyone.</p> <p><u>Risk</u> If staff do not follow up to date policies and procedures they may make unauthorised and inappropriate decisions which impact on the Council's reputation.</p>	Housing Needs Manager
Management Response		Implementation Date
Recommendation is <b>Agreed</b> Comprehensive policies and procedures will be implemented and reviewed once we have a fully implemented and operational CBL system.		September 2008
Follow-Up Observations		
A copy of Homechoice procedures was seen to be available on Housing's shared network. There are two versions, one for Housing Officers and one for RSL's. The document is dated and appears to be comprehensive. There are also two systems manuals on the shared network, an Abritas training guide and an IT manual.		Implemented

## ASSESSMENT

### 3. Versions of Documentation

(Medium Risk)

Recommendation	Rationale	Responsibility
All available versions of Housing Allocation Policies and procedures should be the same up to date version.	<p><u>Best Practice</u> All available versions of the Housing Allocations policy and related documents should be the same, up to date version to ensure that accurate information is provided to Housing Applicants.</p> <p><u>Findings</u> It is acknowledged that the documentation provided to applicants will be changing</p>	Housing Needs Manager

	<p>when the Choice Based Lettings system is implemented, but there appear to be discrepancies in the different versions of policies currently available.</p> <p>A hardcopy of the Housing Allocations Policy issued to applicants was provided and this was compared to the same policy held on the Council's website. Discrepancies were identified such as the web policy stating a home seeker would be advised in writing within 10 working days but the printed policy states this would be 5 days. The policy on the website lists 5 scenarios where applicants are ineligible to join the register but the hardcopy has an additional 4 scenarios. Also, the date that the Housing Allocations Policy was last reviewed differs between the two versions.</p> <p><u>Risk</u> Applicants may be given conflicting information if different versions of the policy are available, which could be embarrassing to the Council should a decision which has been based on that information be questioned.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b></p> <p>All versions of the Housing Allocations Policy are normally the same. The copy available on the website at the time of the audit was a consultation document and this was not clear. This situation was rectified as soon as it was brought to our attention.</p>		Implemented
<b>Follow-Up Observations</b>		
<p>Homechoice Housing Allocations Policy 3<sup>rd</sup> June 2008 is available from the Council's website. There are two places with links to this document and only one was working at the time of follow up, this was noted by the Housing Needs Manager and subsequently amended as checked by Internal Audit. The hardcopy of the policy provided to Internal Audit matches that available on the website. However the policy describes Band D of the priority bands as Low Priority but in the Homechoice Applicants Guide this is stated as Medium Priority. This has been raised with the Housing Needs Manager.</p>		Implemented

## RENEWALS

### 4. Backlog of Renewals

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The backlog in renewals should be monitored, reported and addressed as soon as possible.</p>	<p><u>Best Practice</u> Renewals are issued on a regular basis and followed up where they are not returned.</p> <p><u>Findings</u> During the testing, evidence that renewals are now being issued and returned was seen. However, two of the ten sample cases should have had renewals but hadn't. One was due Oct 2007 &amp; the other July 2007. Internal Audit was advised that an officer has been nominated to addressing the backlog and that daily renewals are now being issued.</p> <p><u>Risk</u> If renewals are not up to date then an</p>	<p>Information and Resources Manager</p>



	applicant's status on the register may not reflect their present circumstances which could result in delays in housing a suitable applicant when a nomination is available.	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Teething problems with Abris IT system caused a delay in processing the renewals. This has now been rectified and the renewals are up to date.</p> <p>The onus is on the applicant to keep the Council informed of any change in their circumstances as they arise. The renewal process is aimed at keeping our records limited to those that are current and live cases. This is to avoid retaining files for those applicants who have gone away.</p>		Implemented
<b>Follow-Up Observations</b>		
<p>At the time of the audit review the backlogs were dealt with by using temporary staff. Whilst the Fit For the Future exercise has had an impact renewals are still up to date and were so at the time of implementing Choice Based Letting 12 weeks ago. The Housing Needs Manager showed an online listing within Abris of renewals due which was empty. The system also shows renewals not returned and listed cases where renewals had been sent but not yet returned. Of the two cases overdue for renewal at the time of the audit, one was renewed in March 2008 and the other was not responding to correspondence so the application was closed in May 2008.</p>		Implemented

## NOMINATIONS

### 5. Proof of ID and Supporting Evidence

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Consideration should be given to including wording on the application to encourage the supply of evidence and proof of ID at an early stage in order to avoid delays in the nomination process.</p>	<p><u>Best Practice</u> Applications are backed up by adequate evidence in support of the details provided in order to avoid delays to the nomination process.</p> <p><u>Findings</u> The team appear to be more pro-active in this area, as evidenced by the introduction of the sheet included with the application giving examples of the proof of ID required. During the testing of the nominations process, once a suitable applicant is reached on a shortlist, the files do not always have all of the required documentary evidence so the nomination is held while evidence is obtained.</p> <p><u>Risk</u> If documentary evidence is not obtained in support of an application then delays in homing an applicant can occur.</p>	N/A
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Not Agreed</b> It would be too resource intensive at the initial stage to follow up every application which did not fully comply compared to the reduced number of applications that progress to an actual nomination. We have therefore made a management decision to do the final checks at the nomination stage.</p> <p>This does not delay nominations due to the arrangements we have in place with our RSL partners.</p> <p>A review of the current housing application form is being undertaken as</p>		N/A

part of the CBL project.	
<b>Follow-Up Observations</b>	
Whilst this recommendation was not agreed, the new Choice Based Lettings application does include a statement that requested documentation should be provided or the application may be returned, it also includes a document checklist and refers to documentation required throughout the application.	<b>Implemented</b>

## ANTI-FRAUD AND CORRUPTION

### 6. Pro-Active Anti Fraud

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.	<p><u>Best Practice</u> The chances of fraud and corruption occurring are limited through pro-active management processes being in place. There should be evidence available to confirm that sufficient action to limit occurrences of fraud and corruption has been undertaken.</p> <p><u>Findings</u> The risk register for housing does not identify potential areas for fraud and corruption. Whilst a policy and checklist has been introduced to deal with staff and relatives applications, this isn't reflected in the risk register. No other key areas for fraud have been identified within the business area and there are no formal processes in place to pro-actively identify occurrences of fraud and corruption.</p> <p><u>Risk</u> If adequate processes are not implemented to pro-actively identify instances of fraud and corruption, there is a risk that sufficient action would not be taken to limit the chance of fraud and corruption occurring, which could lead to significant financial, operational, legal and reputational implications.</p>	Head of Housing Services
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> The risk register for 2008/09 has been updated to include these risks to enable them to be kept under regular review.</p> <p>Currently the practice, as also required by the Abrisas IT system, is that approval is required by different officers at different stages of the process. Final approval is required by a Senior Officer.</p>		Ongoing
<b>Follow-Up Observations</b>		
The Head of Housing Services has added HO 015 to the risk register which covers complaints and legal challenges which may arise following errors of judgement, mistakes etc. Whilst this does not incorporate fraud and corruption potential, the management consider the change over to Choicebased letting to have shifted emphasis away from back room processing as the public now apply for the properties they wish and the whole process is far more transparent.		<b>Implemented</b>

## 9. CLEANSING FOLLOW-UP 2008/2009

### 1. INTRODUCTION

1.1 Final issued 17<sup>th</sup> November 2008.

### 2. INITIAL AUDIT FINDINGS

2.1 The final report made one recommendation and this recommendation was agreed. A satisfactory assurance opinion was issued.

### 3. FOLLOW UP MAIN FINDINGS

3.1 The review found that the recommendation made by Internal Audit related to the introduction of processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.

3.2 The Head of Environmental Services confirmed that work has been undertaken towards full implementation of this recommendation, however some work is still required. The implementation is ongoing.

## FOLLOW-UP OBSERVATIONS

### PRO-ACTIVE ANTI FRAUD

#### 1. Pro-Active Anti Fraud

(Medium Risk)

Recommendation	Rationale	Responsibility
Processes to pro-actively identify any evidence of fraud and corruption within the business area are introduced.	<p><u>Best Practice</u> The chances of fraud and corruption occurring are limited through pro-active management processes being in place. There should be evidence available to confirm that sufficient action to limit occurrences of fraud and corruption has been undertaken.</p> <p><u>Findings</u> Key areas for fraud have not been identified within the business area and it was ascertained that there are no formal processes in place to pro-actively identify occurrences of fraud and corruption. In relation to the Statement of Internal Control, the process for formulating risks does not appear to be pro-active.</p> <p><u>Risk</u> If adequate processes are not implemented to pro-actively identify instances of fraud and corruption, there is a risk that sufficient action would not be taken to limit the chance of fraud and corruption occurring which could lead to significant financial, operational, legal and reputational implications.</p>	Waste Services Manager
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b>		May 2008
<b>Follow-Up Observations</b>		

Internal Audit requested the documentation to evidence the implementation of this recommendation. The Head of Environmental Services confirmed that some work has already been undertaken in relation to this recommendation and that implementation is ongoing.

**Implementation Ongoing  
(part of ongoing process  
development)**

# 10. WASTE MANAGEMENT FOLLOW-UP 2008/2009

## 1. INTRODUCTION

1.1 Final issued 17<sup>th</sup> November 2008.

## 2. INITIAL AUDIT FINDINGS

2.1 The final report made one recommendation and this recommendation was agreed. A full assurance opinion was issued.

## 3. FOLLOW UP MAIN FINDINGS

3.1 The review found that the recommendation made related to the undertaking of monthly meeting with the Contractor. Internal Audit was provided with evidence to support that such meetings are now being undertaken every month.

## FOLLOW-UP OBSERVATIONS

### CONTROL AND MANAGEMENT OF CONTRACT

#### 1. Management and monitoring of the Garden Waste Contract (Low Risk)

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>Best Practice: Monthly contract meetings should occur as prescribed in the Contract with Verdant.</p> <p>Findings: 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>Risk: 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
Recommendation is <b>Agreed</b> . Accept that this recommendation will be implemented as it is appropriate.		From January 2008
Follow-Up Observations		
The Senior Waste Management Officer provided Internal Audit with evidence to support that monthly meetings are being undertaken.		<b>Implemented</b>

# 11. BUSINESS CONTINUITY PLANNING FOLLOW-UP 2008/2009

## 1. INTRODUCTION

1.1 Final issued 5<sup>th</sup> December 2008.

## 2. INITIAL AUDIT FINDINGS

2.1 The final report made nine recommendations and six were agreed, two agreed in principle and one agreed in part. A satisfactory opinion was issued.

## 3. FOLLOW UP MAIN FINDINGS

3.1 The review found that three recommendations have been implemented, one has been partially implemented, two are ongoing and three have not been implemented and revised implementation dates have been agreed.

3.2 The Corporate Projects Officer who was tasked with implementing several of the recommendations left earlier in the year. A newly appointed Corporate Risk Officer is due to commence at the end of December 2008 and is likely to be responsible for the recommendations not fully implemented.

3.3 One recommendation relating to a review of the initial impact assessment of service areas is provisionally agreed to be implemented following the shared management restructure with the Vale of the White Horse District Council.

## FOLLOW-UP OBSERVATIONS

### STRATEGY

#### 1. Strategic Crisis Team update the Crisis Management Plan (Low Risk) and promote awareness of continuity planning.

Recommendation	Rationale	Responsibility
The Strategic Crisis Team should update the Crisis Management Plan to reflect details of the plans within their own service area and promote awareness of the process within their area.	<p><u>Best Practice</u> Under the Civil Contingencies Act 2004 the Council is required to not just have plans in place but to ensure they are reviewed and kept up to date. The Crisis Management Plan is a critical part of the Business Continuity Planning so it is vital that it is maintained accurately.</p> <p><u>Findings</u> The Crisis Management Plan (CMP) contains an Appendix where each member of the Strategic Crisis Team is required to record relevant vital records resulting from their review of plans within their own service portfolio. At the time of the audit no vital records were listed in the CMP. The Appendix detailing Command Centre Locations refers to an option of 'Michael Jaques house' but no contact details are available within the plan if this is still the case.</p> <p><u>Risk</u> If the Crisis Management Plan is not kept</p>	Business Improvement Manager

	up to date then the plan may be ineffective in the event of a disaster and recovery of key systems could be delayed.	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Corporate projects officer to work with the Strategic Crisis Team to update the crisis management plan.		September 2008
<b>Follow-Up Observations</b>		
The current online version of the CMP has been updated as far as the Command Centre Locations but there are still no comments in Appendix D to include relevant records. The version control in the header does not have the correct last updated date.		<b>Partly Implemented</b>  <b>Revised Implementation Date: September 2009</b>

## 2. Awareness of Business Continuity Planning is included in staff induction. (Low Risk)

Recommendation	Rationale	Responsibility
The staff induction process should inform new staff of the Council's Business Continuity Planning arrangements.	<p><u>Best Practice</u> Business Continuity management should be embedded into the Council's culture and staff awareness of the processes developed in order to minimise the impact of disruptions.</p> <p><u>Findings</u> The Business Continuity Strategy is available to staff via the intranet in the risk management section. Not all of the staff listed as Recovery Team Members in one service area were aware of the process. The current staff induction document doesn't mention continuity planning arrangements.</p> <p><u>Risk</u> If staff are not aware of the arrangements then delays may result should a plan be invoked due to the need to explain what is the processes are whilst contacting staff.</p>	Business Improvement Manager
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Business continuity will be covered more comprehensively in the revised corporate induction training programme, which starts on 24 July 2008.		July 2008
<b>Follow-Up Observations</b>		
BCP is mentioned to all new staff within one of one of the mandatory induction sessions. Hard copies were seen of the slides used for the induction. This does not go into great detail but is sufficient to introduce awareness to staff and explains why their contact details will be needed.		<b>Implemented</b>

## IMPACT ASSESSMENT

### 3. Service plan administrators should have a copy of the impact assessment for their service area. (Low Risk)

Recommendation	Rationale	Responsibility
The service area owners/administrators should have access to the details which made up the impact assessment for their own service area and use this as part of	<p><u>Best Practice</u> The impact analysis should be reviewed on a regular basis to identify any factors which have changed that may affect the continuity plans.</p> <p><u>Findings</u></p>	n/a

their review process.	<p>There is no process in place to review the impact analysis. Staff who now review the service area plans may be different to those who were originally involved in the impact analysis hence may be unaware how their service area was assessed.</p> <p><u>Risk</u> If the service plan owners are not aware how a disruption has been assessed as impacting upon their area, it makes it harder to adequately review and update the plans, which may result in a failure to fully recover the service should a plan be invoked.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Part</b> All plan owners and administrators have access to the business continuity folder which contains the business impact assessment (BIA). We understand that it is helpful for plan owners to view the BIA when reviewing the plans but we don't see any benefit in the BIA being reviewed frequently. The BIA was a one off exercise and the impact of the disruption of service delivery isn't likely to change in the near future.</p>		n/a
<b>Follow-Up Observations</b>		
<p>Internal Audit pointed out that the Business Continuity Institute recommend an annual review of the business impact analysis as good practice. Whilst this does not require a complete rerun of the exercise the Business Improvement Manager feels this only needs a review following major changes. As part of the shared management restructure with the Vale of White Horse District Council a review will be undertaken when new teams are in place.</p>		<p><b>Ongoing</b> <b>Revised Implementation Date: September 2009</b></p>

## SERVICE AREA PLANS

### 4. Checklist to assist plan owners/administrators in (Medium Risk) maintaining and reviewing plans.

Recommendation	Rationale	Responsibility
<p>A checklist should be used to prompt the plan administrators/owners whilst reviewing the service area continuity plans. These could be held by the officer who monitors the plans overall and should include:-</p> <ul style="list-style-type: none"> <li>• version control fully updated</li> <li>• review dates updated</li> <li>• Check/update contact details internal/external</li> <li>• Incorporation of changes in other plans is managed.</li> <li>• Deputies and team members are nominated</li> </ul> <p>Sign off by an appropriate officer</p>	<p><u>Best Practice</u> Continuity plans are in place for each service area and are up to date, adequately version controlled, changes to be mirrored in other plans are implemented.</p> <p><u>Findings</u> Of the 11 plans checked (including Crisis management Plan) only two had all 3 of the areas where version control is stated correctly updated. Some plans listed IT systems such as AXXIA which are not listed on the ICT plan so cross referencing is needed. One plan did not have a deputy nominated in the recovery team. Staff in one service area are not listed in the contact lists suggesting the plans are not adequately maintained or to date. Two service area plans have an officer listed as a Strategic Crisis Team member who is not listed on the Crisis Management Plan itself as a team member. The strategy states that plans will be updated quarterly but testing suggests reviews are held either 6 monthly or annually. Details should be updated as they change rather than left</p>	<p>Business Improvement Manager</p>



	<p>until a review and a more pro-active awareness of arrangements should help address this and a checklist ensure each area of the plan is reviewed.</p> <p><u>Risk</u> If plans are not maintained and updated with key details as needed then delays will occur should a plan be invoked and the recovery of service may take longer than it should.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> On recommendation 4, the Axxia system is not specifically mentioned in the ICT plan because it will be restored as part of the MAIN1 recovery - which is documented.</p> <p>Corporate projects officer to produce checklist to issue to all plan owners and administrators (SP4904).</p>		September 2008
<b>Follow-Up Observations</b>		
This is likely to be undertaken by the newly appointed Corporate Risk Officer.		<p><b>Not Implemented</b></p> <p><b>Revised Implementation Date: March 2009</b></p>

#### 5. Plans are available to necessary staff

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Service Area Plan owners and administrators should ensure that all key staff have up to date copies of the plan held off site.	<p><u>Best Practice</u> Continuity plans need to be held off site by critical staff such as the recovery team members for each service area to enable them to carry out their duties should a crisis occur.</p> <p><u>Findings</u> Discussions with recovery team members listed on one service areas plan indicated that the 3 team members did not have a copy of the plan off site and the 2<sup>nd</sup> emergency contact was unaware of their role and had not seen the plan. Other service area plans had recovery team members listed who were not also stated as plan holders.</p> <p><u>Risk</u> If key staff do not have up to date access to plans off site then there is likely to be a significant delay in recovery of their service area functions should an incident occur resulting in an adverse impact on the Council's reputation.</p>	Business Improvement Manager, Heads of Service
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Corporate projects officer to request heads of service that all members of service recovery teams keep a copy of their plan offsite.</p>		September 2008
<b>Follow-Up Observations</b>		
This could be incorporated within the checklist recommendation 4 and places emphasis on plan administrators to ensure necessary staff have up to date copies of the plan. This is likely to be undertaken by the newly appointed Corporate Risk Officer.		<p><b>Not Implemented</b></p> <p><b>Revised Implementation Date: March 2009</b></p>

**6. An up to date set of plans should be held offsite.**

**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>The 'Battlebox' currently used by ICT, should hold a full and up to date set of Business Continuity Plans.</p>	<p><u>Best Practice</u> A full set of up to date Business Continuity documentation should be held off site.</p> <p><u>Findings</u> The crisis management plan states that the 'battlebox' contains a full set of paper and electronic continuity plans. Discussions with the administrator of the battlebox suggest that this is only used for ITC's emergency software and it does not contain copies of the plans.</p> <p><u>Risk</u> If an incident occurs affecting the Council offices then the task of the recovery team would be easier if they have access to a full and up to date set of documents off site resulting in a more controlled and smoother implementation of the plans.</p>	<p>Business Improvement Manager</p>
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Copies of the business continuity plans will be put in the battlebox and stored off site.</p> <p>Corporate projects officer to research possibility of hosting electronic versions of the plans on a password protected site.</p>		<p>July 2008</p> <p>September 2008</p>
<b>Follow-Up Observations</b>		
<p>The Business Improvement Manager (BIM) confirmed that a hard copy of the plans are stored within the Battlebox used by ICT that is located at the Securipol recovery site location. The BIM has also created a google mail account to act as offsite storage of electronic copies of the plans that can be accessed from any pc. Access to this has been distributed to Heads of Service, the CMP members and the Management Team.</p>		<p><b>Implemented</b></p>

**7. Service areas should monitor business continuity plans of key external suppliers.**

**(Medium Risk)**

Recommendation	Rationale	Responsibility
<p>Each service area should obtain details of and monitor key suppliers' business continuity arrangements and reflect this in the risk register.</p>	<p><u>Best Practice</u> External suppliers should be required to have business continuity plans in place.</p> <p><u>Findings</u> Although workshops have been held for key suppliers, and the tender process now requires suppliers to document their continuity planning, only one service area has recorded on the risk register that external contractors need monitoring to ensure that continuity arrangements are in place. Whilst other areas may be aware of this requirement, documentary evidence of monitoring is needed.</p> <p><u>Risk</u> If an incident occurs and external suppliers do not have adequate continuity arrangements in place then there may be</p>	<p>Risk champions and Business Improvement Manager</p>

	sever disruption and delay to the provision of key services with an adverse affect on the Council.	
Management Response		Implementation Date
<p>Recommendation is <b>Agreed in Principle</b> We asked the top 7 suppliers for their business continuity plans.</p> <p>Only one had one, and others are not yet appreciative of the need.</p> <p>It is now a contractual requirement of new suppliers to have business continuity arrangements in place. It is also part of the annual contractor performance review process.</p> <p>Risk champions to assess key suppliers' business continuity arrangements and reflect this in the risk register as part of the risk management process.</p> <p>The corporate projects officer will explore ways of further engagement with the Council's existing key suppliers.</p>		<p>n/a</p> <p>Ongoing</p> <p>Sept 08</p>
Follow-Up Observations		
<p>It is a requirement of ongoing contracts that suppliers detail their Business Continuity arrangements. However this is not always a contractual arrangement. Whilst there is a section within the annual contractor performance review process this was left blank on the most recent reviews of Capita and Grundons, Monson stated 'tbc' and only Cannon had provided an updated continuity plan.</p> <p>The Business Improvement Manager has suggested that the newly appointed Corporate Risk Officer considers a review of key suppliers.</p>		Ongoing

## ROLES AND RESPONSIBILITIES

### 8. Service areas should use walkthrough and desktop (Medium Risk) exercises to promote awareness of the process

Recommendation	Rationale	Responsibility
Each service area should carry out a regular test of the continuity plan to ensure that staff involved are aware of their role and the plan is adequate. The level of testing would depend on the degree of change within the area.	<p><u>Best Practice</u> Staff involved in the recovery of a service area should be comfortable and confident in the role and responsibilities required to implement the continuity plan.</p> <p><u>Findings</u> Test exercises are carried out when each plan is developed and then it is expected that two plans will be tested each year as part of the monitoring of the continuity arrangements. This may result in plans only being tested every five years. The testing could be used as a useful training exercise and form part of the review.</p> <p><u>Risk</u> Delays may occur in implementing a plan and recovering a service area if key staff are not fully aware and comfortable with carrying out their roles and responsibilities.</p>	Business continuity plan owners & Business Improvement Manager
Management Response		Implementation Date
<p>Recommendation is <b>Agreed</b> Advice on how to test and review the plan will be communicated to plan owners and administrators. Business continuity testing and review to be included in the corporate timetable and team work plans.</p>		September 2008
Follow-Up Observations		

As a full test is costly and impractical management are happy to perform walkthrough tests but these have not yet been implemented. This is likely to be undertaken by the newly appointed Corporate Risk Officer.	<b>Not Implemented</b>  <b>Revised Implementation Date: March 2009.</b>
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## MONITORING ARRANGEMENTS FOLLOWING IMPLEMENTATION

### 9. Post Implementation Review

(Medium Risk)

Recommendation	Rationale	Responsibility
The Crisis Management Plan should include a process to carry out a post implementation review should the plan be invoked, and develop an action plan from the findings.	<p><u>Best Practice</u> If a Business Continuity Plan should be invoked then a post implementation review should be held to review and learn from the experience.</p> <p><u>Findings</u> Whilst the plan has not had cause to be invoked, a formal review of the performance of the implementation of arrangements is not a documented requirement in either the strategy or the Crisis Management Plan.</p> <p><u>Risk</u> If a post implementation review is not held then the Council's performance in achieving recovery may not be satisfactorily reported and any lessons learnt may not be identified and used to improve the plans.</p>	Business Improvement Manager
Management Response		Implementation Date
Recommendation is <b>Agreed</b> Corporate projects officer to add post implementation review to crisis management plan (SP4904).		June 2008
Follow-Up Observations		
A new Appendix has been added to refer to the need to carry out a post implementation review.		<b>Implemented</b>