

# **Audit and Corporate Governance Committee Report**

Report of Audit Manager

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To: Audit and Corporate Governance Committee

DATE: 29 September 2009

**AGENDA ITEM NO 4**

## **Internal Audit Activity Report Q2 2009/2010**

### **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: 4

Limited Assurance: 3

Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
<b>1. Council Charges 08/09</b>	<b>Limited</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>2</b>	<b>2</b>
<b>Temporary Accommodation</b>	<b>Satisfactory</b>	<b>6</b>	<b>0</b>	<b>N/A</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
OWP	Satisfactory	5	0	N/A	2	2	3	3
CCTV	Satisfactory	5	0	N/A	1	1	4	4
2. Records Management	Limited	12	0	N/A	9	6	3	2
3. Cornerstone - Couture	Limited	17	2	2	8	8	7	7
Partnership Performance Monitoring	Satisfactory	7	0	N/A	4	4	3	2

### Follow Up Reviews

	Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
Budgetary Control	Satisfactory	7	1	1	0	5

7. **Appendix 1** of this report sets out the key points and findings relating to the completed audits which have received limited or nil assurance, and satisfactory or full assurance reports which members have asked to be presented to Committee.
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 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.

**APPENDIX 1****1. COUNCIL CHARGES 2008/2009****1. INTRODUCTION**

- 1.1 Final issued 17<sup>th</sup> August 2009. The fieldwork for this audit was undertaken between January and April 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that the charges are necessary, appropriate and in line with legislation;
  - To ascertain how the level of charges is reviewed;
  - To ascertain whether the level of charges can be justified by actual costs incurred by the council;
  - To ensure that all set charges are approved by the relevant committee;
  - To ensure that, where possible, the Council is maximising its potential for income.

**2. BACKGROUND**

- 2.1 The Council, under legislation, has a statutory duty to provide certain services to the general public. Others are at its discretion and depend upon a number of factors, including the location of the authority and the natural areas it encompasses. With the increasing pressures upon the finances of local authorities, it is important that they are providing the appropriate services for the district and that the charges are appropriately set.
- 2.2 Internal Audit approached a number of teams within the Council to obtain an overview of how the Council deals with charging the public for services and how it sets its fees. These were ICT, Leisure and Economic Development, Housing, Land Charges and Facilities.

**3. PREVIOUS AUDIT REPORTS**

- 3.1 Council Charges has not previously been subject to an audit review.

**4. 2008/2009 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 Eight recommendations have been raised in this review. One High risk, five Medium risk and two Low risk.

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## 5. MAIN FINDINGS

### 5.1 **Appropriately Set Charges**

5.2 Internal Audit examined the way in which fees and charges were set and how the level of charge was assessed. It was established that across the various service teams, charges are set in a number of different ways. It was also established that the level of benchmarking against other similar district councils is limited. Two recommendations have been made as a result of our work in the area.

### 5.3 **Reviewing Charges**

5.4 Internal Audit questioned how the level of charges was reviewed. During testing it became apparent that the service teams are inconsistent in the way they produce and keep evidence to justify how the charges have been reviewed and set. It was also established that the frequency of reviews varied amongst the teams. Two recommendations have been made as result of our work in this area.

### 5.5 **Actual Costs Incurred by the Council**

5.6 In a number of instances, the service teams were found to be unaware of whether they were undercharging for their service as they were unaware of all associated costs. In addition, it transpired that there are a number of services provided free to members of the public that potentially could be charged for. Two recommendations have been made as result of our work in this area.

### 5.7 **Committee Involvement**

5.8 Internal Audit sought to ensure that the level of member involvement when amending and setting charges was appropriate. Portfolio members are consulted by the relevant Heads of Service when changes are made to fees and charges, and they are approved as part of the annual budget setting process. No recommendations have been made as a result of our work in this area.

### 5.9 **Maximising Income**

5.10 Internal Audit sought to establish what analysis has been undertaken to ensure that the Council has explored the options for maximising income from fees and charges. It was found that little has been done in this area. In addition, unlike many other local authorities, the Council does not have a corporate charging policy. Three recommendations have been made as a result of our work in this area.

## OBSERVATIONS AND RECOMMENDATIONS

### APPROPRIATELY SET CHARGES

#### 1. Level of Charge

(Low Risk)

Recommendation	Rationale	Responsibility
<p>The processes relating to the setting of charges are consistent throughout the organisation.</p>	<p><u>Best Practice</u> The methodology for setting charges should be clear and consistent across all services with the organisation.</p> <p><u>Findings</u> It was noted that different teams have a different approach to setting charges.</p> <p><u>Risk</u> If there is not a consistent approach to setting charges across the organisation, best practices may not be adhered to, charging may be unclear and income may be reduced.</p>	<p>Head of Finance</p>
Management Response		Implementation Date
<p>Recommendation is <b>Agreed in Principle</b> The services for which fees and charges are levied are disparate and so the objective of having a fee or a charge will vary. Fees could be set low to encourage take up, high to discourage take up or be set at a level that will maximise income or break even.</p> <p>Responsibility for setting the level of fees and charges (except for car parks) is delegated to strategic directors. It is believed that strategic directors are best placed to determine the objectives of the level of fees and charges and that a consistent approach would not be appropriate. Consequently, to date, a general charging policy hasn't existed.</p> <p>However, in the light of this recommendation, guidance on the setting of fees and charges will be reviewed when the budgets are set for 2010/11.</p> <p>Management Response: Head of Finance</p>		<p>September 2009</p>

**2. Benchmarking****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>All non-legislative charges should be benchmarked to similar authorities to ensure that where appropriate, the Council is maximising its potential income. To this end, Service Teams should be made aware of and encouraged to use available analysis tools.</p>	<p><u>Best Practice</u> Council charges should be benchmarked to similar authorities to ensure that the charges for the non-legislative fees are suitable and that where applicable, the Council is maximising potential income.</p> <p><u>Findings</u> The degree of benchmarking against other similar authorities is limited within the Council. Using the on-line tools on the Audit Commission's website, it was identified that there are a number of areas where the Council's income was a lot lower than similar authorities and could potentially be maximised.</p> <p><u>Risk</u> If benchmarking is not undertaken there could be a financial impact upon the Council as it is unaware of charges that could be increased.</p>	<p>Heads of Service/Chief Accountant</p>
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed Where Appropriate</b> This would be useful if the councils' objectives and economic environments were the same. There is a danger that extensive benchmarking is time consuming with little really pay-back. Benchmarking is used where it is considered appropriate. Guidance on the setting of fees and charges will be revised to this effect.</p> <p>Management Response: Head of Finance</p>		<p>September 2009 (revision of guidance)</p> <p>December 2009 (Heads of Service consider when setting fees and charges)</p>

## REVIEWING CHARGES

### 3. Evidence

(Low Risk)

Recommendation	Rationale	Responsibility
Evidence of how charges are reviewed and set should be produced and be available for review.	<p><u>Best Practice</u> Evidence of how charges are reviewed and set should be produced and be available.</p> <p><u>Findings</u> It was found that the service teams were inconsistent with regard to the information they produced and kept to support how the charges were reviewed and set.</p> <p><u>Risk</u> If evidence of how the charges were set is not produced and kept, it could be difficult to justify why a charge has been set at a certain level.</p>	Heads of Service
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Strategic Directors have been reminded of the need to ensure their managers keep clear supporting working papers that support their decisions.</p> <p>Management Response: Head of Finance</p>		<p>Implemented (Heads of Service and Strategic Directors have been reminded of the need to retain evidence)</p> <p>December 2009 (evidence produced and retained)</p>

### 4. Frequency of Reviews

(Medium Risk)

Recommendation	Rationale	Responsibility
The fees and charges within the service teams are reviewed for appropriateness at least annually to ensure they are set at an appropriate level.	<p><u>Best Practice</u> Fees and charges within the service teams should be reviewed for appropriateness at least annually to ensure they are set at an appropriate level.</p> <p><u>Findings</u> Not all charges are reviewed for appropriateness annually.</p>	Heads of Service/Head of Finance



	<p><u>Risk</u> If charges are not reviewed annually, it could result in the Council either charging excessively, or alternatively having less income than potentially possible.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Heads of Service are expected to review their fees and charges and agree changes with their Strategic Director annually. Although I am not aware of this not happening Heads of Services will be reminded of this requirement.</p> <p>Management Response: Head of Finance</p>		<p>September 2009 (revision of guidance)</p> <p>December 2009 (Heads of Service consider changes to all fees and charges)</p>

## ACTUAL COSTS INCURRED BY THE COUNCIL

### 5. On Costs

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>The Service Teams should undertake an exercise to establish the level of on-costs associated with the various fees, and decide whether the Council is subsidising the service and whether it would be appropriate to reflect more of the on-costs in the fee.</p>	<p><u>Best Practice</u> The Service Teams should be aware of the level of on-costs associated with providing the service and satisfied that they are reflected appropriately in the fee.</p> <p><u>Findings</u> In a number of instances the service teams are unaware whether they are undercharging for their service, because they are unaware of the on-costs associated with the provision of the service.</p> <p><u>Risk</u> If service teams are unaware of the on-costs associated with the provision of a service, they may be effectively undercharging and potentially losing income.</p>	<p>Strategic Directors</p>
<b>Management Response</b>		<b>Implementation Date</b>

<p>Recommendation is <b>Agreed</b> This is only relevant if the objective of the fee or charge is to maximise income. Where maximising income isn't an objective this would result in the production of unnecessary information.</p> <p>Strategic Directors will be reminded to ensure costs are known where the objective is to maximise income.</p> <p>Management Response: Head of Finance</p>	December 2009
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**6. Free Services****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>An exercise should be undertaken to identify all services that are currently being provided free to members of the public for which a charge could be levied, and a decision taken as to whether to charge for these services.</p>	<p><u>Best Practice</u> Service teams should be aware of and able to justify any services that are provided to members of the public for which no charge is levied.</p> <p><u>Findings</u> From the sample of Services Teams reviewed, it became apparent that there are services within the Council that are provided free to members of the public that potentially could be charged for.</p> <p><u>Risk</u> If the Council is providing services to members of the public for free, a significant amount of income may be lost.</p>	Heads of Service
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> These findings come as a surprise as each year when setting budgets Heads of Services are asked to consider where charges may be introduced. Heads of Services have subsequently confirmed they fulfil this requirement.</p> <p>Management Response: Head of Finance</p>		<p>Completed (issues raised with heads of service)</p> <p>December 2009 (Heads of service consider when setting fees and charges)</p>

## MAXIMISING INCOME

### 7. Appropriate Charging

(Medium Risk)

Recommendation	Rationale	Responsibility
An exercise should be undertaken to establish which services provided to members of the public are losing significant amounts of money, and a decision taken whether to increase the charge.	<p><u>Best Practice</u> The Council should not be losing revenue on charges made to members of the public.</p> <p><u>Findings</u> Testing revealed that there are services provided by the Council to members of the public for which the Council is losing a significant amount of income.</p> <p><u>Risk</u> If the Council is losing money on charges to the public, the finances of the Council may be put under undue pressure.</p>	Strategic Directors
Management Response		Implementation Date
<p>Recommendation is <b>Agreed in Principle</b> This is very much tied up with recommendation one. The level of fees and charges will continue to be set by strategic directors at levels commensurate with the object for setting of a fee or a charge in the first place (i.e, to encourage take up, to discourage take up, to maximise income etc)</p> <p>Management Response: Head of Finance</p>		December 2009

### 8. Charging Policy

(High Risk)

Recommendation	Rationale	Responsibility
The Council produces a corporate charging policy in line with the Audit Commission guidelines and many other local authorities, and that a lead officer be assigned to this task.	<p><u>Best Practice</u> The Council should have a corporate charging policy in place as advocated by the Audit Commission.</p> <p><u>Findings</u> During the course of testing, it was noted that many authorities have a corporate charging policy and the Council did not. It was also identified that a lead</p>	Head of Finance

	<p>officer has not been appointed for Council charges.</p> <p><u>Risk</u> Without a corporate charging policy in place, there a risk that the Council may act in inconsistent ways with regards to analysing and setting charges and potential income is not obtained.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> As explained above fees and charges should be reviewed by Heads of Service and agreed by Strategic Directors annually. The guidance issued for budget setting will be reviewed to ensure these requirements are fulfilled.</p> <p>The merits of producing a charging policy will be considered and will be included in the finance service plan for 2010/11 if it is felt it will add value.</p> <p>Management Response: Head of Finance</p>		<p>September 2009 (revision of guidance notes)</p> <p>March 2010 (consider including the production of a charging policy in the finance 2010/11 service plan)</p>

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## **2. RECORDS MANAGEMENT 2009/2010**

### **1. INTRODUCTION**

- 1.1 Final issued 18<sup>th</sup> August 2009. The fieldwork for this audit was undertaken between May and July 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate policies and procedures exist to cover the management of records from receipt or creation to destruction across the Council.
  - To ensure that, where necessary, records received are appropriately recorded.
  - To ensure that records, both electronic and hard-copy are appropriately stored, with an appropriate level of security and access.
  - To ensure that there is a common referencing/storage plan to aid retrieval of records.
  - To ensure that the transfer of records both internally and externally is secure and reliable.
  - To ensure that records are maintained and promptly updated as required.
  - To ensure that records are kept for an appropriate amount of time.
  - To ensure that records are disposed of in an appropriate manner and where necessary, details of the disposal are retained.

### **2. BACKGROUND**

- 2.1 The Freedom of Information Act (hereafter FOIA) was implemented fully in January 2005. It creates a right of access to official information and places a duty on public authorities to publish information in accordance with "publication schemes". As required by section 46 of FOIA, the Lord Chancellor has issued a code of practice on records management in relevant authorities (public authorities and other bodies whose administrative and departmental records are "public records" as defined by the Public Records Act 1958). This Code is in two parts.

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

- 3.1 Work has not previously been undertaken in this area.

### **4. 2009/2010 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 Twelve recommendations have been raised in this review. Nine Medium risk and three Low risk.

## **5. MAIN FINDINGS**

### **5.1 Policies and Procedures**

- 5.2 In the area of policies and procedures, it was identified that a single detailed policy exists to cover the area of records management. Although a fairly comprehensive policy, the policy was found to be in need of review and updating to suit current practice and/or legal requirements. A strategy was not available for the policies surrounding records management. However, work is scheduled in for this to be completed. A good intranet site is in use detailing all the relevant policies and guidance. Procedures and/or operating manuals were either defined locally within the service areas or Service Plans existed for updating or creation of procedures going forward. Training records for records management was not evident. However, a degree of training evidence was available for Freedom of Information (FOI) and Data Protection Act (DPA). Three recommendations have been made as a result of our work in this area.

### **5.3 Records Recording**

- 5.4 Clear guidance is available for officers on what constitutes a record, what should be done to safeguard and also make available via a record keeping system. A number of functional record management systems were found during the review to manage the definition, storage and retrieval of records. A good level of file and records indexing was found in certain areas. A comprehensive listing of records held by each service area could not be found over and above the Retention Schedules spreadsheet. One recommendation has been made as a result of our work in this area.

### **5.5 Storage of Records**

- 5.6 A good level of fire prevention in the form of arson prevention, fire risk assessment and appliance testing is in place with the added security of a council risk management process to mitigate any known risks. A number of areas surrounding the Council's ICT servers were identified as having associated risks. However, in many cases there were no control mechanisms listed on the risk register. Following up on risk assessment actions was an area highlighted as needing attention. Building security in the form of access to secure areas was found to be in place with secondary security in place for areas of high risk and confidentiality. The majority of the records tested were in or available in electronic format. Two recommendations have been made as a result of our work in this area.

### **5.7 Reference / Storage Plan**

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- 5.8 Responsibility falls to the service areas to define the referencing and storage mechanisms for their records. A standard council wide classification system was not in place, however, good working practice including added controls using electronic systems meant that referencing and storage was embedded in the numerous software applications in place. Clear responsibilities for dealing with storage of records was evident on the policies reviewed. Means of distinguishing between active and inactive records, where applicable, was found using status or date fields for electronic records and onsite or offsite archives for physical records. No recommendations have been made following our work in this area.
- 5.9 **Transfer of Records inc FOI**
- 5.10 A good system is in place for recording FOI requests and associated information. Policies and guidance are in place for officers and a database is used to record information including dates to record and monitor for legislative requirements. Guidance is also available externally for making the requests to the Council. An additional control measure is needed surrounding the dates to ensure data cannot be manipulated to meet deadlines. Government connect will redefine the standards for transfer of data between councils and a process was found to be underway to achieve the required deadline. There was no specific guidance available for officers in dealing with transfer of physical or electronic data whether internal or external. Three recommendations have been made as a result of our work in this area.
- 5.11 **Maintenance of Records**
- 5.12 Suitable access levels were in place for the software applications used by the service teams tested to allow for controlled changes to data. Self service was in place for the HR system to allow officers to amend specific information. Change logs were available to show the data changes over a period of time. Physical records, in the main, were either replaced or added as opposed to changed. Guidance was available for officers for filename or document conventions including file referencing. No recommendations have been following work in this area.
- 5.13 **Retention of Records**
- 5.14 A detailed Retention Schedule spreadsheet was found to be in place and available to officers through the intranet. A reasonable level of detail for records and their associated retention periods was found. No version control evidence of recent reviews or approvals could be found to show the document is up to date. A number of areas of the schedule were in need of review and updating with a driver to ensure that the schedule is adhered to. It was noted that the inclusion of the Records Management Society's Local Government Classification Scheme was
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an area to look at. One recommendation has been made as a result of our work in this area.

#### 5.15 **Disposal of Records**

5.16 Limited general guidance was available on the archiving, disposal and destruction of different record types. There did not appear to be any guidance on archiving, disposal and destruction of electronic records. The latest risk register was reviewed to ensure destruction of records and safeguarding of existing are included. The 2009/2010 Risk Register is still being defined. However on review of the current entries, evidence for ensuring records are disposed of in a timely manner could not be found. In general, limited records were available to demonstrate archiving, disposal and destruction of records with no existence of a local or central register defining the records due for required action. Three recommendations have been made as a result of our work in this area.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **POLICIES AND PROCEDURES**

#### **1. Policy in Place**

**(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
a) To perform a thorough review and update of the Records Management Policy in line with the Code of Records Management.	<p><u>Best Practice</u> Policies have adequate ownership and are reviewed on a regular basis to ensure that policies are fit for business purpose.</p> <p><u>Findings</u> The Records Management Policy document is dated October 2004 and the related intranet site was last updated in October 2005. Internal Audit could not find any evidence of reviews or updates since this release. The policy was not in the same structure as the Code of Records Management which would make for easier reading, interpretation and incorporation of updates.</p>	Business Improvement Manager
b) To include in the Records Management Policy a statement on generation of a disaster recovery plan covering physical and electronic records.		
c) To include in the Records Management Policy a statement on back-ups and the restoration of back-	Internal Audit confirmed that the policy includes a section on Business Recovery and	



<p>ups.</p> <p>d) To include in the Records Management Policy a statement on storage of physical records in folders, linked to some form of reference to aid retrieval.</p> <p>d) To include in the Records Management Policy a statement on transfer of data, either physical or electronic, internally and externally in a secure and reliable manner.</p>	<p>Security. The focus on this section is to provide guidance on protection and also risk assessment techniques rather than a specific statement on the generation of a disaster recover plan covering physical and electronic records.</p> <p>Internal Audit could not find any specific mention of back-ups and the restoration of back-ups within the Records Management Policy.</p> <p>No statement could be found for storage of physical documents in folders although a statement was included that paper files should contain a unique reference to aid retrieval.</p> <p>Internal Audit could not find any evidence of a policy in place that covers the transfer of data, either physical or electronic, internally and externally in a secure and reliable manner.</p> <p><u>Risk</u> Policies fall behind current working practice and legal requirements.</p>	
<b>Management Response</b>	<b>Implementation Date</b>	
<p>Recommendation is <b>Agreed</b> We are currently reviewing the records management policy with a view to harmonising it with the very different Vale policy.</p> <p>Management Response: Business Improvement Manager</p>	<p>31 December 2009</p>	

## 2. Access to Information

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Ensure that all published FOI Policies are of the same version.</p>	<p><u>Best Practice</u> Published policy documents should be of the same content and version.</p>	<p>Business Improvement Manager</p>

	<p><u>Findings</u> Internal Audit found that the FOI Policy document available on the internet was dated December 2008 and the document on the intranet was dated October 2004.</p> <p><u>Risk</u> Without clear guidance in place, officers will not be fully aware of policies and/or procedures, resulting in non compliance with internal and/or external quality and/or legislative requirements.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> We have now updated the intranet to be consistent with the website version. Completed 7 August 2009.</p> <p>Management Response: Business Improvement Manager</p>		Implemented

**3. Training****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>a) To include some form of records management training in the corporate or HR training plan.</p> <p>b) To ensure all officers receive and document FOI and DPA training.</p> <p>c) To ensure all officers receive and document systems training relative to their function.</p>	<p><u>Best Practice</u> Records Management training and functional application training is available to all officers to ensure that a high level of competency exists in the areas of Records Management.</p> <p><u>Findings</u> Upon review of the HR Induction pack and also the Corporate Training Programme 2009/2010, Internal Audit could not find evidence of Records Management being included in the Councils training and development.</p> <p>Internal Audit performed testing on training records for FOI, DPA and internal service applications training related to Records Management. Out of a total of 19 training opportunities, seven confirmed as having received</p>	Business Improvement Manager

	<p>training, one was questionable and for eleven, Internal Audit could not evidence any training.</p> <p><u>Risk</u> Without appropriate training, officers will not be fully aware of policies and procedures, resulting in non compliance with internal and/or external quality and legislative requirements leading to financial penalties.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> The Business Improvement Manager will communicate the existence of revised documents to service managers when they have been harmonised. We believe this is a low risk area and is therefore difficult to justify a major training programme.</p> <p>Management Response: Business Improvement Manager</p>		31 March 2010

## RECORDS RECORDING

### 4. Records Listing and Index

(Low Risk)

Recommendation	Rationale	Responsibility
Each service area to define what records need to be kept, including a comprehensive index to locate records upon demand.	<p><u>Best Practice</u> In line with the Records Management Policy, section headed Documentation of Records Work, a Master Index must be kept in each service area.</p> <p><u>Findings</u> <u>HR</u> - The current owner of the filing index and associated list of files stored in the archive room B119 is no longer an Officer of the Council and upon review of the date information present on the forms, it was not clear as to whether this is an up to date record of the files kept by HR. Internal Audit also found evidence of a draft document for record storage and disposal in compliance with the FOI and</p>	N/A

	<p>DPA., dated February 2005. Internal Audit could not determine whether this document was issued as a final version and whether any reviews or updates have occurred since the draft version.</p> <p><u>Planning</u> - No defined list or index of records could be evidenced.</p> <p><u>Democratic Services</u> - The listings provided to Internal Audit detailing the location of all minute books did not demonstrate a complete set of service area records and were also in need of updating.</p> <p><u>General</u> - The SODC disposal guidance is another form of index, however there was no evidence to suggest that the SODC disposal guidance is up to date with changes filtered through from services and the Records Management Society.</p> <p><u>Risk</u> Without comprehensive listings and indexes of records, necessary records processing actions could lead to inadequate use of resources in location of and management of data.</p>	
<b>Management Response</b>	<b>Implementation Date</b>	
<p>Recommendation is <b>Not Agreed</b> We agree that this is low risk. A review of documentation is likely to form part of Fit For the Future, so there is no point in duplicating this work.</p> <p>Management Response: Business Improvement Manager</p>	N/A	

## STORAGE

### 5. Hazard Risks

(Medium Risk)

Recommendation	Rationale	Responsibility
To ensure the risk register is	<u>Best Practice</u> Identify, assess, and prioritize	Business Improvement

<p>maintained and updated to ensure all risks, where appropriate, include the necessary control mechanisms.</p>	<p>risks followed by application of resources to minimize, monitor, and control the probability and/or impact of events.</p> <p><u>Findings</u> The Risk Register 2008/09 did not include risk mitigation for items relating to the Council's servers. The following risks were noted, however, for the nine risks listed, there was only one control mechanism defined:</p> <ul style="list-style-type: none"> <li>• Loss of power to the computer room for many days</li> <li>• Loss of computer room</li> <li>• Malicious damage - Restrict privileged access to minimum number of people; management awareness of staff issues</li> <li>• Loss of external network</li> <li>• Loss of internal network</li> <li>• Localised fire</li> <li>• Fire damage</li> <li>• Fog / smoke</li> <li>• Aircraft collision</li> </ul> <p><u>Risk</u> Without a managed risk process in place, exposure to known risks will continue with potential disastrous consequences.</p>	<p>Manager</p>
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> The risk registers are currently being updated and will include risk mitigation actions. We will include reference to the Disaster Recovery plan.</p> <p>Management Response: Business Improvement Manager</p>		<p>31 December 2009</p>

## 6. Fire Prevention

(Medium Risk)

Recommendation	Rationale	Responsibility
To ensure actions resulting from fire	<p><u>Best Practice</u> Highlighted risks and actions</p>	Facilities Manager

<p>risk assessment inspections are acted upon and documented in a timely manner.</p>	<p>during risk assessment inspections should be managed, acted upon and documented in a timely manner.</p> <p><u>Findings</u> No evidence could be obtained to show that recommended actions relating to records management and general fire safety had been acted upon following the annual fire risk assessment.</p> <p><u>Risk</u> Risk identified during the annual fire risk assessment are not acted upon, leading to continual risk exposure in the highlighted areas.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> We think this is a very low risk as a fire assessment was completed in 2008, and the resulting action plan has been implemented. We propose no further action other than future annual fire inspections – the next one is due in August 2009. Any resulting actions will be dealt with asap so long as they can be funded from existing budget. These actions will be documented.</p> <p>Management Response: Facilities Manager</p>		31 March 2010

## TRANSFER OF DATA

### 7. FOI Documents

(Low Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>a) To ensure that the published FOI Publications Schemes are of the same version and content.</p> <p>b) To review and update the document on FOI Guidance</p>	<p><u>Best Practice</u> Published policy documents should be of the same content and version.</p> <p><u>Findings</u> Internal Audit found that a different version of the FOI Publication Scheme is published on the internet site, compared to that on the intranet</p>	Business Improvement Manager

<p>Note for Staff and FAQ. Also to include the current owner and updated contacts.</p>	<p>site. Version 3 dated 25-10-05 which is on the Intranet site. The published version on the internet site is effective from 01/01/09.</p> <p>Within the SODC FOI Guidance note for staff and FAQ. The guidance mentions Roger Davies as a contact for further advice. Internal audit found that Roger Davies is not longer and officer with the Council. The document was created in December 2004 and no evidence of reviews since the initial release was found.</p> <p><u>Risk</u> Without clear guidance in place, officers will not be fully aware of policies and/or procedures, resulting in non compliance with internal and/or external quality and/or legislative requirements.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> We have now started the process of harmonising FOI documentation with Vale and will update both intranets when this work is complete.</p> <p>Management Response: Business Improvement Manager</p>		31 March 2010

**8. FOI Database****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>a) To use an automatic date stamping process to allow for two sets of response.</p> <ul style="list-style-type: none"> <li>• Partial information supplied + System date stamp</li> <li>• Full information</li> </ul>	<p><u>Best Practice</u> Forced database date stamps should be used to record when information was sent and whether the information was complete or partial.</p> <p><u>Findings</u> The FOI request register date stamps the record on creation (requested date). The related target date is automatically</p>	N/A

<p>supplied + System date stamp</p> <p>b) To include or amend an existing field header to state 'information supplied' to allow for officers to enter the actual information supplied.</p>	<p>calculated 20 days from the requested date, which ties in with the legislative requirements. When the request is acknowledged and notification is sent to the requester, the owning officer updates the acknowledged date. At such time that the information is sent to the requester, the supplied date is entered by the owning officer. Upon discussion with the Corporate Information Officer, it became apparent that the supplied date entry can be added in the past, which could create an opportunity for officers to back date in order to artificially meet legislative requirements.</p> <p>Internal Audit noted that the supplied dates are being entered even if some of the requested data is still outstanding. There is no consistent approach to entering data in the decision or notes field. Two cases did not state which information was provided to the requester.</p> <p><u>Risk</u> The opportunity for officers to back date FOI response dates in order to artificially meet legislative requirements.</p>	
<p><b>Management Response</b></p>		<p><b>Implementation Date</b></p>
<p>Recommendation is <b>Not Agreed</b> We think this is low risk and not a big problem. The existing system is designed as a tracking system and works well to ensure timely response. So we propose not to pursue this recommendation</p> <p>Management Response: Business Improvement Manager</p>		<p>N/A</p>



## DURATION

### 9. Retention Schedule

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To review, update and approve the Retention Schedules document to:</p> <p>a) Update the missing fields and to include methods for disposal and destruction. To also include a field to show when the last review/cull of records was performed.</p> <p>b) To ensure compliance with the SODC Records Management Policy</p> <p>c) To incorporate the LGCRS.</p> <p>d) To implement a process to ensure the Retention Schedule is adhered to.</p>	<p><u>Best Practice</u> A fully defined Retentions schedule which also incorporates the latest classification scheme that governs records retention in the local government sector.</p> <p><u>Findings</u> The Retention Schedules document, created in August 2004, was found to be in need of updates. The document was not a complete schedule in terms of the entries for records, actions, owners and format of record, disposal and destruction method. No evidence of reviews, updates or approvals could be found for the retention schedules document and after discussion with the Shared Head of Service - HR, IT &amp; Customer Services, it became apparent that this document is in need of an update specifically to ensure the blank fields are completed for each defined record type.</p> <p>According to the SODC Records Management Policy, a number of items should be included in the schedule. Upon testing, a number of items were either partially evidenced or not evidenced within the Schedule.</p> <p>Internal Audit found that The Records Management Society has recently launched a new Local Government Classification and Retention Scheme (LGCRS). The published Retention Schedule</p>	<p>Business Improvement Manager</p>

	<p>did not appear to include the information available within the LGCRS.</p> <p><u>Risk</u> The policy does not fully represent legislative and regulatory requirements that govern records retention, leading to exposure on the Data Protection Act 1998 and a potential increase of records volume with increase costs associated with storage.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> We think this is low risk as the consequences of not disposing of documents are very low. We will update the retention schedule as part of the harmonisation of FOI documents with Vale.</p> <p>Management Response: Business Improvement Manager</p>		31 March 2010

## DISPOSAL

### 10. Methods

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To provide clear guidance/procedures/forms outlining methods for archiving, disposal and destruction of different record types including forms of electronic media storage.</p>	<p><u>Best Practice</u> Clear guidance available to Officers outlining methods for archiving, disposal and destruction of different record types including forms of electronic media storage.</p> <p><u>Findings</u> Internal Audit found evidence of generalised destruction guidance within the Records Management Policy. Internal audit did not locate any evidence detailing specific guidance or procedures outlining methods for archiving,</p>	<p>Business Improvement Manager</p>

	<p>disposal and destruction of different record types including electronic media storage. There did not appear to be any reference to electronic records disposal or destruction and also no guidelines for archiving of records.</p> <p><u>Risk</u> Poor guidance or processes on archiving, disposal and destruction could lead to accidental records disclosure to the public which is likely to result in legal discovery actions and possible involvement in third party disputes.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> We think this is low risk. We will update the guidance as part of the harmonisation of documents with Vale.</p> <p>Management Response: Business Improvement Manager</p>		31 March 2010

**11. Risk Management****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Include document (records) retention, timely disposal and destruction in the 09/10 risk register.</p>	<p><u>Best Practice</u> The records disposal policy been incorporated within a risk mitigation strategy to ensure timely destruction of records when they are no longer required and continued safeguarding of those which merit continued retention.</p> <p><u>Findings</u> Internal Audit reviewed the only available 09/10 Risk Register for the areas tested and could not find any mention of records retention or disposal of records being performed in a timely</p>	N/A

	manner.  <u>Risk</u> The risks associated with records management are not reviewed at an appropriate level and appropriate risk mitigation plans are not put in place.	
<b>Management Response</b>		<b>Implementation Date</b>
Recommendation is <b>Not Agreed</b> We think this risk is below the tolerance line and are not proposing any action.  Management Response: Business Improvement Manager		N/A

**12. Application of Disposal****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
a) To provide a mechanism to ensure that electronic records and databases are subjected to the application of retention, disposal and destruction.  b) To provide a mechanism to ensure that disposal and destruction of records is undertaken regularly  c) To define registers listing all of the records archived, destroyed or pending destruction.  d) To provide appropriate forms to document and approve records to	<u>Best Practice</u> That all records, as defined in the organisations retention schedule, are reviewed and either maintained, archived, or disposed in accordance with there specific retention periods and disposal action.  <u>Findings</u> Internal Audit could not find any evidence to suggest that electronic records and databases are subject to the application of disposal/retention periods.  HR - On the evidence provided, it suggests that in the last 26 months, no records have been disposed of. For the disposals prior to this, Records of disposal were evidenced, however, Internal audit could not find a record stating how the records were disposed of.  In general, there did not appear to be any driver to ensure that	N/A

<p>be archived or destroyed</p>	<p>archiving/ disposal and destruction of records undertaken regularly. Excluding the HR archive and Democratic archive lists, Internal Audit could not find any objective evidence of maintained registers listing all of the records archived destroyed / pending destruction.</p> <p><u>Risk</u> Records are kept for longer than required leading to exposure on the Data Protection Act 1998 and a potential increase of records volume with increase costs associated with storage.</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Not Agreed</b> We think this is a low risk and not a priority.</p> <p>Management Response: Business Improvement Manager</p> <p>HR has a protocol in place 'record storage and disposal in compliance with the FOI and DPA' which details the storage and discard times for all HR documents. HR has regularly disposed of files and documents over the last 26 months. This ranges from individual pieces of paper, A4 ring binders to a year's worth of leaver's files (approx 50 employees files). What we haven't done is complete records of disposal. By referring to the protocol we would be able to advise what documents we retain and for how long and unless audit advise otherwise we no longer feel it is necessary to complete a record of disposal. All documents for discard are kept securing in the HR 'cupboard' until they are shredded on a quarterly (or thereabouts) basis.</p> <p>Management Response: HR Manager</p>		<p>N/A</p>

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### **3. CORNERSTONE - COUTURE 2009/2010**

#### **1. INTRODUCTION**

- 1.1 Final issued 10<sup>th</sup> September 2009. The fieldwork for this audit was undertaken between June and August 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that Couture is operating in accordance with the terms of the contract.
  - To ensure that appropriate and accurate records are maintained.
  - To ensure that the contract is appropriately monitored and relevant and accurate management information is provided.
  - To ensure that Health and Safety and Insurance requirements are adequately addressed.
  - To ensure that charges and recharges are appropriate, timely, clearly documented and authorised.

#### **2. BACKGROUND**

- 2.1 Cornerstone opened to the public 29<sup>th</sup> August 2008 with the aim of bringing arts, entertainment and culture to the area. Couture provide a café, bar and restaurant service at Cornerstone.
- 2.2 Couture trade as White Circle Organisation and operate food concessions within art centres, museums, cinemas and theatres. They aim to deliver fresh, well branded food and promote locally sourced produce.

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

- 3.1 Cornerstone – Couture Contract has not been subject to an internal audit review before.

#### **4. 2009/2010 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 Seventeen recommendations have been raised in this review. Two High risk, eight Medium risk and seven Low risk.

#### **5. MAIN FINDINGS**

- 5.1 **Couture Contract**
- 5.2 Whilst a detailed and authorised contract is in place between the

Council and Couture, variations to the terms of the contract (such as trading hours) have been verbally agreed and not formally documented. Menus for special promotions are not agreed in writing in advance of their use. The opening hours for Couture are not publicised on either Couture or Cornerstone's internet sites. Whilst offers are promoted on each of the websites, the wording is not consistent between Couture and Cornerstone. Two recommendations have been made as a result of our work in this area.

### 5.3 **Couture Records**

5.4 Staff sign in sheets are used to record start and finish times but these do not require any signature or initials of the staff signing in. Daily till listings are retained in support of sales records, but Internal Audit has concerns regarding the cash up process and the details being recorded. Six recommendations have been made as a result of our work in this area.

### 5.5 **Contract Monitoring**

5.6 Weekly operational meetings are held with Couture which include a de-brief of the previous week, requirements for the current week and forthcoming events. Quarterly management meetings are attended by Cornerstone and Couture. There has not yet been a proactive approach to obtaining customer feedback, however Couture are planning to introduce feedback cards. Two recommendations have been made as a result of our work in this area.

### 5.7 **Health and Safety**

5.8 Cornerstone staff maintain a listing of catering equipment provided by and maintained by the Council. However Couture staff were unaware which items were the Council's and which were Couture's, so it is not immediately apparent who is responsible for maintaining and insuring particular equipment. The liability insurance certificate on display at the time of the review was ten months out of date. Fridge and freezer temperature checks are carried out daily, but records are not fully completed or signed recording the checks made. The required temperatures and process to follow when abnormal temperatures are recorded was not documented. Five recommendations have been made as a result of our work in this area.

### 5.9 **Charges and Recharges**

5.10 Utilities bills are received for Cornerstone and Couture usage as one. An agreed method of apportioning the amounts due to be paid by Couture is to be agreed. Cornerstone have provided publicity on behalf of Couture and this is now billed monthly, but the arrangement requires formal documentation. The monthly concession payment received from Couture is invoiced upon receipt of monthly sales details. Out of six

months sales details, only three were notified to Cornerstone on or within the contracted five working days. The contract with Couture established a 'trust account' which was intended to be a float amount to cover concession invoices. This is not being operated in accordance with those terms as it is held as a trust payment rather than used as the float. This revised arrangement is not formally documented. Two recommendations have been made as a result of our work in this area.

## **OBSERVATIONS AND RECOMMENDATIONS**

### **COUTURE CONTRACT**

#### **1. Contract Variations**

**(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>a) Trading hours are reviewed with the aim of upholding the contracted terms. Variations to the contracted hours are appropriately documented and agreed.</p> <p>b) Opening hours for Couture are publicised on the web site for Couture and Cornerstone.</p> <p>c) Menus are agreed in writing by SODC before their use.</p>	<p><u>Best Practice</u> Opening hours are fully documented, agreed and published.</p> <p><u>Findings</u> Opening hours according to staff sign in sheets were not in accordance with the contracted hours. Whilst opening hours had been verbally agreed, there does not appear to be documentation agreed by all parties covering the variation to contract.</p> <p>Couture opening hours do not appear to be stated on the company's website.</p> <p>The contract requires written agreement for menus but this was not evident from the testing undertaken, and promotional offers are often notified to Cornerstone staff after implementation.</p> <p><u>Risk</u> If details of opening hours are not made public then potential customers may be lost as a result.</p>	<p>Operations Manager, Cornerstone</p>



Management Response - Cornerstone	Implementation Date
<p>Recommendation is <b>Agreed</b>            The issue of correct advertisement of opening times on the website will be discussed in a formal audit meeting between Cornerstone and the Operations Manager of Couture and a senior manager from Couture. An agreed procedure will be agreed and written up in the same meeting</p> <p>Management Response: Operations Manager, Cornerstone</p>	31 October 2009
Management Response - Couture	
<p>Recommendation is <b>Agreed in Principle</b>            This has been agreed in a minuted and recorded meeting with the management and due consent. The hours vary dependant on site events, and sales. Seasonal hours are in operation constantly. We can update the website with hours regularly – action date end of August 09.</p> <p>Management Response: Operations Manager, Couture.</p>	

## 2. Website Offers

(Low Risk)

Recommendation	Rationale	Responsibility
<p>a) All offers, promotions and menu's are publicised on both Cornerstone's and Couture's internet web pages consistently.</p> <p>b) Couture's privacy policy is visible on all web pages that the mailing list appears on.</p>	<p><u>Best Practice</u>            All promotions and offers are fully publicised.</p> <p><u>Findings</u>            Cornerstone's website promotes a 'Lazy Sunday Brunch' offer which is not on Couture's website for the venue.</p> <p>Couture publicises a 10% discount for Cineworld Unlimited members which is not stated on Cornerstone's website.</p> <p>Couture's privacy policy covering its mailing list details was only evident on the contact page but the mailing list option appears on all pages.</p>	Operations Manager, Cornerstone

	<p><u>Risk</u> Income may not be maximised if offers are not publicised in all possible areas.</p>	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Ensuring consistency of offers advertised on Cornerstone and Couture websites will be raised in the aforementioned meeting with Couture. This will be followed up by inclusion on the agenda of the monthly meetings now to be held between the Operations Managers of both organisations.</p> <p>Management Response: Operations Manager, Cornerstone</p>		31 October 2009
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Agreed in Principle</b> Information has now been updated. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager, Couture.</p>		

## COUTURE RECORDS

### 3. Staff Sign In

(Medium Risk)

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Staff sign in sheets should be enhanced to make them clearer and include the signature of the staff and supervisor/manager. This will also serve as the roll call of personnel in the building at the relevant time as per section 3 of schedule 1 to the contract.</p>	<p><u>Best Practice</u> Staff attendance is appropriately detailed and authorised.</p> <p><u>Findings</u> Staff sign in sheets record the start and end time but it is not always clearly detailed on the sheet or clear who the hours relate to.</p> <p>There are no initials or signatures obtained from staff attending and no independent authorisation from a manager or supervisor.</p> <p><u>Risk</u> If clear records of attendance are not obtained and</p>	<p>Operations Manager, Cornerstone</p>

	authorised then payments may be made incorrectly.	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b>  During the aforementioned meeting, Couture's attention will be drawn to section 14.5 of the contract which stipulates that "caterer's personnel shall be subject to all reasonable standards and procedures laid down from time to time by SODC relating to proper safety and good housekeeping practice (which) ... shall be in line with the regulations enforced on SODC's personnel in the performance of similar services."  We would appreciate advice from audit as to the strength of this contractual onus. This will be checked in monthly meetings between operations managers.</p> <p>Management Response: Operations Manager, Cornerstone</p>		28 February 2010
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Not Agreed</b>  All hourly staff have a rota to follow, the sign in sheet enforces confirmation of attendance – all staff not signing in do not get paid – as a rule of thumb – although never utilised, the rota dictates which is composed by Sharon – will encourage staff to record accurately – the tills record electronic sign in, we are not subject to SODC policy on this. We are a contractor.</p> <p>Management Response: Operations Manager, Couture.</p>		

#### 4. Training Records

(Low Risk)

Recommendation	Rationale	Responsibility
Records of training are updated and fully completed. These should be cross-referenced where necessary for completeness.	<p><u>Best Practice</u>  Training records are fully documented and maintained as a full record.</p> <p><u>Findings</u>  A training record card was maintained for individual staff but was not seen to be fully completed and signed by the trainer/trainee. The record form should be cross referenced with the SFBB folder which also contains details of training</p>	Operations Manager, Cornerstone

	received.  <u>Risk</u> If details of training are recorded in more than one place and not fully completed then it may appear that staff are not adequately trained.	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> This will be raised in the aforementioned meeting and added to the agenda of formal monthly meetings between operations managers</p> <p>Management Response: Operations Manager, Cornerstone</p>		31 October 2009
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Agreed in Principle</b> All staff should be using the company TRC and should be signed by trainer and trainee – will action. Implementation date 01 September 2009.</p> <p>Management Response: Operations Manager, Couture.</p>		

### 5. Cashing Up and Takings

(High Risk)

Recommendation	Rationale	Responsibility
<p>a) Cashing Up sheets should be fully completed, signed and dated with the time, independently verified whenever possible.</p> <p>b) All transactions should be recorded through the tills including any refunds given.</p> <p>c) Differences should be verified by a manager and fully documented.</p> <p>d) All staff should use their own</p>	<p><u>Best Practice</u> Cashing up is fully documented, independently verified and any discrepancies verified and agreed by a manager. Cashiers should use their own log in.</p> <p><u>Findings</u> Of six days cashing up records inspected none had the detailed breakdown of cash held completed.</p> <p>Differences are hand written on the cash up sheets but it is not clear why these differences were not recorded through till transactions. E.g. a refund due to the operator forgetting to give the buy one get one free offer resulted in cash being below till</p>	Operations Manager, Cornerstone

<p>individual till log on while serving customers.</p> <p>e) Cashing up should be completed at the close of each trading period.</p>	<p>readings.</p> <p>Differences do not appear to be verified and agreed by a manager.</p> <p>Only two operators were listed on the week's till records and one officer was not present on the day the till listing was taken suggesting that not all staff have their own till log on.</p> <p>Takings on one of the six days checked were reported and till readings taken the following morning.</p> <p><u>Risk</u> If discrepancies are not fully documented and investigated then any underlying problems may remain undetected and unresolved.</p>	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b></p> <p>During the formal meeting to be scheduled with Couture to discuss all matters arising from the audit, Cornerstone will be requiring a copy of this policy and any relating procedures. Cashing up sheets will be requested in all monthly meetings between operations managers.</p> <p>Management Response: Operations Manager, Cornerstone</p>		31 October 2009
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Agreed in Principle</b></p> <p>Amendments to this policy have been made. Cashing up is now counter signed. Refunds should only be done by the Manager and Supervisor. Cash variances will be accounted for. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager, Couture.</p>		

**6. Liquor****(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Cornerstone staff should clarify with Couture what items should be included in the breakdown of food and liquor.	<p><u>Best Practice</u> Sales records are reported at an agreed detail level.</p> <p><u>Findings</u> Till listings were compared with the sales records summary. Liquor was seen to include soft drinks such as 'kids animal drinks', sparkling water and coca cola. It is not clear if liquor should purely relate to alcohol or include soft drinks.</p> <p><u>Risk</u> If records are not presented as expected then reports may be misleading and analyses of trends adversely affected.</p>	Operations Manager, Cornerstone
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Cornerstone will seek further clarification from Couture as to their response on this issue as the response seems to contradict itself. Cornerstone have clarified with Couture on several occasions what items constitute alcohol and food. Spot checks will be performed during the monthly meetings.</p> <p>Management Response: Operations Manager, Cornerstone</p>		28 February 2010
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Not Agreed</b> We can provide further detail on alcoholic sales through stock sheets, we can look into a itemised report from z read which lists individual item sales. Await instruction from Cornerstone</p> <p>Management Response: Operations Manager, Couture.</p>		

**7. Discounts****(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
a) Couture staff should be fully	<p><u>Best Practice</u> The different levels of discount</p>	Operations Manager,

<p>aware of the different levels of discounts available.</p> <p>b) The discounts given should be recorded and details provided to Cornerstone.</p> <p>c) Discounts are not awarded on alcoholic beverages as per the contract requirements.</p>	<p>are utilised and records of staff discounts are maintained as per the contract.</p> <p><u>Findings</u>  Couture staff were not aware that the contract specified different levels of discount for SODC, SODC staff based at Cornerstone, and individuals such as tutors.  Discount had been provided for Cornerstone staff and hospitality sales.  Whilst discounts are summarised on the till receipts there is no detailed record.  Discounts were applied to alcohol sales but the contract excludes discount on alcoholic beverages. The amount of discount awarded on alcohol in the week inspected totalled £35.30.</p> <p><u>Risk</u>  If details of discounts available are not available then any potential misuse may not be identified.</p>	<p>Cornerstone</p>
<p><b>Management Response - Cornerstone</b></p>		<p><b>Implementation Date</b></p>
<p>Recommendation is <b>Agreed</b>  Cornerstone will request to see this discount register at the aforementioned formal audit meeting. Cornerstone will request that this includes a signature from members of staff when discounts are being obtained and that this register is checked at monthly operations managers meetings.</p> <p>Management Response: Operations Manager, Cornerstone</p>		<p>31 October 2009</p>
<p><b>Management Response - Couture</b></p>		
<p>Recommendation is <b>Agreed</b>  We will setup a discount register and record all discounts onto a spreadsheet for reconciliation to HQ. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager;</p>		

Couture.	
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**8. Retention Policy****(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
A clearly detailed retention policy is implemented in accordance with the contract.	<p><u>Best Practice</u> Complete and accurate records are retained for the continuance of the agreement and a period of six years thereafter.</p> <p><u>Findings</u> Till receipts and reconciliation statements are sent to Couture's head office each week. A retention policy was not provided during the review.</p> <p><u>Risk</u> If a retention policy is not in place then key documents may not be retained as required.</p>	Operations Manager, Cornerstone
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Cornerstone will seek clarification on Couture's response by email and during the formal audit meeting. During the audit meeting, Couture will be asked to bring a copy of the retention policy for our records</p> <p>Management Response: Operations Manager, Cornerstone</p>		28 February 2010
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Not Agreed</b> All legal documentation relating to all transactions are kept at head office, we have a policy of a minimum of 6 years for all documentation to be kept for taxation purposes and are available upon request. SODC already has a copy of our policies from the tendering process, all required documentation is kept at HQ and a viewing of documentation is available on request.</p> <p>Management Response: Operations Manager, Couture.</p>		



## CONTRACT MONITORING

### 9. Staff Rota

(Low Risk)

Recommendation	Rationale	Responsibility
<p>Cornerstone should request that Couture's staff rota's are circulated to Cornerstone for inspection in advance.</p>	<p><u>Best Practice</u> Expected staff levels are notified to Cornerstone to enable a check that events are suitable staffed.</p> <p><u>Findings</u> The weekly staff rota's are not copied to Cornerstone staff so there is no comparison with events and performance to ensure suitable coverage.</p> <p><u>Risk</u> If Couture is not staffed appropriately then the required level of customer service may not be reached.</p>	<p>Operations Manager, Cornerstone</p>
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> This will be added to the agenda of Cornerstone's weekly meeting with the general manager of Couture. Cornerstone will seek clarification of the Couture's response to this action point by email and during the audit meeting</p> <p>Management Response: Operations Manager</p>		<p>28 February 2010</p>
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Not Agreed</b> We staff our rota based on any information provided on ticket sales, a lot of our staff is available on short notice if we believe the needs of the business require additional support – at present our labour budget dictates sufficient staffing – training can be given to speed staff output to meet customer service levels if they are considered compromised. This is not contractual, at our weekly meeting we are happy to go through the rota for the week.</p> <p>Management Response: Operations Manager, Couture.</p>		

**10. Customer Feedback****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>An agreed procedure for recording, managing and reporting on customer feedback is implemented in accordance with item 16 of the contract.</p>	<p><u>Best Practice</u> An agreed procedure is in place to record and act upon customer complaints as detailed in the contract with Couture.</p> <p><u>Findings</u> Whilst Couture have recently designed customer feedback cards, these were not in use at the time of the review and there is no documented process for recording and management customer feedback.</p> <p><u>Risk</u> If an agreed method of recording and managing customer comments is not in place then remedial action may not be identified and implemented should a problem occur.</p>	<p>Operations Manager, Cornerstone</p>
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Cornerstone will clarify section 16 of the contract with Couture during the formal audit meeting to ensure that they fully understand this recommendation. A policy will be requested during this meeting for relaying feedback and responses to feedback from Couture to Cornerstone and for dealing with verbal abuse.</p> <p>Management Response: Operations Manager</p>		<p>28 February 2010</p>
<b>Management Response - Couture</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed in Principle</b> All customer feedback is recorded on feedback cards now, alternatively customers were able to either speak to the Manager or email through to Couture or Cornerstone regarding their concerns. Feedback forms should resolve this issue</p> <p>Management Response: Operations Manager, Couture.</p>		

## HEALTH AND SAFETY

### 11. Stock Inventory

(Low Risk)

Recommendation	Rationale	Responsibility
Couture catering equipment is fully detailed and recorded as an inventory with ownership clearly stated.	<p><u>Best Practice</u> Equipment is fully listed and ownership stated.</p> <p><u>Findings</u> A list of catering equipment provided by the council is contained within the contract and maintained as an inventory including model and serial numbers. It is not clear which equipment is owned by Couture.</p> <p><u>Risk</u> If equipment is not fully detailed and ownership stated, then responsibility for maintaining equipment may not be established.</p>	Operations Manager, Cornerstone
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Cornerstone will draw up an asset register of all SODC's owned equipment and will label all SODC equipment and request that Couture does the same (within reason). Cornerstone and Couture can merge lists following the formal audit meeting for complete clarification for staff.</p> <p>Management Response: Operations Manager, Cornerstone</p>		30 September 2009
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Agreed</b> An asset register is kept at head office, we will provide a list. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager, Couture.</p>		

### 12. Use of Equipment

(Medium Risk)

Recommendation	Rationale	Responsibility
a) Documented procedures are in	<p><u>Best Practice</u> Risk assessments are carried</p>	Operations Manager,

<p>place covering the operation of special equipment.</p> <p>b) Risk assessments are carried out specific to Couture's operations at Cornerstone</p>	<p>out for operational tasks and procedures are in place for the use of equipment.</p> <p><u>Findings</u> Documented procedures for the operation of specific equipment do not appear to be in place. Whilst general risk assessments are included in Couture's Health &amp; Safety manual there are none specific to Couture at Cornerstone.</p> <p><u>Risk</u> If appropriate risk assessments are not carried out then health and safety requirements may not be fully met.</p>	<p>Cornerstone</p>
<p><b>Management Response - Cornerstone</b></p>		<p><b>Implementation Date</b></p>
<p>Recommendation is <b>Agreed</b> During the formal audit meeting, Cornerstone will ensure that Couture understand this recommendation and draw attention to the contractual obligation to follow housekeeping practices suggested by SODC.</p> <p>Management Response: Operations Manager, Cornerstone</p>		<p>28 February 2009</p>
<p><b>Management Response - Couture</b></p>		
<p>Recommendation is <b>Not Agreed</b> All generic risk assessments cover all aspects of machinery based at sites - there are some site specific that Sharon has in the FSBB folder and are available upon request</p> <p>Management Response: Operations Manager, Couture.</p>		

### 13. Temperature Checks

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) Regular temperature checks are undertaken and fully documented. Exceptions are fully detailed and records signed.</p>	<p><u>Best Practice</u> Regular documented checks of fridge and freezer temperatures are undertaken.</p> <p><u>Findings</u> A FSBB folder is used to record checks made and temperatures</p>	<p>Operations Manager, Cornerstone</p>

<p>b) Temperature tolerances should be clearly stated and actions required when those levels are reached should be documented.</p>	<p>are recorded. At the time of the review 4 days of checks had not been recorded in the folder. Whilst exceptions were seen to have been recorded, these are not signed and fully detailed. It is not stated what temperature tolerances are before action is needed and what the action to be taken is.</p> <p><u>Risk</u> If temperatures of chillers are not regularly checked then food may be stored in accordance with legislated temperatures</p>	
<b>Management Response</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> Couture will be required to produce this at the formal audit meeting. This will be added to the monthly operations managers meeting agenda</p> <p>Management Response: Operations Manager</p>		31 October 2009
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Agreed</b> All temp records have been implemented at sites as per company policy – the FSBB pack was a guide but we have our own best practice methods issued by the Exec Chef and are now being utilised onsite. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager, Couture.</p>		

**14. H & S Monitoring****(Low Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
<p>Cornerstone staff should request that Couture copy them into the annual health and safety review documentation for assurance that risks are being managed appropriately and regularly.</p>	<p><u>Best Practice</u> Annual reviews are undertaken of health and safety arrangements and any identified action id implemented.</p> <p><u>Findings</u> Couture's Health and Safety Manual suggest annual monitoring and review including</p>	Staff Officer

	<p>unit risk self assessments, manual handling assessments, COSHH assessments are undertaken.</p> <p>Evidence of these annual reviews has not been provided but it is acknowledged that the first anniversary is just approaching.</p> <p><u>Risk</u> If health and safety arrangements are not regularly reviewed then any anomalies may remain undetected and unresolved.</p>	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
<p>Recommendation is <b>Agreed</b> During the formal audit meeting, a date for the annual review shall be sought and this will be followed up at monthly operations meetings.</p> <p>Management Response: Operations Manager</p>		28 February 2010
<b>Management Response - Couture</b>		
<p>Recommendation is <b>Not Agreed</b> Our manuals and policies are updated annually, as per the Business Folder, please note the site is only now coming up to its annual review of these documentation.</p> <p>Management Response: Operations Manager, Couture.</p>		

**15. Insurance****(High Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Up to date insurance liability certificates are in place and displayed at all times	<p><u>Best Practice</u> Up to date insurance liability certificates are displayed at all times.</p> <p><u>Findings</u> The liability insurance certificate on display at the time of the audit had expired in September 2008. Evidence was not provided at the time of this report that</p>	Operations Manager, Couture.

	insurance cover was in place.  <u>Risk</u> If up to date liability certificates are not displayed then fines may be imposed by the Health and Safety Executive.	
<b>Management Response - Couture</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Certificate now onsite.  Management Response: Operations Manager, Couture.		Implemented

## CHARGES AND RECHARGES

### 16. Recharge Method

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) A method for recharging utility bills and other services provided by SODC is documented and agreed.</p> <p>b) The amended use of the trust account is documented and agreed.</p>	<p><u>Best Practice</u> Responsibility for utility bills and recharges are clearly documented</p> <p><u>Findings</u> Whilst the contract with Couture refers to utilities costs such as gas and electric, the method of recharging these items has not yet been documented and agreed.</p> <p>Utility bills are not split between Cornerstone and Couture usage but it is anticipated the split will be based on floor space occupied.</p> <p>Promotional work undertaken by Cornerstone on behalf of Couture is now charged monthly but not formally documented.</p> <p>The trust account money paid by Couture is not being used in accordance with the contract as a float balance for the monthly concession fee but this is not</p>	Operations Manager, Cornerstone

	documented as a variation to contract.  <u>Risk</u> If recharges are not clearly documented, indicating liable parties and the mechanism for recharging, then it would be difficult for the council to pursue amounts to be paid by the contractor.	
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Gas and electricity bills will be backdated to April now that an agreed method of re-charging has been agreed between parties.  Management Response: Operations Manager, Cornerstone		28 February 2010

**17. Sales Information****(Medium Risk)**

<b>Recommendation</b>	<b>Rationale</b>	<b>Responsibility</b>
Sales information should be promptly provided by the contractor in accordance with the contract.	<u>Best Practice</u> Specified data is provided promptly in accordance with the contract.  <u>Findings</u> Only three of six recent monthly concession amounts inspected had the sales figures notified within the 5 days specified in the contract.  <u>Risk</u> If information is not provided promptly then receipt of concession payments may be unnecessarily delayed.	Operations Manager, Cornerstone
<b>Management Response - Cornerstone</b>		<b>Implementation Date</b>
Recommendation is <b>Agreed</b> Cornerstone have requested this information within the 5 days stipulated on the contract every month for the past year and will continue to do so where necessary.  Management Response: Operations Manager		31 October 2009



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<b>Management Response - Couture</b>	
<p>Recommendation is <b>Agreed</b> All information will be provided by the 5<sup>th</sup> working day of the following month. Implementation date 30 August 2009.</p> <p>Management Response: Operations Manager, Couture.</p>	