

17 March 2010

Report of **Head of Finance**

Report No. 125/09

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Wards Affected
All

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Internal audit activity report quarter four 2009/2010

Recommendations

That members note the content of the report

1. Purpose of Report

- 1.1 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 will be/has been taken where necessary.
- 1.2 The contact officer for this report is William Jacobs, head of finance for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823326 and (VWHDC) 01235 540455.

2. Relationship with Corporate Plan

- 2.1 This report supports the Council's vision to build and safeguard a fair, open and compassionate community.

3. Background

- 3.1 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 Council's objectives. It assists the Council by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit

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

3.2 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.

3.3 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

4. 2009/2010 Audit Reports

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

Planned Audits

Full Assurance: 0

Satisfactory Assurance: 2

Limited Assurance: 3

Nil Assurance: 0

	Page Ref	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. Payroll	51	Limited	12	1	1	9	9	2	2
2. Council Tax	63	Satisfactory	4	0	0	2	2	2	2

3. Verification of National Indicators	69	Satisfactory	8	0	0	2	2	6	6
4. Value for Money in Procurement	78	Limited	18	1	1	10	5.5	7	7
5. Brown Bins	98	Limited	14	3	3	11	11	0	0

Follow Up Reviews

	Page	Original Assurance Given	No. of Recs	Recs due to be completed at the time of Follow Up audit				Later Recs
				Implemented	Partly Implemented	Not Implemented	Ongoing	
6. Disaster Recovery	111	Full	2	2	0	0	0	0
7. Emergency Planning	114	Satisfactory	7	1	1	5	0	0
8. Receipt of Income	121	Satisfactory	3	2	0	0	1	0
9. Comments and Complaints	124	Satisfactory	8	1	3	4	0	0

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

- 4.2 Members of the committee are asked to seek assurance from the internal audit report and/or respective managers that the agreed actions have been or will be undertaken where necessary.
- 4.3 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.
- 4.4 A 6 month follow up is undertaken on all non-financial audits to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.
- 4.5 The value for money in procurement audit report has been brought back to this meeting. Not all the questions asked about the audit were fully answered as none of the auditors were able to attend the last meeting due to adverse weather conditions. The auditor has updated his responses and the auditee has also provided a response prior to her attendance at the audit and governance meeting.

WILLIAM JACOBS
HEAD OF FINANCE

1. PAYROLL (Client and Contractor) 2009/2010

1. INTRODUCTION

- 1.1 Final issued 1 February 2010. The fieldwork for this audit was undertaken in November and December 2009.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that roles responsibilities and authorities for payroll are appropriately documented;
 - To ensure that payroll records (electronic and paper hard copy) are secure;
 - To ensure amendments to payroll standing data are appropriately authorised, documented and actioned in a timely manner;
 - To ensure starter and leavers have appropriate authorisation, additions and deductions to pay and these are processed in a timely manner;
 - To ensure variations to pay (i.e. expenses, overtime, changes to salary), are authorised, documented and processed in a timely manner;
 - To ensure employees are paid in a timely manner;
 - To ensure payroll data is transferred between payroll, HR and finance systems in an accurate and timely manner;
 - To ensure payroll records are reconciled with the Council's establishment list and general ledger;
 - To ensure adequate management information is provided to enable the monitoring of establishment and payroll costs;
 - To ensure the contractor (CAPITA) has an adequate audit trail and authorisation procedures in place for changes to payroll; and
- To ensure that adequate system back-up arrangements are in place to ensure business continuity.

2. BACKGROUND

- 2.1 The Vale of White Horse District Council payroll service has been provided by South Oxfordshire District Council (SODC) since 1st February 2008. The current payroll system used is known as Ingenuity@Work (I@W) which is hosted by Capita and was implemented in January 2007. The system is managed through an agreement with CAPITA, who provide payroll processing services.
- 2.2 From 1st April 2009, the management structure of the Council has been revised. As a result of this restructure, the payroll team have transferred from Human Resources (HR) into Finance. Due to concern over the delivery of payroll services and corresponding control environment, the Internal Audit Manager is also acting as the Interim Payroll Manager. Following completion of improvements to payroll services and controls, responsibility for payroll will be transferred to another manager within Finance.
- 2.3 Due to the current temporary position held by the Internal Audit Manager, the payroll audit has been completed by Mazars LLP on behalf of SODC reporting directly to the Head of Finance. Mazars provide support to SODC and VWHDC under a framework contract. All work completed was conducted by

Mazars staff during November 2009.

3. PREVIOUS AUDIT REPORTS

- 3.1 Payroll was last subject to an internal audit review in May 2009 and twenty recommendations were raised. 2 High risk, 13 Medium risk and 5 Low risk. A Limited Assurance opinion was given
- 3.2 As part of the current audit work performed, a follow up of the recommendations made in the previous report has been undertaken. Ten recommendations are seen to be implemented. Our review identified seven recommendations, which although not classified as achieved, have been reviewed since the last audit. In each of these cases, they have been included in the payroll action plan, with progress being monitored on a monthly basis. Three recommendations are considered as not implemented and covered by recommendations within the current audit and this report. Two of the recommendations which were not implemented are under discussion as part of plans to harmonise processes within payroll. The remaining issue relates to evidencing receipt and input of source documents within the payroll department.

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 12 recommendations have been raised in this review. One High risk, nine Medium risk and two Low risk.

5. MAIN FINDINGS

5.1 Roles and Responsibilities

- 5.2 It has been identified that Payroll Client need to refine the procedure notes that are currently in use. As part of the Payroll Action Plan (PAP) which has been introduced to address payroll operational issues, the current operational procedures notes have been revised along with job roles. A detailed system process map of the payroll function has been prepared. This was identified as needing to be completed before job roles and responsibilities could be fully defined. At the time of the audit, these were at draft stage and were being distributed and discussed with payroll client staff.

- 5.3 It was noted that the actions within the PAP have not been allocated a priority reference to assist with managing workload.

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

5.5 Secure Payroll Records

- 5.6 .All current payroll records are maintained at the SODC site. The majority of these are stored electronically within the IAW system. A further hard copy audit trail is maintained in the payroll department. All hard copy documents are kept in secure filing cabinets within a restricted area of the office. Access

to these documents is restricted to payroll and HR staff.

5.7 Electronic records are secured by passwords to allow users access to the system. In all cases users must be established users of the Council system and the payroll system, with separate passwords required to access each of these systems. However, it was noted that there is not a regular process for prompting users on the payroll system to change their passwords.

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

5.9 **Amendments to Standing Data**

5.10 From a sample of 20 standard contract changes and 40 deductions tested, the documentation of changes to payroll details appear to be adequate and there are independent checks included in the review process of data input into the payroll system.

5.11 The testing undertaken on changes to standing data did not identify any issues of non compliance with Council policy, with all amendments being authorised and supported by an adequate audit trail. A general issue was identified during the audit of not having the payroll grid stamp fully completed. However, this issue is not isolated to the testing performed in this area, but was recurrent in all testing.

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

5.13 **Starters and Leavers**

5.14 Procedures are in place covering the process for recording and processing starters and leavers within the payroll system. In all of the 5 cases selected, documents were retained on file or on the HR system to support the starter or leaver post. The audit trail for the sample selected was appropriately authorised.

5.15 No recommendations have been made as a result of our work in this area.

5.16 **Variations to Pay**

5.17 Testing was undertaken on variations to pay to ensure they were appropriately calculated, authorised and supported by an appropriate audit trail. In general, the majority of variations were found to be correctly calculated and paid.

5.18 From testing performed it was identified that the Council do not require receipts to be submitted for all expense claims, which although in line with HMRC guidance is not considered best practice. It was also identified when reviewing mileage claims that the Council do not require annual confirmation that claimants hold business insurance.

5.19 In addition, it was identified that Payroll receive different input forms from SODC and VWHDC, and these could be harmonised.

5.20 Four recommendations have been made as a result of our work in this area

5.21 **Timely Payment**

5.22 The Payroll department have a cut off date of the 3rd working day of each month to submit changes to payroll. To ensure payments are made in a timely manner, payroll use a checklist to ensure all processes and checks are completed by the payment deadline.

5.23 Capita provide detailed reports which are then reviewed and authorised before the final payment is sent. All dates are communicated to the HR department to ensure they are aware of the required timescales.

5.24 It was noted that Payroll Client undertakes a 100% check on variances over £20 between the monthly payrolls. It is Internal Audit's opinion that this does not provide sufficient assurance.

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

5.26 **Data Transfer**

5.27 The Council use I@W as the payroll system, which is maintained independently from the general ledger and HR system. There is therefore no automated transfer of data between systems.

5.28 Capita are responsible for uploading the payroll data into Agresso (General Ledger). Our sample testing did not identify any issues with data transfer.

5.29 No recommendations have been made as a result of our work in this area.

5.30 **Reconciliations**

5.31 Reconciliations between the information recorded in the HR system and the payroll system are conducted twice a year to ensure all data is matched and no ghost records exist. Reconciliations are also performed between dummy and final runs to ensure all data is accurate.

5.32 Payroll transactions within the General Ledger are reconciled by Finance, with clear documentation and assignment of ownership. This information is communicated to payroll on a monthly basis with a collaborative effort undertaken to resolve any issues.

5.33 No recommendations have been made as a result of our work in this area.

5.34 **Management Information**

5.35 The payroll budget is agreed as part of the annual budget setting process at the Council. This is drawn up by the Interim Payroll Manager and the Head of Finance. This is then submitted to and approved by the Council.

5.36 Performance against budget is monitored on a monthly basis by Accountancy, who liaise with the Interim Payroll Manager. Reasons for significant variances are documented on the budget monitoring spreadsheet. A separate spreadsheet is maintained which shows the expected outturn on the budget based on actual expenditure to date.

- 5.37 No recommendations have been made as a result of our work in this area.
- 5.38 **CAPITA**
- 5.39 Capita do not maintain significant records in respect of payroll as they do not input data. All Capita processes are subject to periodic spot checks by team managers and Capita are regularly subject to ISO Quality Audits to review their procedures.
- 5.40 Our review examined the contract between the Council and Capita and found that there is no Strategic Level Agreement covering the provision of payroll. As a result it was noted that the Council incur significant costs for the provision of basic services.
- 5.41 One recommendation has been made as a result of our work in this area.
- 5.42 **System Back-up Arrangements**
- 5.43 The Council have an overall Business Continuity Plan in place which is designed to ensure the provision of key services in the event of a number of critical situations. This plan assigns key responsibility for developing and implementing these plans to a service level. Following the management restructure, payroll is no longer included in a specific service plan.
- 5.44 The Corporate Crisis Management Plan was also reviewed, which identifies key system requirements to provide key services. The listing of systems in this plan does not specifically mention the payroll system.
- 5.45 Two recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

ROLES AND RESPONSIBILITIES

1. Client Procedure Notes

(Medium Risk)

Recommendation	Rationale	Responsibility
The operational notes for the input of data should be refined into formal procedure notes for the department. These should be distributed to all staff involved in the preparation of payroll functions.	<p><u>Best Practice</u> Formal procedure notes are in place that will ensure continuity in the case of staff absence.</p> <p><u>Findings</u> Internal Audit noted that while there are operational notes on the input of data, there are no formal procedure notes for the payroll department. These are currently in development with the format to be agreed. This is included in the payroll action plan, with progress being monitored on a regular basis within the Council.</p>	Payroll Project Lead

	<u>Risk</u> The resilience of the payroll process cannot be assured in the event of staff loss/illness. Inconsistent practices may be applied within the payroll team.	
Management Response		Implementation Date
Recommendation is Agreed The Payroll Action Plan includes an action to draft a comprehensive payroll procedure manual that will address this. Management Response: Payroll Project Lead		31 March 2010

2. Payroll Action Plan

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The issues identified in the Payroll Action Plan should be given a priority allocation to reflect the relevance these have to the organisation.</p> <p>In assessing the priority allocation, consideration should be given to the time constraints imposed on the Payroll Project Lead, the relevance of the recommendations to payroll function, the internal control environment and the impact on external assessments.</p>	<u>Best Practice</u> Actions are prioritised, ensuring that the issues which are of greatest importance are addressed on a timely basis. <u>Findings</u> Internal Audit noted that the organisation have in place a Payroll Action Plan, which is a listing of the issues which require amendment or follow up in the payroll processes or system. Progress on resolving these issues are monitored on a monthly basis. At present, no priority has been attached to these actions. <u>Risk</u> Progress may not be achieved on those recommendations which reflect the best value and key significance to the organisation.	Payroll Project Lead
Management Response		Implementation Date
Recommendation is Agreed Management Response: Payroll Project Lead		31 January 2010

SECURE PAYROLL RECORDS

3. Security of Payroll System

(Medium Risk)

Recommendation	Rationale	Responsibility
The system administrator should be contacted to	<u>Best Practice</u> Passwords are changed on a regular basis to ensure the integrity of the	Capita Contract Manager

enquire if regular password changes on payroll systems could be enforced. Best practice would require the system to prompt changes, with repetitions being disallowed.	<p>system.</p> <p><u>Findings</u> Internal Audit noted that I@W does not require that passwords are changed on a regular basis. It is Internal Audit's understanding that passwords have not been changed since users were setup on the system.</p> <p><u>Risk</u> If passwords are not regularly changed, the integrity and security of the system may be compromised.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed The system can be set to force a regular password change if this is requested by the Council.</p> <p>Management Response: Capita Contract Manager</p>		31 March 2010

AMENDMENTS TO STANDING DATA

4. Payroll Audit Trail

(Low Risk)

Recommendation	Rationale	Responsibility
All payroll client staff should be reminded of the need to grid stamp all forms received and to fully complete this at the varying stages of application.	<p><u>Best Practice</u> All forms are grid stamped to provide an adequate timeframe for data entry and audit trail.</p> <p><u>Findings</u> During testing it was identified that not all documents presented to Finance/Payroll were marked with the grid stamp and in a number of cases, the grid stamp was not fully completed.</p> <p><u>Risk</u> Incomplete audit trail. Payroll staff may be unable to substantiate when changes were received and input.</p>	Payroll Supervisor
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Payroll Supervisor</p>		Implemented

VARIATIONS TO PAY

5. Supporting Documentation for Expense Claims

(Low Risk)

Recommendation	Rationale	Responsibility
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<p>Staff should be encouraged to submit receipts with all expense claims.</p>	<p><u>Best Practice</u> All expense forms are supported by receipts.</p> <p><u>Findings</u> Internal Audit noted during testing of 40 mileage and expense claims, 10 mileage claims were not supported by receipts.</p> <p><u>Risk</u> While this is in line with guidance issued from HMRC, this is not best practice and the ability to independently verify claims/audit trail is weakened.</p>	<p>Payroll Project Lead</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle Process requires harmonising with SODC subject to Head of Service instruction.</p> <p>Management Response: Payroll Project Lead</p>		<p>31 January 2010</p>

6. Authorisation of Expenses

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>A list of employees eligible to claim telephone calls should be maintained.</p> <p>All calls should be supported by a request for payment detailing the nature of the calls claimed.</p>	<p><u>Best Practice</u> All expenses require line management authorisation.</p> <p><u>Findings</u> During testing of the expenses we noted that some employees are reimbursed for telephone calls. These employees are not required to provide authorisation for approval of these expenses, with payroll relying on consistency of the employees claiming.</p> <p><u>Risk</u> Unauthorised calls may be re-imbursed. Employees not eligible to claim reimbursement may be claiming.</p>	<p>HR Manager</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed A review of the need to re-imburse all telephone expenses (rental and calls) is required, particularly as issuing mobile phones may be cheaper. Where they continue to be paid, claim forms will be introduced.</p> <p>Management Response: HR Manager</p>		<p>30 June 2010</p>

7. Insurance

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>A corporate policy should be devised to:</p> <p>A) Require that service managers obtain confirmation on an annual basis that employees are adequately insured for business purposes, are in vehicles with a valid MOT and are in possession of a valid driving licence.</p> <p>B) Employees should be required to declare that they are adequately insured when submitting expense claims.</p>	<p><u>Best Practice</u> Employees are documented annually as being adequately insured in road legal vehicles when conducting travel for Council business purposes.</p> <p><u>Findings</u> We noted that employees are not required to provide annual confirmation that they retain insurance for business purposes.</p> <p><u>Risk</u> Employees may be driving on Council business when not adequately insured, which may expose the Council to legal action.</p>	<p>HR Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed The harmonised Driving at Work Policy will include the requirements. The claim form already incorporates a declaration that the employee is adequately insured.</p> <p>Management Response: HR Manager</p>		<p>31 March 2010</p>

8. Harmonising of Payroll Input Forms

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Until such time as automatic interfaces from HR are established, consideration should be given to adopting a common format for input forms to payroll.</p>	<p><u>Best Practice</u> Best practice would be to create a standard set of payroll input forms which would be used at both VWHDC and SODC.</p> <p><u>Findings</u> During testing it was noted that VWHDC and SODC use different payroll forms for most input to the payroll system. It was noted that in future payroll are to trial receiving this information electronically from each HR department,</p>	<p>Payroll Project Lead</p>

	<p>subject to the resolution of a technical server issue at VWHDC.</p> <p><u>Risk</u> The current system is inefficient in the use of payroll staff time and may lead to confusion amongst staff.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Payroll Project Lead</p>		31 March 2010

TIMELY PAYMENT

9. Monitoring Monthly Pay

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Consideration should be given to using an audit trail report and agreeing all changes. This could be split between salary and expenses to easily identify anomalies. Alternatively, permanent and temporary changes should be analysed separately to provide greater assurance.</p>	<p><u>Best Practice</u> Variance analysis is completed on salary and expenses separately ensuring variances are suitably investigated and explained.</p> <p><u>Findings</u> Internal Audit noted that a 100% check of variances over £20 between the monthly payrolls is carried out. This has been identified as not providing sufficient assurance over changes to payroll. As part of the payroll action plan, it has been identified that an audit trail for temporary inputs may be produced.</p> <p><u>Risk</u> A standard monetary amount does not provide adequate assurance over the integrity of the payroll. The benefit of this check is further reduced by the presence of expense payments in each payroll run.</p>	Payroll Project Lead
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>This is included in the payroll action plan to address.</p> <p>Management Response: Payroll Project Lead</p>		28 February 2010

CAPITA

10. Capita Service Level Agreement

(High Risk)

Recommendation	Rationale	Responsibility
The Council should	<u>Best Practice</u>	Payroll Project

ensure that the Service Level Agreement (SLA) currently under preparation is implemented as soon as possible. This should include specific monitoring arrangements and measurable service standards for payroll.	<p>A detailed service level agreement is in place setting out the roles of each organisation, with service standards for payroll included.</p> <p><u>Findings</u> The current contract between the Council and Capita is extremely limited in detail of the payroll service to be provided and effective monitoring arrangements. This has been identified as a key requirement for the Council in the payroll action plan.</p> <p><u>Risk</u> The Council may not be achieving value for money in the provision of payroll services by Capita. There is little recourse against poor or inefficient service.</p>	Lead
Management Response		Implementation Date
<p>Recommendation is Agreed This is included in the payroll action plan to address.</p> <p>Management Response: Payroll Project Lead</p>		31 March 2010

SYSTEM BACK UP ARRANGEMENTS

11. Business Continuity Plans

(Medium Risk)

Recommendation	Rationale	Responsibility
The business continuity plan for Finance should be updated to include a provision for the payroll service.	<p><u>Best Practice</u> Payroll is covered by a service specific business continuity plan.</p> <p><u>Findings</u> Internal Audit noted that with the recent change in management structure, payroll is not included in either the HR or the Finance Business Continuity Plan.</p> <p><u>Risk</u> The Council may fail to deliver key payroll services in the event of an emergency/incident occurring.</p>	Corporate Risk Officer
Management Response		Implementation Date
<p>Recommendation is Agreed We are currently in the process of harmonising our business continuity arrangements with SODC. We cannot update the plans until the revised Business Continuity Strategy has been approved. We have already created a business continuity plan</p>		31 May 2010

template which is common to both councils and will commence the updating of plans in March 2010.	
Management Response: Corporate Risk Officer	

12. Business Continuity Planning

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>The Corporate Crisis Plan should be revised to specifically list the financial information systems required including payroll.</p>	<p><u>Best Practice</u> The Payroll system is given sufficient priority in a crisis.</p> <p><u>Findings</u> Internal Audit noted that the corporate crisis management plan does not identify the payroll service as a key IT system for inclusion offsite in the event of a crisis. The current version includes financial information systems, however, there is some uncertainty as to which systems this includes.</p> <p><u>Risk</u> The Council may fail to deliver key payroll services in the event of an emergency.</p>	<p>Corporate Risk Officer</p>
Management Response		Implementation Date
<p>Recommendation is Agreed We are currently in the process of harmonising our business continuity arrangements with SODC. We cannot update the 'crisis management plan' until the revised Business Continuity Strategy. We have already created a 'crisis management plan' template which is common to both councils and will commence the updating of plans in March 2010.</p> <p>Management Response: Corporate Risk Officer</p>		<p>31 May 2010</p>

2. COUNCIL TAX 2009/2010

1. INTRODUCTION

- 1.1 Final issued 24 February 2010. The fieldwork for this audit was undertaken in January 2010.
- 1.2 The following areas have been covered during the course of this review:
- To provide assurance through testing that Valuations are treated correctly and in line with statutory regulations and Council procedures;
 - To provide assurance that Council Tax liability is supported by accurate records, which are subject to review to ensure discounts and amendments remain current;
 - To provide assurance that exempt and void properties are treated correctly and in line with Council and Local Government policy;
 - To provide assurance through testing that credit balances and refund processes contain sufficient internal controls and are operating efficiently and accurately;
 - To provide assurance that adequate arrangements are in place to facilitate the prompt and effective recovery of Council Tax;
 - To provide assurance the reconciliation of the Academy system is performed correctly and that all Council Tax income is recorded correctly in the General Ledger.

2. BACKGROUND

- 2.1 The Council Tax collection service is provided by Capita, who are currently using the Academy System/EDMS (Electronic Document Management System) for this purpose. Capita staff currently holds responsibility for the handling and processing of Council Tax queries as well as the mainstream maintenance of customer accounts. They operate as part of the shared service arrangement across both the Vale of White Horse District Council and South Oxfordshire District Council sites. In addition valuation list amendments are processed from the shared service centre in Bromley and the information communicated to both sites respectively.
- 2.2 The Council's Revenue and Benefits Client team deal with the review, authorisation and monitoring arrangements with regards to the Council Tax service delivery contract.

3. PREVIOUS AUDIT REPORTS

- 3.1 Council Tax was last subject to an internal audit review in January 2009 and Four Recommendations were raised. A Satisfactory assurance opinion was issued.
- 3.2 Internal Audit has concluded from a review of the previous audit recommendations that three recommendations have been successfully implemented, the remaining recommendation regarding the inspection arrangements will be further reviewed as part of this current internal audit

review of Council Tax. There are no further recommendations arising from the review of previous audit recommendations.

4. 2009/2010 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. Two Medium risk and Two Low risk.

5. MAIN FINDINGS

5.1 Valuations

- 5.2 Internal Audit has noted the arrangements with regards to amendments to the valuation list is supported by adequate documentation and processed promptly by the valuation team. Internal Audit also noted that the information obtained from the Planning/Property Gazetteer section was not sufficiently comprehensive to denote all properties which should be included in the inspection programme undertaken by the visiting officers. Two anomalies were noted from the testing which suggests that valuation amendments have not been correctly reflected on the Council Tax system. Two recommendations have been made as a result of the work undertaken in this area.

5.3 Liability

- 5.4 The process for establishing Council Tax Liability was found to be comprehensive, and supported by robust procedures for the capture of information relating to Council Tax liability. Internal Audit reviewed a range of Council Tax tenancy changes and noted the Council Tax system was dully amended in a timely manner with adequate facility to track changes and review suspensions on the Council Tax system. No recommendations have been made as a result of the review undertaken in this area.

5.5 Void Properties

- 5.6 Internal Audit considers the arrangements with regards to void, exempt and discounted properties could be improved. Internal audit noted that information regarding inspections is not extensively recorded on Council Tax system however it is anticipated that further utilisation of the EDMS to inform and assist with the inspection programme should ensure that the whole visiting process offers accuracy and transparency. No significant issues were noted from the sample testing of void, exempt and discounted properties. One recommendation was made as a result of the work undertaken in this area.

5.7 Refunds

- 5.8 The arrangement for the generation of refunds is robust and underpinned by an adequate documentation and authorisation process. The Client Team

undertake a checking process in line with the contract specification and Internal Audit acknowledges there is sufficient segregation of duties for the production and authorisation of refunds. Internal Audit is content with the refund arrangements and therefore has made no recommendation as a result of the work undertaken in this area.

5.9 Recovery

5.10 The arrangements with regards to the recovery of Council Tax are well established with a documented timetable for the issue of summonses and referral to the Council's bailiffs. Internal Audit noted that officers are compliant with this aspect of the arrangements and therefore have no concerns regarding this stage of the process. However once the information has been referred to the Bailiff, Internal Audit noted evidence in support of such Council Tax accounts not being effectively monitored or tracked to a satisfactory conclusion. One recommendation had been made as a result of the work undertaken in this area.

5.11 Reconciliation

5.12 The reconciliation process is supported by adequate documentation which is dully agreed and signed off by both Capita's Reconciliation Assistant and the Council's Reconciliation Assistant. Issues arising from the reconciliation process are investigated and generally resolved satisfactorily. The Council Tax suspense account is subject to regular review and clearance and items outstanding in the suspense account are dully investigated. No recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

VALUATIONS

1. Building Control Completion Reports

(Medium Risk)

Recommendation	Rationale	Responsibility
That in addition to the current arrangements the Building Control team supply a monthly report of all building control completions to the Council Tax Visiting Officer to ensure the inspection programme captures all relevant properties.	<p><u>Best Practice</u> Monthly reports detailing all building control completions should be made available to Council Tax to ensure the inspection programme captures all relevant properties.</p> <p><u>Findings</u> Internal Audit noted that the information extracted from the Uniform system by the Property Data Manager excluded the independent inspections and whilst some of the information could be generated through the street name and numbering process, Internal</p>	Revenues Manager

	<p>Audit is still of the opinion that there is a risk that some properties could fail to be captured for the inspection/ valuation process.</p> <p><u>Risk</u> Failure to maintain correct property records and apply amendments correctly could result in no/incorrect records to refer to in case of a query.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Council Tax will liaise with the Building Control Team to ensure all Completion Reports are captured on their spreadsheet and passed across to the Council Tax team accordingly.</p> <p>Management Response: Revenues Manager, Capita</p>		February 2010

2. Database Discrepancies

(Low Risk)

Recommendation	Rationale	Responsibility
<p>That the anomaly regarding the property subdivided into flats is investigated to facilitate the correction on the Council Tax database. In addition, Council Tax should investigate the discrepancy identified as a result of the testing undertaken of properties arising from the Building Control monthly completion listing.</p>	<p><u>Best Practice</u> The Council Tax database is continually updated to reflect valuation changes to maximise the capture of revenue for the Council.</p> <p><u>Findings</u> The anomaly related to a property which had been subdivided into four flats, only three flats could be found on the Council Tax database. In addition, the completion listing noted five properties at 1-3 Recreation Ground however Internal Audit could only locate four properties at 1-3 Recreation Ground on the Council tax database.</p> <p><u>Risk</u> If records are not updated to reflect amendments or new valuations, a loss of income could result from incorrect or non billing of property.</p>	Revenues Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>A revised report has been forwarded to the Valuation Office to correct the anomaly, which resulted from contradicting information being received by the owners/developers.</p>		February 2010

<p>To prevent any reoccurrences in the future the Inspectors will also obtain clarification from Building Control and/or Planning.</p> <p>Concerning 1-3 Recreation Ground the council tax inspector has again visited this address and can only locate 4 houses, numbered 1, 2, 3 and 4. Royal Mail is also only aware of 4 addresses, which are all old properties. Further enquiries will be made with Building Control; however, council tax is satisfied at this stage that the Valuation List is currently correct.</p> <p>Management Response: Revenues Manager, Capita</p>	
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EXEMPT & VOID PROPERTIES

3. EDMS system

(Low Risk)

Recommendation	Rationale	Responsibility
<p>That the EDMS is fully utilised to inform and record information regarding the void inspection programme.</p>	<p><u>Best Practice</u> The EDMS is fully utilised to assist and record information regarding the void inspection programme.</p> <p><u>Findings</u> The Council Tax Manager noted that this recommendation is outstanding from the 2008/09 review of Council Tax and she stated that the delay of the full utilisation of the EDMS to inform the inspection programme has impacted on the reporting arrangement for void properties. A revised date is proposed for April 2010.</p> <p><u>Risk</u> If exempt or void properties are not being correctly recognised, the Council may experience a loss of income to the Authority.</p>	<p>Revenues Manager</p>
Management Response	Implementation Date	
<p>Recommendation is Agreed</p> <p>Due to IT issues and system bugs it has not currently been possible to fully implement the EDMS inspection programme. If it is not possible to remedy this situation then the Academy inspection module will be utilised instead. Currently, in order that the routine inspection rolling review process is not affected inspection lists are still being produced by council tax and worked through by the Property</p>	<p>July 2010</p>	

Inspectors. These lists are up to date and are being retained and filed accordingly.	
Management Response: Revenues Manager, Capita	

RECOVERY

4. Bailiffs Cases

(Medium Risk)

Recommendation	Rationale	Responsibility
That the Council Tax section should introduce measures to ensure that all cases referred to the Bailiffs are monitored and tracked to prevent undue delay.	<p><u>Best Practice</u> Council Tax cases referred to the Bailiffs are regular monitored to prevent any undue delay.</p> <p><u>Findings</u> Internal Audit noted the comments arising from the Benefit Fraud team and client officers who have concerns regarding the status of recovery once the case has been referred to the Bailiffs. Three examples were supplied of arrears cases where little or no communication had been received back from the Bailiffs since the accounts were referred.</p> <p><u>Risk</u> If recovery procedures are not clearly stated and followed, then any recovery action that follows may be delayed, inefficient and not cost effective.</p>	Trevor Gaffney
Management Response	Implementation Date	
<p>Recommendation is Agreed</p> <p>Measures have since been implemented regarding the whole Bailiff review process. Most importantly a six month rule has been adopted whereby any case that has received numerous visits and letters, yet failed to yield contact or payment, will be returned after a maximum of six months. Capita are reviewing and monitoring Equita cases accordingly.</p> <p>A second bailiff company will also be utilised and before any debt is flagged for committal we will explore the option of sending the returned debt to the alternative bailiff company as well.</p> <p>Management Response: Revenues Manager, Capita</p>	January 2010 (6 month review) & April 2010 (2 nd bailiff company)	

3. VERIFICATION OF NATIONAL INDICATORS

1. INTRODUCTION

1.1 Final issued 25 February 2010. The field work for this audit was undertaken in November and December 2009.

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

- To ensure that reports are maintained year-on-year of National Indicator calculations, so that variances can be reviewed and investigated where appropriate.

From reviewing a sample of 6 NI's:

- To ensure that the methodology used to calculate National Indicators is up to date and accurate.
- To ensure that appropriate and accurate documentation is retained in support of National Indicators.
- To ensure that the calculation of National Indicators is accurate.

2. BACKGROUND

2.1 A single set of National Indicators (NI) was introduced from April 2008 as the only set of indicators on which central government will performance manage local government. The NI's replace Best Value Performance Indicators. The NI performance data is available through an online Performance Management system shared with SODC.

2.2 The NI's tested were

- NI 195 – Improved street and environmental cleanliness (levels of graffiti, litter, detritus and fly posting).
- NI 191 – Residual household waste per household.
- NI 192 – Percentage of household waste sent for reuse, recycling and composting.
- NI 179 – Value for money.
- NI 155 – Number of affordable homes delivered.
- NI 20 – Assaults with less serious injury rate.

3. PREVIOUS AUDIT REPORTS

3.1 National Indicators have not been subject to specific internal audit verification before.

4. 2009/2010 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 Eight recommendations have been raised in this review. Two Medium risk and six Low risk.

5.1 **Reporting**

5.2 An online performance database is used to record performance on the National Indicators. This should be supported by a data collection document declaring how performance was measured and what the outcome was. This was not fully provided in any of the six indicators tested. Whilst the data checked was the first year of recording many of the indicators, the reported data did not appear to be set out to compare performance year on year. Two recommendations have been made as a result of our work in this area.

5.3 **Methodology.**

5.4 The methodology stated appeared to match the guidance provided for each of the six indicators tested. However in one instance the methodology does not appear to have been followed, with respect to where data on the number of dwellings is obtained from. The decision to use only seven of the ten possible land classes for the NI 195 indicator is not considered to be appropriate, and may adversely affect results. One recommendation has been made as a result of our work in this area.

5.5 **Documentation.**

5.6 Electronic versions of collection forms are provided, but the six tested did not detail what the actual calculation was. Supporting documentation should be fully detailed explaining how the indicator is calculated and signed off, but none of the six indicators tested had supporting documents which were signed, dated and detailed. No recommendations have been made as a result of our work in this area as they have been incorporated within other objectives.

5.7 **Accurate Calculation.**

5.8 Slight differences with supporting figures were identified in NI 191 and NI 192 indicators. Whilst these do not represent significant variations it suggests a lack of reconciling data. The crime rate stated as the NI 20 performance, did not match that recorded on Thames Valley Police records. An element of £10,680 included in the NI 179 value for money calculation is not felt to meet the criteria for inclusion, which would result in the performance being overstated. The calculation of NI 195 data is carried out by DEFRA but the selection of land classes at VWHDC has excluded three of ten possible land usage categories. Internal Audit felt these should be reviewed and included, however more detailed discussions indicate that the amount of relevant land within the excluded categories is insufficient within the area. One recommendation has been made as a result of our work in this area.

5.9 **Specific to Individual Indicators.**

5.10 The six indicators were checked against the objectives above and recommendations made accordingly which could be applied to all reported indicators. Testing resulted in some recommendations specific to the individual indicator. Four recommendations have been made as a result of

our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

REPORTING

1. Central Register

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> A central register is available for all reported indicators.</p> <p><u>Findings</u> Performance is recorded in an online database, and collection forms should be provided to certify the amounts and collection methods. Fully completed collection forms were not provided for any of the six indicators tested. Reported data is therefore not always supported by signed and authorised documentation.</p> <p><u>Risk</u> Reported data may not be supported by signed and authorised documentation.</p>	<p>Consideration should be given to the creation of a central register containing signed off hard copies of reported figures and supporting details where practical.</p>	<p>Shared Performance and Projects Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>We used to retain signed hardcopies, but the duplication with electronic records was felt to be overkill by heads of service. There is a central electronic register compiled by the Performance Officer containing digitally signed copies of reported figures including calculation method. In some cases, data owners were late providing the signed copy, which may have been the case in this audit. We are conscious of the need to tighten this up for 2009/10 NI data compiled by the Principal Performance Management Officer by 30 June 2010.</p> <p>Management Response: Shared Performance and Projects Manager</p> <p>Internal Audit Response: Retention of electronic as opposed to hard copy documents will be acceptable provided they are complete and held for all indicators.</p>		<p>30 June 2010</p>

2. Year to Year Comparison

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Reported performance includes a comparison with previous year performance.</p> <p><u>Findings</u> Whilst 2008/2009 was the first year many National Indicators were reported, there does not appear to be a mechanism in place to compare year on year performance.</p> <p><u>Risk</u> If performance variances from year to year are not identified and investigated then areas of improvement may not be identified or improvements made recognised.</p>	Performance from year to year is compared and reported.	Shared Performance and Projects Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in part</p> <p>Comparison of NIs has not been possible previously as 2008/09 was the first year of the government's National Indicator Set. Comparison with previous year performance is now included in monthly board report, for measures defined as of greatest importance by management team. Previous comparison reports of BVPIs to Executive and Scrutiny Committee have not attracted great interest as the more important issue is performance against target, and what actions are proposed by officers to get back on track, which is done through quarterly reports and Scrutiny review.</p> <p>Management Response: Shared Performance and Projects Manager</p>		Included within 2009/2010 reports.

METHODOLOGY

3. Declare Methodology Up to Date

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Guidance for compiling National Indicators is checked before data is reported to ensure methodology is accurate and up to date.</p> <p><u>Findings</u> Whilst NI 191 methodology states where the property count is to be</p>	Statements of performance should include a requirement that the officer has checked that the methodology is up to date and any amendments have been applied	Shared Performance and Projects Manager

obtained from, this was not followed to obtain up to date information so previous years' figures were used.		
<u>Risk</u> If the correct and up to date methodology is not being used then the council may not be accurately reporting its performance.		
Management Response		Implementation Date
Recommendation is Agreed Performance officer to add to template a checkbox for data owners to indicate that "I have checked that the methodology for calculating this NI is up to date and any amendments have been applied". Management Response: Principal Performance Management Officer		30 June 2010

ACCURATE CALCULATION

4. Detailed Supporting Documents

(Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> Supporting documents should clearly illustrate how the performance is calculated, and be signed and dated by the officer who prepared the data and who checked/authorised data. <u>Findings</u> None of the indicators checked had signatures, dates or authorisations on the supporting documentation. Differences in supporting documentation were found when compared with the spreadsheets used to calculate the NI 192 and NI 191 data. The data reported by Thames Valley Police differed to that stated for NI 20 performance.	Documentation in support of the calculations should be:- a) Fully detailed to illustrate how the indicator is derived from the supporting data. b) Signed and dated by the officer preparing the data. c) Signed and dated by the officer who has checked/authorised the data.	Shared Performance and Projects Manager
<u>Risk</u>		

If documentation is not retained in support of stated figures then it would be difficult to justify the stated performance should queries arise.		
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>(a) In all cases, we are already seeking and attaching supporting evidence to the NI returns. However compliance with this was limited for 2008/9 results. (b) There is already a box for the data owner to electronically sign the return. (c) There is already a box for the head of service to electronically sign and date the return. The principal performance management officer will check that all available supporting evidence is attached to the return, but there is a limit to this as much of the underlying data is held electronically on data systems (such as Agresso) and so is not possible to include. The return will then state that further evidence is available from the data owner.</p> <p>Management Response: Shared Performance and Projects Manager</p>		30 June 2010

SPECIFIC TO INDIVIDUAL INDICATORS

5. NI 195 Documentation

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Data is surveyed and records held in accordance with guidance provided by DEFRA.</p> <p><u>Findings</u> Only the first of the three surveys in 2008/09 had a print of the tables and graphs following the online submission.</p> <p>During the audit review the officers interviewed were unable to log into the NI 195 database to re-run the required reports to support the stated performance.</p> <p>The survey form used stated it was a BVPI survey rather than NI 195. It also had grade B/C stated instead of the revised B-.</p> <p><u>Risk</u></p>	<p>a) A summary table of numbers of sites surveyed by land use are held in the survey files, together with a copy of the tables and graphs from the online database for the survey.</p> <p>b) Log in details for the NI 195 online database are available to all relevant staff.</p> <p>c) The survey form should reflect the up to date terminology and grading categories.</p>	Waste Services Manager

If the suggested methodology is not used then the Council may not be correctly recording and reporting its data.		
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>a) Agreed b) Agreed – Officer offered to demonstrate access, but she needed to find the document containing log-in details, as the log-in codes are random and difficult to remember. The Auditor declined at that time. c) Agreed – Out of date forms no longer available</p> <p>Management Response: Waste Services Manager</p> <p>Internal Audit comment: b) at the time of the review IA were advised that the person who last used the log in was out of the office Checks will be made as a part of the follow up to verify if access is available.</p>		<p>a)Immediate a) b) No action needed.</p> <p>c)Immediate</p>

6. NI 195 Reported Elements

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Data is recorded and reported to show all elements.</p> <p><u>Findings</u> NI 195 records four different performance measures. None of these were recorded on the performance management system. The report to the Executive did not include the graffiti element.</p> <p><u>Risk</u> If performance is not reported showing the required detail then the council may not accurately reflect its performance.</p>	Each element of the NI 195 data is separately recorded and reported.	Waste Services Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>This is already happening in respect of 2009/10</p> <p>Management Response: Waste Services Manager</p> <p>Internal Audit response: The audit was a verification of 2008/2009 NI's, cabinet reports for this data did not show all four elements of the NI 195 indicator.</p>		Implemented

7. NI 191 & NI 192 Checks

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Tickets are checked against reported totals.</p> <p><u>Findings</u> NI 191 landfill tonnages on Oxfordshire County Council data differed slightly to those used for the calculation and to those held on the WasteDataFlow system. The same was observed for the NI 192 recycling figures.</p> <p>Previous year property figures were used rather than obtaining up to date information from the Valuation office.</p> <p><u>Risk</u> If supporting data shows different levels to that reported then the council is likely to be under or over stating its performance.</p>	<p>a) Data is checked against the totals from the various sources to ensure accuracy and identify and potential errors.</p> <p>b) The property count is obtained from the Valuation Office in accordance with the methodology and guidance.</p>	<p>Waste Services Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Figures are now rigorously cross checked. County have publicly complimented Vale on its approach.</p> <p>Management Response: Waste Services Manager</p>		<p>Implemented</p>

8. NI 179 Checks

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Calculations are subject to independent check to ensure they are accurate and included appropriately.</p> <p><u>Findings</u> The calculation of cost savings from 'payment strategy' result from the closure of Faringdon Area Office and provision, instead of paypoint facilities. The savings included should not involve a loss of local service. It is accepted that calculations are subjective, but they should be challenged and</p>	<p>The calculation and appropriateness of individual elements is checked and validated by an independent officer and evidenced to that effect.</p>	<p>Organisational Change Manager</p>

<p>scrutinised as recommended in the guidance provided by Communities and Local Government.</p> <p><u>Risk</u> If calculations are not detailed and checked it may prove difficult justify performance should queries arise.</p>		
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Organisational Change Manager and Strategic Director - Finance</p>		2009/2010 indicator

4. VALUE FOR MONEY IN PROCUREMENT 2009/2010

1. INTRODUCTION

1.1 This report details the internal audit review of procedures, controls and the management of risk in relation to VFM Procurement. The audit has been undertaken in accordance with the 2009/2010 Audit Plan agreed with the Audit and Governance Committee of Vale of White Horse District Council. The audit approach is provided in the audit framework in Appendix 1.

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

- To ensure that an up to date strategy is in place, supported by comprehensive procedures which are being adhered to.
- To ensure that an appropriate level of eCommerce is in place.
- To ensure that an appropriate procurement risk management process is in place.
- To ensure that development of contract strategies and management of supplier relationships is in place.
- To ensure effective usage of partnering and long term collaboration of suppliers.
- To ensure that procurement projects are managed appropriately.
- To ensure there is reliable procurement financial and management information.
- To ensure that procurement performance is measured and evaluated.

2. BACKGROUND

2.1 The EU Procurement Directives set out the legal framework for public procurement. The National Procurement Strategy sets out how central and local government, working together with partners from the public, private and voluntary sectors, intend to set about improving local government procurement. Adherence to National legislation, such as the UK Local Government Acts and also contract standing order rules, which are part of the Council's Constitution.

3. PREVIOUS AUDIT REPORTS

3.1 VFM Procurement has not previously been audited for Vale of White Horse District Council.

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 Eighteen recommendations have been raised in this review. One High risk, ten Medium risk and seven Low risk.

5. MAIN FINDINGS

5.1 Strategy and Procedures

5.2 In the area of strategy and procedures, it was identified that although a procurement strategy is in place the strategy has not been updated since 2007. With the exception of the contract standing order rules within the constitution and the project management system, no further guidance was available to assist officers in the procurement process. It was noted that the intention is to harmonise the strategy and procedural guidelines with SODC. Work on the harmonisation activities were found upon review of the draft tender evaluation policy. A secure e-tendering solution is not yet in place however, a degree of work was undertaken during the waste contract for evaluation of software. Five recommendations have been made as a result of our work in this area.

5.3 eCommerce

5.4 Although a number of electronic commerce measures are in place like Agresso and the publication of tender opportunities, there is still work to be done in the areas of supplier and framework information and guidance, performance information sharing, e-tendering and tender marketing. The Council does not appear to be utilising the Intranet and Internet sufficiently to facilitate information sharing and monitoring of supplier performance. Two recommendations have been made as a result of our work in this area.

5.5 Risk Management

5.6 The waste management project provided a good documented level of risk management, KPI usage and performance payment deductions. However, minimal or no documentary evidence of risk management, KPI usage and performance payment deductions was in place for either the Telephone, Cash Receipting or Lean procurement projects. Internal Audit noted that although the intention was to sign up to the Small Business Friendly Concordat Good Practice Guidance, it was not clear whether the relevant required actions had been implemented. Four recommendations have been made as a result of our work in this area.

5.7 Contract and Supplier Management

5.8 The mechanisms for supplier reviews are clear with the information published and available though the documents section of the intranet. The contracts reviewed by Internal Audit were either still in the tender stage or recently started contracts. Of the recently started contracts, the contracts were either unobtainable or still with the service provider for signing. The minimum review schedules for major contracts were found to be on an annual basis. Suitable change procedures were built into all of the contracts tested. Internal Audit did however note that that the Council has not yet adopted a contract strategy. Two recommendations have been made as a result of our work in this area.

5.9 **Procurement Project Management**

5.10 A project management system is in place for officers to use with clear phases and review phases. In general a good level of adherence to the project management system was found. Internal Audit noted that not all documentation was freely available through the projects team, and felt that all relevant project documentation should be stored within the project file for future reference. The usage of the project initiation document, although stated in the project management system as a required document, appeared to be down to the discretion of the project manager as to whether it was used or merged into the business case. One recommendation has been made as a result of our work in this area.

5.11 **Partnering**

5.12 This area was covered as part of the Mazars internal audit during July 2009.

5.13 **Financial and Management Information**

5.14 Data was available from Agresso to show procurement spend against suppliers. For detailed performance information and in particular in relation to the joint usage of Agresso, it was noted that a previous SODC audit agreed with Capita procurement measurements and splitting of creditor payments. These were both not in place in either Agresso configuration. The system for capturing supplier performance lies with the owning officer, with reports being presented to the Executive or Scrutiny on an annual basis. Internal Audit could not find any evidence of a centralised database or intranet site for capturing performance data. Tender opening ceremony documents were in place, however, there was not a consistent approach to the form or standard content. It was also noted that cost evaluations were not in place on two tender evaluation spreadsheets. A register of member interests was in place, however, there was still outstanding work in implementing a staff code of conduct. Three recommendations have been made as a result of our work in this area.

5.15 **Procurement Performance**

5.16 Post implementation reviews (PIR) of procurement projects is a requirement within the project management system, however, none of the audited procurement projects were at or beyond the required stage for a PIR. The contracts audited in the main contained limited requirement for review schedules, targets and quality standards. Internal Audit could not find any evidence within the Procurement Strategy that information on the past performance of suppliers is taken into account in making procurement decisions and in particular, no tender evaluation guidance document was available to assist officers in the evaluation of tenders against predefined generic criteria. Costing is not currently included in the tender evaluation scoring matrix, however, a harmonised tender evaluation policy was being worked on with the cost element of the evaluation being proposed as 60%. Two recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

STRATEGY AND PROCEDURES

1. Strategy

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) To review and update the procurement strategy to the latest government procurement requirement and Council requirements.</p> <p>b) To update the procurement spend information within the strategy.</p>	<p><u>Best Practice</u> To ensure that the published procurement strategy accurately reflects the current government guidelines and the Council's requirements in the areas of procurement.</p> <p><u>Findings</u> The spend analysis within the procurement strategy is dated 2006/07 and the procurement strategy itself has not been updated since 2007. With the National Procurement Strategy now over its three year life span, Internal Audit was not clear on the government requirements going forward and how this affects the current strategy and procedures in place. The Head of Commercial Services stated that the procurement processes will be harmonised along with taking on many of the SODC processes, documents and guidance.</p> <p><u>Risk</u> Strategy, procedures and working practices move away from current government requirements leading to unsatisfactory delivery performance with possible reputational damage to the Council.</p>	<p>Head of Commercial Services</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Head of Commercial Services is currently the responsible officer for the Vale's procurement strategy.</p> <p>Management Response: Organisational Change Group Manager</p>		<p>1 April 2010</p>

2. Strategy Actions

(Low Risk)

Recommendation	Rationale	Responsibility
<p>To review whether implementing an</p>	<p><u>Best Practice</u> To provide clear information to the</p>	<p>Head of Commercial Services</p>

<p>etendering solution is still a requirement for the Council.</p>	<p>general public on how to conduct business with the Council.</p> <p><u>Findings</u> Internal Audit noted that in the procurement strategy it is mentioned that a etendering solution will be adopted. Internal Audit could not find any evidence of an etendering solution in place at the Council.</p> <p><u>Risk</u> Without clear guidance and information in place for suppliers to use, the Council could restrict certain suppliers from the procurement activity and lose value for money.</p>	
<p>Management Response</p>	<p>Implementation Date</p>	
<p>Recommendation is Agreed in Principle The reference to etendering in the procurement strategy is currently the responsibility of the Head of Commercial Services.</p> <p>Management Response: Organisational Change Group Manager</p>	<p>31 March 2010</p>	

3. Procedures and Guidelines

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To include in the Council's intranet site a robust set of procedures and process guidelines for the whole procurement process on purchasing specific goods or services and where to look for existing contracts and framework agreements.</p>	<p><u>Best Practice</u> To provide officers with a robust set of procedures and process guidelines for the whole procurement process with guidance on purchasing specific goods or services, where to look for existing contracts and the decisions to be made prior to entering a new tender exercise.</p> <p><u>Findings</u> Other than the procurement strategy, procurement procedural rules stated in the constitution and the generic project management methodology, no formal procurement procedures or guidance were found to be in place.</p> <p><u>Risk</u> Without detailed guidance and</p>	<p>Shared Performance Manager</p>

	procedures in place for the procurement process, inappropriate processes are used in procurement projects, leading to unsatisfactory delivery performance and resulting reputational damage to the Council.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Organisational Change Group Manager		30 September 2010

4. e-Marketplace

(Low Risk)

Recommendation	Rationale	Responsibility
To include the Council's tender opportunities within the South East Business Portal.	<p><u>Best Practice</u> To publish contract opportunities to a wide audience to attract a good range of potential suppliers with increased chances of value for money.</p> <p><u>Findings</u> Although the Council uploads tender information to the website, OJEU and Mytenders, it was noted that the Council does not upload tender information to the linked South East Business Portal which is a portal designed to allow the sharing of information about existing contracts (Contract Store) and forthcoming tendering opportunities (Opportunities) across the 74 councils. Also in line with the SODC tender publication scheme.</p> <p><u>Risk</u> Tenders do not reach the wider supply chain community therefore chances of achieving better value for money are limited.</p>	Current Project Managers, and if 3 above is implemented, other officers that are carrying out procurement procedures, will adopt this forthwith. Shared Performance Manager to oversee.
Management Response		Implementation Date
Recommendation is Agreed The current Project Managers, and if 3 above is implemented, other officers that are carrying out procurement procedures, will adopt this forthwith. Management Response: Organisational Change Group Manager		Immediate

5. Framework Agreements

(Low Risk)

Recommendation	Rationale	Responsibility
To publish listings of framework agreements and contracts on the Council's intranet site.	<p><u>Best Practice</u> To ensure that easily assessable information is available to officers on contracts and framework agreements.</p> <p><u>Findings</u> Internal Audit could not locate any listings of framework agreements in place to assist officers in understanding what the Council buys and which suppliers to use for certain commodities.</p> <p><u>Risk</u> Without clear information available, officers are unaware of the existing supplier agreements in place for specific goods or services, leading to wasted resource levels in identifying or sourcing from other providers.</p>	Head of Legal & Democratic Services in conjunction with Shared Performance Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle Management Response: Organisational Change Group Manager		30 June 2010

ECOMMERCE

6. Performance Information / Database

(Low Risk)

Recommendation	Rationale	Responsibility
To include in the Council's intranet site a section on supplier performance showing current and past performance of suppliers with linked documentation for Executive or Scrutiny reports and minutes.	<p><u>Best Practice</u> To store supplier performance information in a centralised system or location to allow for appropriate monitoring and analysis to take place and to ensure information is freely available to officers.</p> <p><u>Findings</u> The system for capturing performance lies with the owning officer for the procurement project, with reports being presented to the Executive or Scrutiny on an annual basis. Internal Audit could not find any evidence of a centralised spreadsheet, database or intranet site to monitor performance of suppliers and to show year on year</p>	Shared Performance Manager

	<p>trends.</p> <p><u>Risk</u> Without easily assessable and reliable performance information available to monitor performance of the contractor, opportunities to increase value for money and to manage performance issues and actions will not be taken in a timely manner to rectify any potential delivery, price and quality performance issues.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Management Response: Organisational Change Group Manager</p>		30 September 2010

7. Contracts Register

(Low Risk)

Recommendation	Rationale	Responsibility
<p>To update the existing contracts register with the inclusion of contract length, start and end date, value and owning contract officer. To also publish on the Councils' intranet site.</p>	<p><u>Best Practice</u> To ensure an up to date contracts register is freely available with accurate information to ensure that contract dates can be freely assessed to allow for a timely re-tendering or contract extension.</p> <p><u>Findings</u> The contracts register available through legal services had not been updated since 2007. It was also not freely available to officers to review as and when required.</p> <p><u>Risk</u> Failure to incorporate an up to date contracts register, leading to non compliance with the national procurement strategy and poor visibility of contract end dates.</p>	<p>Head of Legal & Democratic in conjunction with Shared Performance Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Management Response: Organisational Change Group Manager</p>		30 September 2010

RISK MANAGEMENT

8. Risk Analysis

(High Risk)

Recommendation	Rationale	Responsibility
<p>To ensure that an appropriate procurement risk management process is in place and followed for all procurement projects.</p>	<p><u>Best Practice</u> An appropriate procurement risk management process is in place, to identify, evaluate and apply mitigation techniques to reduce risk exposure and financial loss.</p> <p><u>Findings</u> Of the procurement projects audited, one contained a thorough risk analysis, the VoIP contained minimal risk analysis and for the Cash Receipting and Lean projects Internal Audit could not find any evidence of a risk management process being followed.</p> <p><u>Risk</u> Without an appropriate procurement risk management process in place, inadequate Identification, evaluation and mitigation techniques could lead to risk exposure and financial loss.</p>	<p>Shared Performance Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Organisational Change Group Manager</p>		<p>30 June 2010</p>

9. KPI's (Key Performance Indicators)

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To ensure that where appropriate, supplier performance measures are agreed and included into contracts as KPI's to ensure adequate supplier performance measurement can be achieved.</p>	<p><u>Best Practice</u> To incorporate agreed KPI's into contracts in order to ensure performance levels required by the Council are legal binding and adhered to for the duration of the contract.</p> <p><u>Findings</u> Of the available and working contracts tested, neither the VoIP, (Telephone) or Cash Receipting contract contained contractual KPI's in order to measure supplier performance.</p>	<p>N/A</p>

	<p><u>Risk</u> Without agreed performance measures in place to monitor performance of the contractor, actions will not be taken in a timely manner to rectify any potential delivery, price and quality performance issues.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Already in place.</p> <p>Management Response: Organisational Change Group Manager</p> <p>Internal Audit Comment: KPI's were not evident within the documentation provided and reviewed as part of the audit sample size.</p> <hr/> <p>Internal Audit Comment following Committee on 13 January: Internal Audit could not find any evidence of KPIs in the contracts as stated in the findings. After reviewing the original management responses, Internal Audit requested that evidence is provided. No further evidence of KPIs were provided by the auditee. Based on the above, Internal Audit is of the opinion that the recommendation is still valid. Internal Audit recognises that incorporation of KPIs into contracts does depend on the product or service being procured, however, it is the opinion of IA that certainly in the case of the VoIP contract, KPIs could have been incorporated (eg: % calls with DSQ event (degraded service quality), ~ service response time, % network problems, downtime, # hardware/software faults)</p> <p>Auditee's comment following Committee on 13 January: Not all goods and services, including those examined in the audit, are subject to KPIs. Where they are subject to KPIs this is included in the specification and subsequently the contract. An example of this is the Home Improvement Agency contract. Does not agree that the KPIs recommended by IA for VoIP contract are KPI's e.g. % of DSQs would not be measurable (degradation on the line is monitored but could be any number of causes, and the % of calls affected by the degradation due to the VoIP installation could not be measured) , the network is not part of the VoIP supply contact.</p>		N/A

10. Contractual Payment Deductions

(Medium Risk)

Recommendation	Rationale	Responsibility
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<p>Include in future contracts, appropriate payment deductions for poor delivery against KPI's or general service delivery.</p>	<p><u>Best Practice</u> Suitable payment deductions against KPI's or general service delivery are built into the contract to mitigate the risk of poor service delivery by the contractor.</p> <p><u>Findings</u> Of the available and working contracts tested, neither the VoIP, (Telephone) or Cash Receipting contract contained contractual payment deductions for poor performance of the supplier.</p> <p><u>Risk</u> Without suitable contractual payment deductions in place for poor supplier performance, a lack of controls could lead to unsatisfactory delivery performance and resulting reputational and financial damage to the Council.</p>	<p>N/A</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Not Agreed All contracts let by the Projects Office are subject to a payment schedule that clearly states the terms under which payment will be made i.e. only when specific deliverables have been met and agreed as satisfactory by the council.</p> <p>Management Response: Organisational Change Group Manager</p> <p>Internal Audit Comment: The sample payment schedule provided to Internal Audit after issuing the draft audit report was a draft version, and related to delivery and installation and not specifically KPI's.</p> <hr/> <p>Internal Audit Comment following Committee on 13 January: No evidence of KPI's, so no evidence of payment penalties against KPIs. See IA response to recommendation 9.</p> <p>Auditee's comment following Committee on 13 January: All Invitations to Tender include a Statement of Requirements listing all the requirements of the products or services. Payment is staged and subject to satisfactory acceptance testing by the council at each stage prior to any stage payment being made. Penalties are not generally built into the smaller contracts as this may unnecessary deter SMEs from contracting. The council's practice accords with</p>		<p>N/A</p>

11. Small Supplier Equal Opportunities

(Medium Risk)

Recommendation	Rationale	Responsibility
To review whether the small business concordat has been adopted in entirety and address any outstanding items as required.	<p><u>Best Practice</u> That all suppliers are treated equally and are provided the necessary information on what to expect when dealing with local government.</p> <p><u>Findings</u> Internal Audit noted that the Council intended to sign up to the small business friendly concordat by the end of March 2008. It was not clear to Internal Audit whether the Council has yet signed up to this good practice guidance.</p> <p><u>Risk</u> Without appropriate thought and information in place, small and medium sized businesses could form the opinion that the Council is allowing larger businesses to gain competitive advantage in the tendering process.</p>	Head of Commercial Services in conjunction with Shared Performance Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Management Response: Organisational Change Group Manager</p>		30 September 2010

CONTRACT STRATEGIES

12. Contract Strategy

(Low Risk)

Recommendation	Rationale	Responsibility
To include in the procurement strategy a reference or references to the different contract options available to the Council.	<p><u>Best Practice</u> To implement a contract strategy and/or assess the procurement strategy to ensure the Council is providing direction on contracts types that deliver best value for money.</p> <p><u>Findings</u> The Council has not adopted a contract strategy.</p> <p><u>Risk</u></p>	Head of Commercial Services

	An inappropriate contract strategy and/or management process is used, leading to unsatisfactory delivery performance and resulting reputational damage to the Council.	
Management Response		Implementation Date
Recommendation is Agreed in Principle The Vale procurement strategy is currently the responsibility of the Head of Commercial Services. Management Response: Organisational Change Group Manager		30 September 2010

13. Contract Management

(Medium Risk)

Recommendation	Rationale	Responsibility
a) To adopt a process to ensure signed contracts are either in place prior to commencement of any works. Where this cannot be achieved, outstanding actions are recorded, managed and completed within a reasonable timescale. b) To ensure a control mechanism is in place to provide traceability on contract files.	<u>Best Practice</u> Agreed procurement processes and rules are adhered to at all times. <u>Findings</u> Of the available and working contracts tested the VoIP (Telephone) was not yet signed and the allegedly signed Cash Receipting contract could not be found. <u>Risk</u> Without a legally binding agreement, termination or change of services could lead to insufficient insurance cover in place for the Council.	b) Head of Legal & Democratic Services
Management Response		Implementation Date
a) Recommendation is Agreed b) Recommendation is Agreed in Principle a) Final contract T&Cs are emailed to the company for approval prior to the contract being bound for signing etc. Once the company has agreed the T&Cs a 'contract' is in place. The signing of the documents is the formal completion. It would be impractical to insist on signed contracts being in place prior to commencement in all cases. However, wherever possible this should be the case. Management Response: Organisational Change Group Manager		b) 30 September 2010
Internal Audit Comment following Committee on 13		

<p>January: a) Response required from Head of Legal & Democratic Services and Organisational Change Group Manager. Auditee’s comment following Committee on 13 January: Head of Legal & Democratic has agreed that signed contracts should be in place prior to commencement of the services. Section 15 of Contract Procedure Rules, which came into affect on 1 February state “No contract shall be commenced until a contract has been completed <u>or</u> an order has been issued to the contractor, unless the Head of Service approves it”</p> <p>Internal Audit Comment: a) The OCGM agreed at the meeting that the Cash Receipting contract couldn’t be found. Following the audit committee meeting the OCGM has confirmed that a copy of the cash receipting contract is in the Legal vault, apparently having been filed by Legal ‘some time in 2009’. IA has now evidenced the contract file which was supplied by Legal services and which contains the appropriate signatures.</p>	
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PROCUREMENT PROJECTS

14. Documentation

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) To ensure that project initiation documents are defined and managed appropriately in accordance with the project management system.</p> <p>b) That the lean procurement project has in place an approved Business Case and defined Project Initiation Document (PID).</p> <p>c) That project documentation is stored in a centralized location.</p> <p>d) That a cost benefit analysis forms a required component of the project</p>	<p><u>Best Practice</u> Agreed procurement processes and rules are adhered to at all times. Storage of documentation is centralized to allow for knowledge capture.</p> <p><u>Findings</u> Telephones: Project Initiation Document was not evidenced as a standalone document. The Organisation Change Group Manager stated that this was part of the Business Case.</p> <p>Cash receipting: PID was not evidenced as a standalone document. The Organisation Change Group Manager stated that this was part of the Business Case. Minimal Cost Benefit Analysis (CBA) evidenced.</p> <p>Lean: Business Case not available through the projects team. PID not in place. A Cost Benefit Analysis</p>	<p>a) Shared Performance Manager</p> <p>c) Shared Performance Manager</p>

management system.	<p>(CBA) was not available through projects team.</p> <p>Not all documentation was freely available through the OC team. The usage of the PID, although a required document, the usage appeared to be down to the discretion of the project manager.</p> <p><u>Risk</u> With an inappropriate management process in use, lack of control in procurement projects could lead to unsatisfactory delivery performance and resulting reputational damage to the Council.</p>	
Management Response	Implementation Date	
<p>a) & c) Recommendations are Agreed in Principle b) & d) Recommendations are Not Agreed</p> <p>b) The Lean project already has a PID in place (attached). d) The CBA should form part of the Business Case put together by the Project Sponsor in support for the bid for funding. The Council's Project Management Methodology states:</p> <p>“The Project Sponsor is the person or body that authorises the production of a Business Case. The Business Case identifies the objectives and benefits expected of the project, which may be Financial, Strategic or Legislative.</p> <p>The Project Sponsor is responsible for the production of the Business Case and gaining the Authorities approval and funding for the project.</p> <p>Management Response: Organisational Change Group Manager</p> <p>Internal Audit Comment: The Lean PID provided to Internal Audit after issuing the draft audit report was not a signed copy.</p>	<p>a) & c) 30 September 2010</p>	
<p>Internal Audit Comment following Committee on 13 January: b) The PID was not presented to IA during the audit field work. Following the completion of the field work, the OCGM provided IA with a copy of the Lean PID (unsigned). IA was of the opinion that an unsigned copy of a PID was not adequate evidence and so the recommendation remains. Following the committee meeting held on the 13th January,</p>		

the OCGM highlighted that the Lean PID has now been signed at current date. As stated in findings, the Lean business case was not available through the projects team. d) No further comment.	
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FINANCIAL AND MANAGEMENT INFORMATION

15. Financial Systems

(Low Risk)

Recommendation	Rationale	Responsibility
To jointly review with SODC a previous SODC audit surrounding procurement Local Performance Indicators and splitting of creditor payments with a view to implementing within Agresso.	<p><u>Best Practice</u> That the Financial and Management Information System is able to provide sufficiently focused data on procurement spend with key suppliers, by contract, product or service, in a reasonable timescale to enable the Council to meet its policy commitments, and to facilitate best practice procurement.</p> <p><u>Findings</u> Internal Audit could not find any evidence of standard Agresso measurements and corresponding reports surrounding procurement spend. The SODC procurement audit from 06/07 identified eight Local Performance Indicators with Capita agreeing to implement. An additional item from the 06/07 audit included splitting of creditor payments to facilitate reporting and data analysis. Upon discussion with the Senior Revenues & Benefits Client Officer, it was apparent that this is not in place and questionable as to whether any of the indicators were actually agreed with Capita.</p> <p><u>Risk</u> Without reliable procurement financial and management information, opportunities to increase value for money and to manage expenditure will not be possible with potential loss of income and fraud or malpractice going unnoticed.</p>	Shared Performance Manager
Management Response		Implementation Date
Recommendation is Agreed		30 June 2010
Management Response: Organisational Change Group		

Manager	
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16. Tender Process

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) To define a standard form for documenting the tender opening process. To ensure the inclusion of signature, name, position and date. Also to define a centralized storage location for the signed copies.</p> <p>b) To include the costing element of the tender evaluation into the scoring matrix with an agreed weighting.</p> <p>c) Project board confirmation of supplier documents should be signed and dated.</p> <p>d) That the Project Board confirmation of supplier document for the Cash receipting project is evidenced and filed accordingly.</p>	<p><u>Best Practice</u> Tender openings are fully documented with clear information on tenders and officers present. Tender evaluations should be consistent in the method of obtaining value for money.</p> <p><u>Findings</u> Telephones: No cost evaluation was evident with the tender evaluation spreadsheet. Project Board performed confirmation of supplier but no signatures in place on the document. Cash receipting: Tender evaluation document was signed but the officer's name and position were not stated on the tender opening document. Project board confirmation of supplier was performed by email with no signed documentation in place. Lean: No signatures were in place on the tender opening document/record. No cost evaluation was evident with the tender evaluation spreadsheet. The costing element of the tender evaluation was not included in any of the tender evaluation scoring matrices with an agreed appropriate weighting.</p> <p><u>Risk</u> The Council could receive complaints of anti-competitive procedures and patronage if it enters into contracts that have not been the subject of fair and consistent procurement arrangements.</p>	<p>a) Democratic Services Manager</p>
Management Response		Implementation Date
Recommendation is a) Agreed in Principle		

b) – d) **Not Agreed**

b) The criteria for selection is clearly defined in the new Tender Evaluation Policy, which states that the lowest price that meets the essential criteria will be selected. Hence, the evaluation is run against the requirement table to confirm which companies meet the essential criteria. The cost of each of the compliant companies is then checked to identify the lowest price.

c) This is not necessary. Electronic documentary evidence (email) is available and will be stored with the electronic documents.

d) See c) above

Management Response: Organisational Change Group Manager

Internal Audit Comment:

b) The Tender Evaluation Policy appears to have conflicting requirements on evaluation of price, with both a weighting system and a blanket lowest price acceptance method.

c) and d) Email exchanges not provided to Internal Audit.

Internal Audit Comment following Committee on 13 January:

b) Of the tenders that meet the essential criteria, the tender of lowest price is chosen. IA still concerned that price is only one of many elements to consider when reviewing tenders that have already met the essential criteria. Tenders of a slightly higher value could well exceed other elements of the contractual requirements (eg: quality) and discarded due to not meeting the lowest price.

c and d) No further comment.

17. Register of Interests

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To perform a review of part 5 of the constitution on Staff Code Of Conduct to ensure outstanding issues surrounding the Staff Code Of Conduct are addressed in a timely manner.</p>	<p><u>Best Practice</u> To ensure that inclusions in the constitution are complete and performed in a timely manner.</p> <p><u>Findings</u> Internal Audit noted that within part 5 of the constitution (Staff Code Of Conduct - , staff must comply with any requirement of the Council to register or declare any interest. Upon discussion with the Democratic Services Manager, although this is stated in the constitution it became apparent that</p>	<p>Democratic Services Manager</p>

	<p>this area is still work in progress. Internal Audit felt that as the staff code of conduct was introduced in 2007 that an excessive time delay has occurred without appropriate action and clarification.</p> <p><u>Risk</u> Officers are unaware or unsure on their responsibilities surrounding code of conduct exposing the Council to allegations of Code breach leading to potential fraud and corruption and/or inappropriate behaviour.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Management Response: Organisational Change Group Manager</p>		30 April 2010

PERFORMANCE

18. Contractual Quality Standards

(Medium Risk)

Recommendation	Rationale	Responsibility
To ensure that an appropriate section on Quality Assurance is built into all new contracts.	<p><u>Best Practice</u> Suppliers should be able to demonstrate the adoption and adherence to an appropriate quality management system to ensure their services and/or products meet a defined standard.</p> <p><u>Findings</u> There was no mention of quality standards/systems requirement within either the Telephones (VoIP) or Cash Receipting contracts.</p> <p><u>Risk</u> Without contractual adherence to any quality management system, services and/or products provided could fall below an industry standard, leading to unsatisfactory delivery performance and resulting</p>	N/A

	reputational damage to the Council.	
Management Response		Implementation Date
<p>Recommendation is Not Agreed Clarification is required on what this means in the context of the VoIP and Cash Receipting contracts.</p> <p>The OGC procurement guidance does not recommend the inclusion of quality standards per se in contracts, only in those contracts where there is a legal requirement to adhere to a particular standard. Even then, in most cases this is covered by the caveat 'or equivalent'. This is to ensure that there is no discrimination.</p> <p>Management Response: Organisational Change Group Manager</p>		N/A
<p>Internal Audit Comment following Committee on 13 January: Where the Council procures a product or service, the Council should seek assurance from the Contractor, in the form of a contractual requirement, that they comply to a form of quality standard (eg: a continual accreditation to ISO 9k and/or 14k) and where applicable, any specific product or service quality requirements (eg: BS EN) for the duration of the contract.</p> <p>Auditee's comment following Committee on 13 January: It is accepted that standards may be included within contracts where they can be proven to be necessarily specific and non-discriminatory. This does not apply in any of the contracts reviewed in this audit. European Union Law http://eurlex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52000PC0275:EN:NOT Identifies that the use of standards can be regarded as unfair and lead to a successful challenge by unsuccessful suppliers against the purchaser.</p>		

5. BROWN BINS 2009/2010

1. INTRODUCTION

- 1.1 This report details the internal audit review of procedures, controls and the management of risk in relation to Brown Bins. The audit has been undertaken in accordance with the 2009/2010 Audit Plan agreed with the Audit and Governance Committee of Vale of White Horse District Council. The audit was given a priority rating 1 within the audit plan, with a requested, fraud risk, corporate risk and assurance driver. The audit approach is provided in the audit framework in Appendix 1.
- 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.
 - To ensure that recent activities carried out surrounding data integrity and process catch-up are fully complete.

2. BACKGROUND

- 2.1 The Council provides a garden waste service with fortnightly collections from wheeled bins. The charge is £34.50 for a year's service.
- 2.2 The service is managed by the Interim Waste Services Manager which sits within Commercial Services. Due to a number of process and procedural issues, the scheme is currently being monitored by the Strategic Director with an action plan to reconcile the two management systems and to ensure revenue is recovered appropriately.

3. PREVIOUS AUDIT REPORTS

- 3.1 Brown Bins was last subject to an internal audit review in 2008 and ten recommendations were raised. A Limited assurance opinion was issued.
- 3.2 Of the previous ten recommendations, five have been implemented, three restated and the remaining two incorporated into new findings.

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 Fourteen recommendations have been raised in this review. Three High risk and eleven Medium risk.

5. MAIN FINDINGS

5.1 **Management Information**

- 5.2 In the area of policies and procedures, it was identified that a limited number of detailed documented procedures are in place, however, a new harmonised procedure is being developed to address gaps in the current process and procedures. Data matching between CRM and Agresso is problematic and also, due to a number of issues, the income that comes from the brown bin operation does not tally with the number of brown bins released to the residents. These areas are actively being addressed with the adoption of a working action plan. A high level of monitoring is required in order to manage the data mismatches and to ensure that the invoice process is followed. In addition, payment information for direct debit renewals is not being back loaded from Agresso to CRM. Eight recommendations have been made as a result of our work in this area.

5.3 **Income**

- 5.4 A budget monitoring process is in place with appropriate ownership. A reconciliation process is in place to align CRM and Agresso system. No income has been taken in the last 6 months due to the reconciliation activities. Now that invoices are being distributed in line with the renewals process and the backlog of invoices for the period of March to August 2009 are being processed, revenue from the brown bin service will ramp up sharply over the coming months. There appeared to be a lack of adherence to certain elements of the Garden Waste Service AR Procedure, including a number of invoices for 2008 not being raised and also a lack of reminder letters being sent to customers. Two recommendations have been made as a result of our work in this area.

5.5 **Renewals**

- 5.6 The reconciliation efforts are driving the initial renewal process, with regular data being sent to Capita for inputting into Agresso for the first renewal date targets. Going forward, the Agresso relation values (eg: DDJAN1) will be the vehicle for driving the invoice process with the relevant Capita procedural document in place. It was found during testing that there was little or no guidance for customers on renewal information and how to request change of details. One recommendation has been made as a result of our work in this area.

5.7 **Contractual terms**

- 5.8 The relevant contract documentation was reviewed for the original Waste Services Contract and the Notice of Change that was applied initiating brown bins. There seemed to be sufficient management and communication between the Council and Veolia with quarterly meetings and a continuous improvement plan. Preparation work is in place to ensure a smooth transition

to the new service provider with the contract including a good level of service, performance and quality requirements. No recommendations have been made as a result of our work in this area.

5.9 **Process Catch-up**

5.10 A number of system and process issues were identified with the brown bins process that resulted in the two databases diverging and mismatches occurring. A short term action plan is now in place to perform the corrections on the AR process. Following the action plan, a harmonised procedure is being developed to bring control back into the process. No recommendations have been made as a result of our work in this area.

5.11 **Previous Recommendations**

5.12 Five of the ten recommendations from the 2008/2009 audit have not been implemented. The five recommendations were in the areas of meetings, direct debits and website content.

OBSERVATIONS AND RECOMMENDATIONS

MANAGEMENT INFORMATION

1. Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
To implement procedures to cover the entire garden waste service.	<p><u>Best Practice</u> Procedures should be in place that cover all aspects of the service to ensure the brown bin scheme is operated adequately and accurately.</p> <p><u>Findings</u> It was noted that the current Brown Bin Procedures showed scenarios and actions to take, rather than a procedure document detailing responsibilities, steps and actions required to deliver a complete brown bin service, including a process map defining the entire process.</p> <p><u>Risk</u> If staff are not aware of policies and procedures they may not be carrying out their duties effectively and appropriately.</p>	Strategic Director (Section 151 Officer)
Management Response		Implementation Date
Recommendation is Agreed The draft procedure manual being reviewed by Capita needs to be completed, approved, provided to staff involved and enforced by management.		Complete & approve – 7/3/10 Issued to staff &

Management Response: Strategic Director (Section 151 Officer)	training – 31/3/10 Mgt enforce – from 1/4/10
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2. eSerial Numbering

(Medium Risk)

Recommendation	Rationale	Responsibility
To consider fitting the existing wheeled bins with microchips.	<p><u>Best Practice</u> Measures are in place in order to accurately capture, monitor and manage service performance.</p> <p><u>Findings</u> Although bins carry a unique number, the bins do not carry any kind of electronic serial number in order to electronically tag the whereabouts of bins. Individual bins cannot be easily traced to individual households. Through CRM the Waste Team can track individual bins to specific households via the serial number on the bin. However, they are totally reliant on Veolia recording the information correctly on CRM, and the fact that residents don't always get their original bin back after emptying.</p> <p><u>Risk</u> Without a robust method of tracking customer bins, any monitoring of bin whereabouts and related collection information cannot be performed.</p>	Head of Commercial Services
Management Response		Implementation Date
<p>Recommendation is Agreed This will be considered as part of the business case for transferring the brown bin operation to the new contractor. The recent re-tendering of the waste contract highlighted the high cost of retro-fitting bins. The cost would be a minimum of £200,000 and would not be justifiable unless considered as part of an overall business case for transfer of responsibility to contractor. Such a business case will be produced by October 2010.</p> <p>Management Response: Head of Commercial Services</p>		April 2011 (if justified by business case)

3. Website Content

(Medium Risk)

Recommendation	Rationale	Responsibility
To make the necessary	<p><u>Best Practice</u> Customers are aware of all of the</p>	Organisational Change Manager

amendments to the website for online payments and the downloadable application form.	<p>possible methods of payments, and are pointed in the right direction of other methods if one is not available.</p> <p><u>Findings</u> The webpage for online payments and downloadable application form was not available.</p> <p><u>Risk</u> Customers assume they cannot get the service they require because of the lack of information on the website notice, resulting in customers not joining the scheme.</p>	
Management Response		Implementation Date
Recommendation is Agreed		31/3/10
Management Response: Strategic Director (Section 151 Officer)		

4. Data Reporting

(Medium Risk)

Recommendation	Rationale	Responsibility
To define and implement a report to allow officers to easily compare the number of brown bin renewal customers to invoices raised and revenue received	<p><u>Best Practice</u> Standard detailed reports should be available to easily assess the financial position of the garden waste service.</p> <p><u>Findings</u> There did not appear to be any Agresso reports in place, utilising the relation values (eg: DDJAN1), to compare the number of brown bin renewal customers to invoices raised and revenue received.</p> <p><u>Risk</u> Without appropriate data reporting available in the financial management system, the Council cannot monitor the brown bin scheme adequately which may lead to loss of income for the Council.</p>	PA to Management Team
Management Response		Implementation Date
Recommendation is Agreed		12/2/10
Management Response: Strategic Director		

5. Service Payment

(High Risk)

Recommendation	Rationale	Responsibility
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<p>Controls are developed and relayed to the relevant Officers to ensure stopped collections for residents that have not paid their annual charge.</p>	<p><u>Best Practice</u> Customers who fail to pay for the service in the required timescales are removed from the garden waste service.</p> <p><u>Findings</u> During the initial meeting it was stated by the Interim Waste Services Manager, that there are currently no controls in place to stop collection from residents that have not paid their annual charge. The working reconciliation process (Action Plan) will resolve the backlog of issues and once a steady state is achieved, the new procedures will be the control. Until such time, controls should be developed and relayed to the relevant Officers to ensure stopped collections for residents that have not paid their annual charge.</p> <p><u>Risk</u> Customers continue to receive the service free of charge with resulting financial loss to the Council.</p>	<p>Strategic Director (Section 151 Officer)</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		<p>28/2/10</p>

6. Automated Data Transfer

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>To investigate an automated data transfer system to allow realtime data transfer between Agresso and the PA database for customer and payment information.</p>	<p><u>Best Practice</u> Databases used to monitor and manage the brown bin scheme should be accurate and adequately maintained.</p> <p><u>Findings</u> It was found that renewal payment information is not being back loaded to the CRM database from Agresso to ensure that both systems accurately reflect payment information. There is no direct link between the two systems and therefore open to a number of potential errors and mismatches and which requires a resource to Import/extract the data.</p> <p><u>Risk</u></p>	<p>Organisational Change Manager</p>

	Without a robust method of data management, data accuracy between systems will become poor, management of the service will become difficult with potential embarrassment and financial loss to the Council.	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>The recommended action to provide an automated interface to keep both computer systems in synch is agreed in principle as it would overcome the main scheme weaknesses of the last 4 years. However in practice any such interface may be technically impossible or cost-prohibitive. We will investigate and assess whether a business case can be made for this work. The alternative will be to continue manually updating each system and regularly reconciling them to identify mismatches for correction (s.term) before exploring outsourcing the scheme entirely to the waste contractor (m.term).</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		30/4/10

7. Data Matching

(Medium Risk)

Recommendation	Rationale	Responsibility
To review and action data mismatches between Agresso and CRM database.	<p><u>Best Practice</u> Customer data between systems should match. Where mismatches occur, data is rectified in a timely manner</p> <p><u>Findings</u> Upon review of data matching between Agresso and CRM, Internal Audit found a number of data mismatches including: 4 address data mismatches (Town name) between CRM and Agresso. 7 BinID to Ext Ref mismatches between CRM and Agresso.</p> <p><u>Risk</u> Without relevant data in the management information system, the Council cannot monitor the brown bin scheme adequately which may lead to loss of income for the Council.</p>	Organisational Change Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		Ongoing (from 1/2/10)

8. Multiple Bin Payments

(Medium Risk)

Recommendation	Rationale	Responsibility
To define and implement a single process for invoicing multi bin customers.	<p><u>Best Practice</u> Invoice generation and associated processes should be agreed, documented and adhered to.</p> <p><u>Findings</u> There appeared to be two processes for invoicing multiple bin customers 1. Combined on single invoice 2. Individual invoices In addition, no associated procedure was available.</p> <p><u>Risk</u> Without the necessary controls in place, invoices will continue to be generated in different ways which could lead to further data problems and reconciliation work.</p>	Strategic Director (Section 151 Officer)
Management Response		Implementation Date
Recommendation is Agreed Management Response: Strategic Director (Section 151 Officer)		31/3/10 (part of the procedure manual)

INCOME PROCESSING

9. Accounts Receivable Process

(Medium Risk)

Recommendation	Rationale	Responsibility
To review areas of the AR process highlighted to ensure that actions take place to ensure the process is followed.	<p><u>Best Practice</u> The documented garden waste AR process should be adhered at all times, with any process issues being identified and corrected in a timely manner.</p> <p><u>Findings</u> Inconsistencies between documented and actual practice were found. Invoices are not sent from Capita to the Waste Management Team for postage to customers along with a direct debit mandate. Direct debit forms are not sent to the Waste Management Team who will send the original to the customers bank and forward a copy to Capita for processing in Agresso. Rejected Direct Debit data is not sent to the Waste Management Team for review and action. Invoice proposals numbers are not sent to the Council prior to the</p>	<p>Procedure manual – Strategic Director (Section 151 Officer)</p> <p>Enforcement of manual - Waste Services Manager</p>

	<p>invoices run.</p> <p><u>Risk</u> Lack of adherence to documented procedures could lead to breakdown in operations which may lead to loss of income for the Council.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		<p>Complete & approve manual – 7/3/10</p> <p>Mgt enforce – from 1/4/10</p>

10. Invoices and Debt

(High Risk)

Recommendation	Rationale	Responsibility
<p>To review and address the areas of invoice reminders, service delivery of unpaid customer invoices and customers not invoiced for 2008 period.</p>	<p><u>Best Practice</u> The AR process should be adhered and customers who fail to pay invoices within the designated timeframe should be removed from the garden waste service.</p> <p><u>Findings</u> A number of issues were uncovered during sample review of invoices.</p> <ul style="list-style-type: none"> • 2 overdue payments from 2008. • 3 customers not invoiced in 2008. • 1 customer with 30 Agresso transactions for 1 invoice. • 1 overdue payment from 2008 which did not appear on aged debt. • 1 invoice, 8 days past due date with no reminder sent. <p><u>Risk</u> Without the necessary controls in place, unpaid invoices will continue and some members of the public may not be paying for the services received.</p>	<p>Strategic Director (Section 151 Officer)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Originally planned to complete the arrears & debt recovery catch-up exercise by xmas 2009, which slipped to Jan 2010 due to other budget time pressures. Further slippage to Feb 2010 but no later.</p>		<p>28/2/10</p>

RENEWALS

11. Customer Information

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>a) To include instructions on change of customer details and how the information is transferred to Capita and updated in Agresso.</p> <p>b) Customer information for change of details, renewal process, renewal notice and renewal payments.</p>	<p><u>Best Practice</u> Service information for potential and existing customers of the garden waste service is available including details on requesting change of details and internal controls are in place for processing of information supplied.</p> <p><u>Findings</u> It was unclear how customers can request a change of bank and/or address details and how this information is initially logged and processed with Capita for amending in Agresso.</p> <p>There was no direct mention of the renewal process and what to expect from the Council in terms of renewal notice and payment requirements.</p> <p><u>Risk</u> Customer information is not up to date with knock on consequences with billing and payment.</p>	<p>Strategic Director (Section 151 Officer)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed This will be clarified within the procedure manual.</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		<p>Complete & approve manual – 7/3/10</p> <p>Mgt enforce – from 1/4/10</p>

2008/2009 UNIMPLEMENTED RECOMMENDATIONS

12. Capita Meeting

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Waste Management should meet with Capita regularly to ensure that financial responsibilities are being fulfilled and any problems with the brown bin scheme</p>	<p><u>Best Practice</u> Waste Management are aware of their responsibilities concerning the brown bin process, what the process should be achieving and how. Currently a key part of the process is handed to Capita (i.e. invoicing for renewals and communication of legal referrals), and</p>	<p>Waste Services Manager</p>

<p>are discussed and the necessary action is taken.</p>	<p>they should be meeting to monitor this area of the process and get updates on any problems so they can be communicated to the customers where applicable.</p> <p><u>Findings</u> There are no regular meetings with Capita at the moment to discuss the financial aspect of the brown bin process.</p> <p><u>Risk</u> Capita have problems with the invoicing or monitoring of the old and unpaid items and do not communicate these to Waste Management, resulting in complaints that have not been prepared for and ultimately embarrassment to the council. Loss of income through payments to contractors that are not justified by the service given.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		<p>March 2010</p>

13. Direct Debits

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Greater emphasis should be made on utilising direct debits methods when informing customers about the brown bin scheme.</p>	<p><u>Best Practice</u> The Brown Bin scheme should work as efficiently as possible and if required should be restricted to limited method of payments from customers for simplicity. The dates of renewal should ideally be the same for every customer and any direct debits should have part payment up to this renewal date.</p> <p><u>Findings</u> Management appeared keen to get as many customers onto the Direct Debit payment method as possible, however this seemed quite a large task as in the period from April to Mid June, only 2% of the payments made were by direct debit.</p> <p><u>Risk</u> Management aims are not met and the</p>	<p>Strategic Director (Section 151 Officer)</p>

	efficiency of the scheme suffers as a result, as well as management control over objectives.	
Management Response		Implementation Date
<p>Recommendation is Agreed Subject to agreement with politicians and Capita, the intention is to make direct debit the sole payment method from April 2011.</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		April 2011

14. Control of Direct Debit Forms

(High Risk)

Recommendation	Rationale	Responsibility
<p>a) Receipt and control of direct debit forms should be controlled so that the forms go straight to the relevant officer from the post room.</p> <p>b) A process should be defined for managing DD forms once received by the service area.</p>	<p><u>Best Practice</u> The person opening the post should know where the bank details of customers go to and should not leave them unattended. The person due to receive the bank details of customers should know where they come from, from whom and how often.</p> <p><u>Findings</u> The Technical Admin Assistant does not know who opens the mail containing bank details or who she received them from, just that they come through internal post. The bank details are left in a pigeon hole at the end of the office before they are collected by someone distributing the internal post and given to the officer. 2009/2010 – It was ascertained that LSP pass directly onto waste services. Waste service response did not appear to back this up and there was no evidence to suggest that Capita acknowledge receipt.</p> <p><u>Risk</u> There is fraudulent or wrongful use of customers' bank details or that they are lost in the handing over process if they are not handed directly.</p>	Strategic Director (Section 151 Officer)
Management Response		Implementation Date
<p>Recommendation is Agreed This will be clarified within the procedure manual.</p> <p>Management Response: Strategic Director (Section 151 Officer)</p>		<p>Complete & approve manual – 7/3/10</p> <p>Mgt enforce – from</p>

6. DISASTER RECOVERY FOLLOW-UP 2008/2009

1. INTRODUCTION

1.1 Fieldwork undertaken in January and final issued in 22 January 2010.

2. INITIAL AUDIT FINDINGS

2.1 The final report made two low risk recommendations and two were agreed. A Full assurance opinion was issued.

3. FOLLOW UP MAIN FINDINGS

3.1 The review found that both recommendations have been implemented.

FOLLOW-UP OBSERVATIONS

DISASTER RECOVERY PLAN

1. Approval of Disaster Recovery Plan

(Low Risk)

Recommendation	Rationale	Responsibility
The Disaster Recovery Plan and arrangements should be formally reviewed and approved at an appropriate level.	<p><u>Best Practice</u> Disaster recovery arrangements should be subject to review and approval at an appropriate management level.</p> <p><u>Findings</u> Internal Audit could not find any evidence that the Disaster Recovery Plan had been subject to formal review and approval by the Management Team. However, Internal Audit acknowledges confirmation from the Head of Organisational Change that the Plan has been reviewed by management.</p> <p><u>Risk</u> Without an adequate plan, there is a risk that restoration of IT infrastructure following an incident may fail or be significantly delayed. The consequent impact of this on mission critical activities may be significant. In addition, inadequate senior management support could</p>	Head of Organisational Change

	result in disaster recovery not being taken as a serious issue, and the required resources to implement the plan are not made available.	
Management Response		Implementation Date
Recommendation is Agreed Management Response: Head of Organisational Change		Submission by 1 June 2009. Approval by 1 September 2009.
Follow Up Observations		
As this is a highly technical area, the Head of HR, IT and Customer has approved the plan and it has been endorsed by the Audit and Corporate Governance Committee. The business continuity arrangements (including disaster recovery) are subject to ongoing monitoring by the Audit and Corporate Governance Committee.		Implemented

DISASTER RECOVERY CONTRACTOR

2. Contractor Risk Assessment

(Low Risk)

Recommendation	Rationale	Responsibility
On an annual basis, the Council's contractors for disaster recovery (currently Adam Continuity), should be asked to provide a risk assessment on their own disaster recovery arrangements.	<p><u>Best Practice</u> Risk assessments should be completed for disaster recovery arrangements, and where responsibility is transferred to a third party they should be asked to complete and submit their own risk assessments.</p> <p><u>Findings</u> The Head of Organisational Change confirmed that Adam Continuity have not been asked to submit a risk assessment of their own disaster recovery arrangements.</p> <p><u>Risk</u> Inadequate or inappropriate resources could mean that recovery methods are not attainable in the required timescales.</p>	Head of Organisational Change
Management Response		Implementation Date
Recommendation is Agreed in Principle A DR recovery provider is to be sought for both VWHDC and SODC to commence services in April 2010. The need for a risk assessment will be incorporated into the contract.		2010/2011

Management Response: Head of Organisational Change	
Follow Up Observations	
Adam Continuity are still the DR recovery arrangements provider for VWHDC. Adam Continuity have confirmed that they have their own disaster recovery arrangements in place, and are currently in the process of seeking BS25999 accreditation. They currently have three fully functional sites to be used as part of their disaster recovery arrangements. This recommendation will follow through to any new provider.	Implemented

7. EMERGENCY PLANNING FOLLOW-UP 2008/2009

1. INTRODUCTION

1.1 Fieldwork undertaken in January and final issued 29 January 2010.

2. INITIAL AUDIT FINDINGS

2.1 The final report made 4 Medium risk and 3 Low risk recommendations and four were agreed. A satisfactory opinion was issued.

3. FOLLOW UP MAIN FINDINGS

3.1 The review found that one recommendation has been implemented, relating to the emergency database used at VWHDC. One recommendation is partly implemented, and is dependent upon the finalisation of Oxfordshire County Council's county-wide emergency plan. Five recommendations have not implemented, as changes have been proposed to have a joint emergency planning officer with SODC. This is currently pending Executive and Cabinet approval. Revised implementation dates have been given.

3.2 Internal Audit will continue to monitor progress against the revised implementation dates

FOLLOW-UP OBSERVATIONS

STRATEGIES, POLICIES AND PLANS

1. Emergency Response & Recovery Plan

(Low Risk)

Recommendation	Rationale	Responsibility
The Council's Emergency Response & Recovery Plan should document an assessment of local hazards and the level of risk exposure that those hazards pose.	<p><u>Best Practice</u> In addition to defining a major incident or emergency situation, Emergency Plans should identify local hazards for which the plan is most likely to be invoked for, and the level of risk exposure.</p> <p><u>Findings</u> Internal Audit could not find any evidence within the Council's Emergency Response and Recovery Plan that an assessment had been completed of local hazards.</p> <p><u>Risk</u> Failure to identify local hazards and the level of risk exposure, could result in an inappropriate or</p>	Head of Commercial Services

	ineffective Emergency Plan being drafted which would not meet expectations/requirements in dealing with an emergency situation.	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>The timetable for implementing agreed changes throughout this report is influenced by changes of staffing, service review of emergency planning which may result in the implementation of joint arrangements with SODC and the OCC review which may impact on the Councils roles and responsibilities.</p> <p>Management Response: Head of Commercial Services</p>		30 September 2009
Follow Up Observations		
The implementation of this recommendation has been delayed due to staff changes in responsibility for emergency planning. It has been proposed that there will be a joint emergency planning officer for SODC and VWHDC. This is current pending Cabinet and Executive agreement.		<p>Not Implemented</p> <p>Revised implementation date: 31 March 2010</p>

2. Rest Centre Capacity Analysis

(Medium Risk)

Recommendation	Rationale	Responsibility
A capacity analysis should be undertaken at the four rest centre premises identified within the Emergency Response and Recovery Plan, to ensure that rest centres can respond effectively in an emergency situation within their limitations.	<p><u>Best Practice</u></p> <p>Capacity limits of rest centres should be known, to ensure that limitations are incorporated within the Emergency Plan.</p> <p><u>Findings</u></p> <p>The Leisure Facilities Manager confirmed that whilst the rest centres were aware that they were a designated building for temporary shelter and care and/or a possible alternative emergency centre, a capacity analysis had not been undertaken at each centre.</p> <p><u>Risk</u></p> <p>If capacity limits are not identified and documented and contingency arrangements built into the emergency plan, there is a risk that the Council will not be able to respond effectively to demand in an emergency situation.</p>	Head of Commercial Services
Management Response		Implementation Date

Recommendation is Agreed	30 June 2009
Management Response: Head of Commercial Services	
Follow Up Observations	
The implementation of this recommendation has been delayed due to staff changes in responsibility for emergency planning. It has been proposed that there will be a joint emergency planning officer for SODC and VWHDC. This is current pending Cabinet and Executive agreement.	Not Implemented Revised implementation date: 31 March 2010

3. Emergency Stock

(Medium Risk)

Recommendation	Rationale	Responsibility
An emergency response stock inventory should be implemented listing all stock and where it is held. This should be subject to regular review to ensure it remains up to date.	<p><u>Best Practice</u> A stock list should be held of all stock which is available for use during an emergency situation.</p> <p><u>Findings</u> Internal Audit confirmed that a stock inventory is currently not maintained. i.e) blankets, mobile phones.</p> <p><u>Risk</u> If stock information, levels and whereabouts are not maintained, there is a risk the Council will not be able to respond effectively to demand in an emergency situation.</p>	Head of Commercial Services
Management Response		Implementation Date
Recommendation is Agreed		30 June 2009
Management Response: Head of Commercial Services		
Follow Up Observations		
The implementation of this recommendation has been delayed due to staff changes in responsibility for emergency planning. It has been proposed that there will be a joint emergency planning officer for SODC and VWHDC. This is current pending Cabinet and Executive agreement.		Not Implemented Revised implementation date: 31 March 2010

4. Team Sheet Template

(Low Risk)

Recommendation	Rationale	Responsibility
A team sheet template should be developed for use in each emergency situation. This should identify and allocate which officers have	<p><u>Best Practice</u> Officers assigned to specific roles in an emergency response should be clearly identified.</p> <p><u>Findings</u> The Emergency Response and</p>	Head of Commercial Services

<p>been appointed to which role.</p>	<p>Recovery Plan has been designed on a role basis, rather than an officer basis. This makes the Plan more flexible and allows any officers available in an emergency situation to be assigned to the roles. However, a team sheet template was not in place to be used for each emergency situation, which would clarify who had been assigned to which roles.</p> <p><u>Risk</u> If roles and responsibilities in an emergency are not clearly identified, there is a risk that the response will not be executed effectively.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Head of Commercial Services</p>		30 September 2009
Follow Up Observations		
<p>The implementation of this recommendation has been delayed due to staff changes in responsibility for emergency planning. It has been proposed that there will be a joint emergency planning officer for SODC and VWHDC. This is current pending Cabinet and Executive agreement.</p>		<p>Not Implemented</p> <p>Revised implementation date: 31 March 2010</p>

5. Emergency Volunteers Contact List

(Medium Risk)

Recommendation	Rationale	Responsibility
<p>Responsibility for the Emergency Volunteers Contact List should be clearly assigned, and it should be reviewed, updated and circulated to all of the relevant officers.</p>	<p><u>Best Practice</u> An up to date contact list of all officers who may be called upon to respond to an emergency situation should be in place.</p> <p><u>Findings</u> Internal Audit ascertained that responsibility for the Emergency Volunteers Contact List had not been clearly assigned, and the current contact list was not up to date.</p> <p><u>Risk</u> If effective alerting arrangements are not in place, an inadequate or unnecessary response may be implemented.</p>	<p>Head of Commercial Services</p>
Management Response		Implementation

	Date
Recommendation is Agreed	30 September 2009
Management Response: Head of Commercial Services	
Follow Up Observations	
The implementation of this recommendation has been delayed due to staff changes in responsibility for emergency planning. It has been proposed that there will be a joint emergency planning officer for SODC and VWHDC. This is current pending Cabinet and Executive agreement.	Not Implemented Revised implementation date: 31 March 2010

6. Emergency Database

(Low Risk)

Recommendation	Rationale	Responsibility
The emergency database should be reviewed for flexibility of use during an emergency situation (with reference to Internal Audit's findings), and responsibility for updating the call once action has been taken should be clearly assigned.	<p><u>Best Practice</u> An efficient and effective method of recording and disseminating information in an emergency situation should be in place.</p> <p><u>Findings</u> Internal Audit reviewed the emergency database and it was noted that:</p> <ul style="list-style-type: none"> • It was not possible to type over the drop down fields, and it may be necessary for operators to record a different detail. • It was not possible to record more than one action, and it may be that an operator refers the call to another agency but also sends sandbags. • Responsibility for updating the call once any action had been taken had not been clearly clarified. • Ability to enter a new contact telephone number was restricted, and it may be that an operator obtains a contact which would be useful for all operators. • Reports were not available listing all calls by 'request' or by 'action', which could be used to allocate resources and monitor performance. <p><u>Risk</u> If effective alerting arrangements are not in place, an inadequate or</p>	Head of Organisational Change

	unnecessary response may be implemented.	
Management Response		Implementation Date
Recommendation is Agreed		Implemented
Management Response: Head of Organisational Change		
Follow Up Observations		
Completed		Implemented

TEST EXERCISE

7. Test Exercise

(Medium Risk)

Recommendation	Rationale	Responsibility
The emergency planning arrangements should be tested on an annual basis. Training needs should be identified, and lessons learnt should be incorporated into a revised plan.	<p><u>Best Practice</u> Regular testing of emergency planning arrangements should be undertaken to ensure that they are fit for purpose.</p> <p><u>Findings</u> No testing has been undertaken of the Emergency Response and Recovery Plan.</p> <p><u>Risk</u> If adequate testing of the emergency planning arrangements are not in place there is a risk that:</p> <ul style="list-style-type: none"> • an inappropriate plan will be relied upon and the Council will not fulfil its duties. • under-resourced elements are not identified and the plan may fail. • training needs are not identified and officers do not perform effectively in a live response. • duplicated efforts with external agencies are not identified and removed, gaps in provision are not identified and corrected and communication weaknesses are not resolved. 	Head of Commercial Services
Management Response		Implementation Date
Recommendation is Agreed Exercise supported by OCC timetable.		30 November 2009
Management Response: Head of Commercial Services		

Follow Up Observations

Training is provided by OCC, who recommend what training is required by District staff. A meeting with the lead officer from OCC was held on 4 November to agree training needs for VWHDC staff. This is pending approval of an Oxfordshire County Council county-wide emergency response plan, and the appointment of the joint emergency planning officer. An OCC led text exercise is currently planned for March 2010.

Partly Implemented

Revised
implementation date:
31 May 2010

8. RECEIPT of INCOME ARRANGEMENT FOLLOW UP 2008/2009

1. INTRODUCTION

1.1 Fieldwork undertaken in January 2010 and final issued 25 February 2010.

2. INITIAL AUDIT FINDINGS

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

3. FOLLOW UP MAIN FINDINGS

3.1 The review found that two recommendations were implemented and one is ongoing. A revised implementation date has been provided where appropriate.

3.2 Internal Audit are satisfied that adequate evidence is available to support the implementation of two of the recommendations and that progress is being made in implementing the remaining one. Other work priorities have prevented the revision of the Council's Financial Regulations; however, the Head of Finance stated completion of this task by 31 March 2010.

FOLLOW-UP OBSERVATIONS

PROCEDURES

1. Written Procedures

(Medium Risk)

Recommendation	Rationale	Responsibility
Car Parks Procedures should be produced detailing the functions undertaken within the section. These procedures should be dated, version controlled and a named officer should be made responsible for their maintenance.	<u>Best Practice</u> There should be written procedures covering all aspects of the function within the team. They should be dated, version controlled and there should be a named officer responsible for ensuring they are up to date. <u>Findings</u> There were no procedures in existence relating to the receipt of income. <u>Risk</u> Without written procedures, there is the risk that staff may be unsure of a process leading to errors being made	Car Park Manager
Management Response		Implementation Date
Recommendation is Agreed		September 2009

Now that the new cash receipting system is in place, procedures will be written. Management Response: Car Park Manager	
Follow-Up Observations	
The Car Park Manager stated that the procedure notes have been completed. A copy of the procedure notes have been obtained and filed as evidence.	Implemented

2. Financial Regulations

(High Risk)

Recommendation	Rationale	Responsibility
Head of Finance The Council's Financial Regulations should be brought up to date to reflect the Council's income arrangements	<u>Best Practice</u> The Council's Financial Regulations should be up to date and reflect the Council's income arrangements. <u>Findings</u> The Financial Regulations are out of date and require updating. <u>Risk</u> If the Financial Regulations are out of date there is a risk that incorrect actions may be taken in relation to the handling of income.	Head of Finance
Management Response		Implementation Date
Recommendation is Agreed Management Response: Head of Finance		June 2009
Follow-Up Observations		
The Head of Finance is working with the PA to the Strategic Director (Finance) who is currently reviewing both the Financial Regulations for VWHDC and SODC with a view of harmonising both regulations. The Head of Finance has met with the PA to discuss this and is looking to have updated and harmonised Financial Regulations in place by 31 March 2010.		Ongoing Revised implementation 31 March 2010

ANTI FRAUD AND CORRUPTION

3. Anti Fraud and Corruption Policy

(High Risk)

Recommendation	Rationale	Responsibility
Head of Finance An Anti Fraud and Corruption Policy be produced that all staff and members are aware of. This should make reference to types of fraud, the avenues for	<u>Best Practice</u> The Council should have an Anti Fraud and Corruption Policy in place which all staff and members are aware of. This should be comprehensive and make reference to types of fraud, the avenues for reporting suspected fraud, collaboration with external bodies	Head of Legal and Democratic Services

<p>reporting suspected fraud, collaboration with external bodies and make reference to other relevant documents, such as the Council's Whistle Blowing Policy</p>	<p>and make reference to other relevant documents, such as the Council's Whistle Blowing Policy.</p> <p><u>Findings</u> The Council does not have an Anti Fraud and Corruption Policy.</p> <p><u>Risk</u> Without a comprehensive Anti Fraud and Corruption Policy, there is the risk that staff may not identify fraud and if indeed identified, take an inappropriate course of action detrimental to satisfactorily resolving the issue.</p>	
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p> <p>Management Response: Head of Legal and Democratic Services</p>		<p>September 2009</p>
<p>Follow-Up Observations</p>		
<p>The Democratic Services Officer stated that the Anti-Fraud and Corruption Policy has been produced and staff are aware. A copy of the policy has been obtained and filed as evidence. After reviewing the policy, Internal Audit can confirm that it does include the information as stated in the recommendation.</p>		<p>Implemented</p>

9. COMMENTS and COMPLAINTS FOLLOW UP 2009/2010

1. INTRODUCTION

1.1 Fieldwork undertaken in February 2010 and final issued 24 February 2010.

2. INITIAL AUDIT FINDINGS

2.1 The final report made Eight Recommendations and Eight were agreed. A satisfactory opinion was issued.

3. FOLLOW UP MAIN FINDINGS

3.1 The review found that one recommendation had been implemented, three recommendations partly implemented and four recommendations had not been implemented.

3.2 Internal Audit noted the status of the recommendation which had been classified as partially implemented in that a review of the Comments and Complaints Procedure was nearing completion in March 2010. The implementation of a further three recommendations will follow from the completion of that review. Consideration has also been given to adopting a joint complaints database, but incompatibility between the Ocella and Uniform systems has prevented any progress on this issue.

FOLLOW-UP OBSERVATIONS

COMPLAINTS PROCEDURES

1. Review of Comments and Complaints Procedures

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Procedures should be well documented to provide guidance to staff to promote a uniform and consistent approach to their duties.</p> <p><u>Findings</u> The Comments and Complaints procedure and the comments and complaints: guidelines for staff have not been reviewed to reflect changes of staff and the introduction of the shared management arrangement. The information on the intranet is also in need of review to</p>	<p>That a designated person is appointed to undertake a review of the Comments and Complaints procedure, to ensure the complaints process is up to date, reflects the correct organisational structure, responsible officers and the approach to comments and complaints is harmonised across both Councils.</p>	<p>PA to Chief Executive</p>

reflect the new management arrangements.		
<u>Risk</u> Without policies and procedures, there is no corporate guidance for members of staff to adhere to which promotes a uniform and consistent approach to their duties.		
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Lesley Hawkins, PA to Chief Executive, to undertake review.</p> <p>Management Response: PA to Chief Executive</p>		<p>Review to be completed by end of December 2009. Implementation will be determined by the compatibility of IT infrastructure and identification of admin resource within service areas.</p>
Follow-Up Observations		
<p>Interim update: The PA to the Chief Executive stated that the policy, website entry and complaint form have been drafted. These have been cleared by Strategic Director (Section 151 Officer) as he has the customer portfolio. The Strategic Director (Leisure & Corporate Strategy) has reviewed the documents and feels that some Vale elements could be incorporated in the South policy. A meeting has been set for 9 March 2010 with interested parties to review both policies. Copies of the relevant documents were obtained as evidence of progress with regards this recommendation.</p>		Partly Implemented

2. Contractors: Revised Comments & Complaints Procedures (Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> External Contractors are provided with the scope to document comments and complaints within their responsibility, to enable the Council and members to assess the effectiveness of service delivery by the Council's external service providers.</p>	<p>That the Council's external service providers should be informed of the Council's corporate Comments and Complaints procedure, to enable them to assess whether complaint cases within their responsibility should be recorded as part of the Council's corporate complaints process.</p>	<p>PA to Chief Executive</p>

<p><u>Findings</u> Internal Audit noted that there is no established mechanism for the Council's contractors to inform and record incidences in the Council's corporate complaints procedure.</p> <p><u>Risk</u> Contractors do not undertake their role with efficiency and effectiveness if they have not been informed what information and reporting is required of them.</p>		
Management Response		Implementation Date
<p>Recommendation is Agreed PA to Chief Executive to communicate outcome of review to Heads of Service in order that they can disseminate the new procedure to external service providers within their service area. Formal contracts may contain alternative arrangements for dealing with complaints.</p> <p>Management Response: PA to Chief Executive</p>		<p>On completion of review and implementation - Dec 2009</p>
Follow-Up Observations		
<p>Interim response: The position remains as stated above.</p>		<p>Not Implemented</p> <p>Revised Implementation Date : 31 May 2010</p>

COMPLAINTS PROCESS

3. Induction Programme

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> All newly appointed staff should be made aware of the Council's comments and complaints procedure to ensure that complaints are dealt with in a consistent manner.</p> <p><u>Findings</u> It was ascertained following discussions with the Human</p>	<p>That the revised comments and complaints procedure should be incorporated into the Council's induction programme to ensure all newly appointed employees are aware of the procedure and process for the recording of complaints.</p>	<p>PA to Chief Executive</p>

Resources Officer and the Team Leader (HR and Payroll) that the comments and complaints procedures do not feature in any part of the induction arrangements for starters.		
<u>Risk</u> Staff are not aware of the Complaints Process leading to complaints being dealt with in an inconsistent manner.		
Management Response		Implementation Date
Recommendation is Agreed Summary of new procedure to be posted on “New Starter” section of intranet. Quick reference guide to be produced and circulated to all staff with intranet link for full procedure. Management Response: PA to Chief Executive		On completion of review and implementation – Dec 2009
Follow-Up Observations		
Interim response: The position remains as above.		Not Implemented Revised Implementation Date : 31 May 2010

COMPLAINT RECORDS

4. Training: Revised Comments and Complaints Procedures (Medium Risk)

Rationale	Recommendation	Responsibility
<u>Best Practice</u> Staff with responsibilities for advising members of the public should be well versed in the comments and complaints procedures to assist them to advise residents accordingly.	That staff working in the Local Service Points are advised of the revised formal comments and complaints procedures to assist them to advise residents of the district appropriately.	Staff Officer
<u>Findings</u> The Comments and Complaints Monitoring Officer has concluded that staff working in the LSP have not been sufficiently well versed in the formal comments and complaints process, to enable them to		

<p>assist in informing members of the public about the Council's formal complaints process.</p> <p><u>Risk</u> There is risk that members of the public are not aware that the Council has a Complaints process and therefore cannot utilise the process.</p>		
Management Response		Implementation Date
<p>Recommendation is Agreed Intranet and website link to be provided to all LSP staff for full procedure. A quick reference guide to be circulated to LSP staff for circulation to members of the public.</p> <p>Management Response: PA to Chief Executive</p>		<p>On completion and implementation of review – Dec 2009.</p>
Follow-Up Observations		
<p>Interim response: South communications team has been asked to design and produce a leaflet since there is no resource at Vale to carry out this function.</p>		<p>Not Implemented</p> <p>Revised Implementation Date : 31 May 2010</p>

5. Centralised Database for Recording Complaints

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> A centralised database should be available to provide one place for the recording of all comments and complaints as well as providing linkages to historical complaints information.</p> <p><u>Findings</u> Internal Audit has noted that the Council's current comments and complaints records are managed on two separate Excel spreadsheets with no linkage between the two other than verbal communication between the two monitoring officers.</p>	<p>That the Council should adopt a centralised database for the recording of complaints, as used at SODC. Designated administrators should be given responsibility for recording complaints for their service areas and progressing complaints to a full conclusion.</p>	<p>PA to Chief Executive</p>

<p><u>Risk</u> There is a risk that details of responses are not recorded in a manner that identifies relevant historical information that could have a bearing on the response to the complaint.</p>		
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle IT compatibility with current infrastructure is proving problematic and requires considerable input from IT. Priority is being given to implementation of common e-mail system.</p> <p>Management Response: PA to Chief Executive</p>		<p>Implementation will be determined by the compatibility of IT infrastructure. Admin resource is currently being reviewed by HoS. This review will influence the implementation date – Dec 2009.</p>
Follow-Up Observations		
<p>Interim response: The current position has not changed, however Internal Audit noted the email system is now in place. Incompatibility between Ocella (SODC) and the Uniform (VWHDC) systems still exist but Internal Audit recognises that the current complaint arrangements are efficient and effective.</p>		Not Implemented

6. Database System Administrator

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> An administrator should be available to oversee and advise service areas on the use of a corporate comments and complaints database as well as maintaining the system.</p> <p><u>Findings</u> There is currently no single officer responsible for managing a centralised database for the recording of complaints.</p> <p><u>Risk</u> There is a risk that justified complaints received by the Council are not being</p>	<p>That an administrator is appointed to oversee and advise service areas on the use of the Corporate Comments and Complaints database, and provide clarity on what constitutes a formal complaints for officers engaged in the process.</p>	<p>PA to Chief Executive</p>

considered or monitored to ensure the complaint is being dealt with in accordance with procedures.		
Management Response		Implementation Date
<p>Recommendation is Agreed PA to Chief Executive to provide training to nominated officers within service areas on new procedure and database.</p> <p>Management Response: PA to Chief Executive</p>		On completion of review and implementation – Dec 2009.
Follow-Up Observations		
Interim response: The drafted policy includes examples on what constitutes a formal complaint.		Partially Implemented

COMPLAINTS REGISTER

7. Complaints Timetable

(Low Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> There should be a timetable in place to ensure a complaint is dealt with in an appropriate time frame.</p> <p><u>Findings</u> Internal Audit has noted a number of anomalies arising from the compliance testing regarding adherence to procedures, but has chosen not to make any recommendations regarding these as the whole Comments and Complaints procedures will be subject to review in the near future. The Compliance testing has demonstrated that 9 of the 10 complaints are given a full response within 28 days. Only 1 complaint was dealt with within the 7 day deadline.</p> <p><u>Risk</u> If the timetable for</p>	The timetable for dealing with complaints should be reviewed to provide service areas with adequate time to formulate full and comprehensive responses to complaints to ensure the matters are resolved without further correspondence.	PA to Chief Executive

responses to a complaint is unrealistic then staff will continually fail to deal with complaints in accordance with stated procedures.		
Management Response		Implementation Date
Recommendation is Agreed PA to Chief Executive to harmonise the timetable for dealing with complaints in line with the procedure adopted at SODC. Management Response: PA to Chief Executive		By end of December 2009
Follow-Up Observations		
Interim response: Draft policy extends response time from 7 to 15 working days in line with South policy.		Partially Implemented

REPORTING ARRANGEMENTS

8. Reporting Arrangements

(Medium Risk)

Rationale	Recommendation	Responsibility
<p><u>Best Practice</u> Regular reports regarding the effectiveness of the comment and complaints procedure should be generated to inform senior management on service delivery issues.</p> <p><u>Findings</u> Internal Audit noted that the current reporting arrangement only relates to the reporting of the comments and complaints data and commentary to the Executive on an annual basis, and there is no provision for reporting this information to the senior management team.</p> <p><u>Risk</u> Failure to report issues arising from the comments and complaints procedures could result in senior management not reacting to customer concerns.</p>	That a quarterly report is produced of complaint resolutions for the senior management team. In addition the senior management team should also receive a quarterly report that shows an analysis of the complaints received which would assist in identifying any trends.	PA to Chief Executive
Management Response		Implementation Date

<p>Recommendation is Agreed PA to Chief Executive to co-ordinate submission to Management Team. In addition an annual summary of all stage 1 and 2 complaints and Ombudsman investigations is submitted to the Audit & Governance Committee.</p> <p>Management Response: PA to Chief Executive</p>	<p>By end of December 2009</p>
<p>Follow-Up Observations</p>	
<p>Interim response: A quarterly report is not needed. Management Team has introduced a new reporting system for various performance indicators. This Management Board Report is considered on a monthly basis and contains complaint statistics. A detailed report will still be submitted to Audit and Governance Committee annually.</p>	<p>Implemented</p>