

REPORT OF THE AUDIT MANAGER
TO THE AUDIT & GOVERNANCE COMMITTEE
22 SEPTEMBER 2008

Internal Audit Activity Report Quarter 2 2008/2009

1.0 Introduction and Report Summary

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 Adrianna Penn, Audit Manager for South Oxfordshire District Council and Vale of White Horse District Council, telephone (SODC) 01491 823544 and (VWHDC) 01235 547615.

2.0 Recommendations

that Members note the content of the report.

3.0 Relationship with the Council's Vision, Strategies and Policies

- (a) Vision strands A and C.
- (b) No specific strategy.
- (c) Anti Fraud and Corruption Policy; and all Policies indirectly.

4.0 Background

4.1 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 Councils' objectives. It assists the Councils by evaluating the adequacy of governance, risk management, controls and use of resources through its planned audit work, and recommending improvements where necessary. After each audit assignment, Internal Audit has a duty to report to management its findings on the control environment and risk exposure, and recommend changes for improvements where applicable. Managers are responsible for considering audit reports and taking the appropriate action to address control weaknesses.

4.2 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.

4.3 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

5.0 2008/2009 Audit Reports

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

Planned Audits

Full Assurance: 1
 Satisfactory Assurance: 9
 Limited Assurance: 3
 Nil Assurance: 0

	Assurance Rating	No. of Recs	High Risk Recs.	No. Agreed	Medium Risk Recs.	No. Agreed	Low Risk Recs.	No. Agreed
1. Payroll 07/08	Limited	10	3	3	5	4	2	2
2. White Horse Tennis & Leisure Centre 07/08	Limited	4	0	N/A	3	2	1	0
3. Academy 07/08	Satisfactory	1	0	N/A	0	N/A	1	1
4. NNDR 07/08	Satisfactory	7	0	N/A	6	5	1	1
5. Bar Management	Satisfactory	6	0	N/A	2	2	4	4
6. Petty Cash Spot Checks	Full	0	0	N/A	0	N/A	0	N/A
7. Gifts & Hospitality	Satisfactory	7	0	N/A	3	3	4	4
8. Guildhall	Satisfactory	10	0	N/A	4	3	6	6
9. Risk Management	Limited	13	4	4	7	7	2	2
10. Out of Hours Arrangements	Satisfactory	10	0	N/A	4	4	6	6
11. Business Continuity Procedures	Satisfactory	10	1	1	6	6	3	3
12. SOLL Leisure	Satisfactory	7	0	N/A	5	5	2	2

13. Gazetteer Unit	Satisfactory	7	0	N/A	3	3	4	4
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Follow Up Reviews

	Assurance Given	No. of Recs	Implemented	Partly Implemented	Not Implemented	Ongoing
14. Benefits Counter Fraud Follow-Up	Satisfactory	4	1	0	1	2

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

- 5.2 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.
- 5.3 A copy of each report has been sent to the appropriate Service Manager, the relevant Strategic Director, the relevant Section 151 Officer and the relevant Member Portfolio Holder.
- 5.4 A 6 month follow up is undertaken on all non-financial audits undertaken to establish the implementation status of agreed recommendations. All key financial system recommendations are followed up as part of the annual assurance cycle.

ADRIANNA PENN
AUDIT MANAGER

1. PAYROLL 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 20th May 2008.
- 1.2 The following areas have been covered during the course of this review:
- Implementation of agreed recommendations from previous audit;
 - Verification that the Payroll is secure, accurate and up to date;
 - Verification that amendments to Payroll are appropriately authorised and documented;
 - Verification that the Payroll is reconciled to the Council's Establishment List;
 - Verification that procedures for dealing with Starters and Leavers and the appropriate additions and deductions to pay are made when necessary;
 - The provision of management information from the Payroll system.

2. BACKGROUND

- 2.1 The Council adopted a new payroll system known as Ingenuity at Work (IAW) in April 2007.
- 2.2 At the time of the audit, the Payroll section comprised 2 members of staff. During the course of the audit 2 posts were transferred to South Oxfordshire District Council payroll team as at 1st February 2008, this arrangement now takes responsibility for the Vale of White Horse District Council payroll.
- 2.3 Internal Audit has noted that this review has been postponed several times due to the Senior Payroll Assistant being on long term sickness absence. Temporary staff have been covering payroll, but Internal Audit acknowledges that their training and knowledge of the Payroll system has been limited.

3. PREVIOUS AUDIT REPORTS

- 3.1 Payroll was last subject to an internal audit review in December 2006 and six recommendations were raised.

4. 2007/2008 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 Ten recommendations have been raised in this review. Three High, Five Medium and Two Low.

5. MAIN FINDINGS

5.1 Previous Audit Recommendations

- 5.2 Six audit recommendations were made and agreed in the previous Internal Audit report. Of the six, five recommendations have been successfully implemented. The one remaining recommendation relates to CIPFA benchmarking and Human Resources have chosen not to continue with this service and therefore all recommendations have been resolved satisfactorily.

5.3 Security of Payroll

- 5.4 Internal Audit has concerns regarding the control of users of the Payroll system, as access rights were still active for three personnel who Internal Audit identified as having left the employment of the Council some time ago. Internal Audit did confirm from the sample documentation reviewed that the Payroll is accurate, up to date and backed up on a regular

basis. One recommendation has been made as a result of the work undertaken in this area.

5.5 Amendments to Payroll

5.6 Internal Audit noted from the sample testing that all documentation relating to Payroll input is appropriately authorised, however it was noted that car loan repayments for employees had not been reviewed and revised as anticipated resulting in incorrect deductions being made.

5.7 In addition, Internal Audit found that payroll staff were not undertaking the necessary checking of the Payroll system reports following input of amendments to the IAW payroll system. Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.8 Payroll Reconciliation

5.9 Internal Audit has identified that the Payroll system is not reconciled to the Council's establishment list on an annual basis. Furthermore, due to staff resource issues over September and October 2007, the monthly reconciliation of payroll did not occur resulting in a number of errors in the payment of tax and national insurance to the HMRC.

5.10 The lack of resources attached to Payroll has further impacted on the reconciliation of payroll to the General Ledger for September and October 2007. Internal Audit is aware of the difficulties in conducting any reconciliation after the appropriate time, but considers this issue should be reviewed and corrected if possible. Three recommendations have been made as a result of the work undertaken in this area.

5.11 Additions and Deductions to Payroll

5.12 Internal Audit has noted from the review of additions and deductions to pay that anomalies exist regarding the calculation of sick pay, deductions relating to sick pay and the reclaiming of training expenses from employees who have left the employment of the Council. Internal Audit has made three recommendations as a result of the work undertaken in this area.

5.13 Management Information

5.14 Internal Audit noted the range of management reports generated were comprehensive and informative. However the review did identify differences in the systems used by South Oxfordshire District Council and Vale of White Horse District Council for the reimbursement of travelling expenses. Therefore Internal Audit has recommended that South Oxfordshire District Council give consideration to adopting Premier Case Envoy for the payment of travelling expenses, especially in light of the recent merger of the two payroll teams.

5.15 Following comments made by the Audit Commission about inadequate controls resulting in a failed BACS payroll payment run. Internal Audit reviewed the BACS process. Internal Audit noted the detailed confirmation of sent BACS transmissions is not received by payroll, and Internal Audit has made a recommendation to address this as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

PAYROLL SECURITY

1. Payroll Access

(High)

Recommendation	Rationale	Responsibility
The system administrator should review all Payroll users with a view to deleting users who no longer should have access to payroll.	<p><u>Best Practice</u> Access to the payroll system should be restricted to designated users and reviewed periodically to ensure the security of the payroll system.</p> <p><u>Findings</u> There are currently 10 users on the IAW</p>	Payroll Officer

	<p>system, with only two officers responsible for input and checking processes. Internal Audit identified from the report supplied by Capita that 3 employees have left the employment of the Council but are still designated as active users.</p> <p><u>Risk</u> Failure to retain information relating to payroll securely and with restricted access to authorised personnel could result in a breach of confidentiality.</p>	
Management Response		Implementation Date
Recommendation is Agreed SODC Payroll have amended list to current dedicated users.		Implemented

PAYROLL AMENDMENTS

2. Car Loan Repayments

(Medium)

Recommendation	Rationale	Responsibility
That car loan repayment as detailed on the payroll system are reviewed and corrected to ensure they are in accordance with the stated car loan agreements.	<p><u>Best Practice</u> All deductions from pay should be executed in accordance with the employee's terms and condition of pay and undertaken in a timely manner.</p> <p><u>Findings</u> Internal Audit confirmed that for four employees incorrect deductions for car loan repayments have been made over September, October and November 2007.</p> <p><u>Risk</u> Employees could be overpaid and not in accordance their terms and condition of employment.</p>	Payroll Officer / Senior Payroll Assistant
Management Response		Implementation Date
Recommendation is Agreed SODC Payroll requested to do so. It was a temporary problem during staff absence and since rectified. New payroll arrangements ensure no recurrence.		Implemented

3. Payroll Reports

(Low)

Recommendation	Rationale	Responsibility
That all system reports relating to amendments should be checked, signed and dated to indicate the accuracy of the input.	<p><u>Best Practice</u> All reports should be checked for accuracy; furthermore reports should be signed and dated on completion of those checks.</p> <p><u>Findings</u> Internal Audit noted that whilst some checking is in place there is no evidence to support that checking has been undertaken after input.</p> <p><u>Risk</u> There is no documentary evidence to support that payroll amendments are checked for accuracy of input resulting in incorrect payments being made.</p>	Payroll Officer / Senior Payroll Assistant

Management Response	Implementation Date
Recommendation is Agreed SODC Payroll requested to do so.	Implemented

PAYROLL RECONCILIATION

4. Establishment Listing

(High)

Recommendation	Rationale	Responsibility
That the Payroll system is reconciled to the Council's establishment list on an annual basis to ensure the integrity of both systems for the calculation of the Councils BVPIs.	<p><u>Best Practice</u> Payroll is in accordance with the Council Establishment listings and this is validated on a regular basis.</p> <p><u>Findings</u> The Human Resources Adviser stated that no explicit reconciliation to the Council's establishment listing is undertaken albeit some aspect of the information contained on the IAW system is reconciled to the ASR system, for example: sickness.</p> <p><u>Risk</u> Failure to undertake regular reconciliation of payroll to establishment list could result in a payroll system which is not bona fide and provides the capacity to generate fraudulent payments to rogue employees.</p>	HR Manager - Vale
Management Response	Implementation Date	
Recommendation is Agreed	31.07.08	

5. Reconciliation of Payroll

(Medium)

Recommendation	Rationale	Responsibility
That the monthly reconciliation of Payroll for Sept and Oct 2007 is completed to support the reconciliation of payroll to the General Ledger prior to the end of the financial year.	<p><u>Best Practice</u> Regular checks are undertaken to ensure the validity of the payroll system. This supports sound financial practice.</p> <p><u>Findings</u> The Senior Payroll Assistant was on extended sick leave from September/October 2007 and this audit has identified that no reconciliation was undertaken during September and October, it is anticipated that this may cause some issues in relation to the reconciliation to the general ledger for those months.</p> <p><u>Risk</u> Failure to undertake monthly reconciliation of payroll could result in incorrect payments being made to officer and government bodies.</p>	Payroll Officer / Senior Payroll Assistant
Management Response	Implementation Date	
Recommendation is Agreed SODC Payroll requested to do so.	Implemented	

6. Tax and National Insurance Payments

(High)

Recommendation	Rationale	Responsibility
Payments to Government	<u>Best Practice</u>	Payroll Officer / Senior

bodies for tax and national insurance for September and October should be reviewed and corrected where appropriate.	<p>Regular reconciliation of payment for tax and national insurance should occur to support the validity of payments and the payroll system.</p> <p><u>Findings</u> The Senior Payroll Assistant as part of the reconciliation process for November payroll has identified that payments errors for tax and national insurance did occur for September and October 2007.</p> <p><u>Risk</u> Failure to undertake monthly reconciliation of payroll could result in incorrect payments being made to officer and government bodies.</p>	Payroll Assistant
Management Response		Implementation Date
Recommendation is Agreed SODC Payroll requested to do so.		Implemented

ADDITIONS AND DEDUCTIONS

7. Statutory Sickness Payments

(Medium)

Recommendation	Rationale	Responsibility
That the SSP for staff on long term sick should be reviewed for accuracy and corrected where necessary.	<p><u>Best Practice</u> That SSP is paid in accordance with legislation and published SSP information.</p> <p><u>Findings</u> Internal Audit reviewed the sickness calculation for P Mobbs and was unable to agree the SSP, furthermore Internal Audit reviewed the payroll system and found inconsistencies with other officers in receipt of statutory sick pay and therefore considered the SSP payment should be reviewed for accuracy.</p> <p><u>Risk</u> If SSP is not calculated properly, errors will result including payments to external bodies.</p>	Payroll Officer / Senior Payroll Assistant
Management Response		Implementation Date
Recommendation is Agreed SODC Payroll requested to do so.		31/7/2008

8. Training Expenses

(Medium)

Recommendation	Rationale	Responsibility
That Human Resources should undertake a review of all employees having undertaken training who have left within the last five years to verify whether training expenses have been reclaimed as expected.	<p><u>Best Practice</u> Training expenses should be reclaimed from employees promptly following the termination of their employment contract.</p> <p><u>Findings</u> Internal Audit is aware of training expenses not being reclaimed as expected and would advocate that Human Resources review all employees who have left the Council within the last five years to verify whether training</p>	N/A

	<p>expenses have been reclaimed as expected.</p> <p><u>Risk</u> Failure to invoice employees for training expenses promptly could result in unauthorised expenditure and resulting in a loss of income to the Council.</p>	
Management Response		Implementation Date
<p>Recommendation is Not Agreed To our knowledge, 2 relatively high profile leavers (PRAC etc) have not repaid in recent years. Both had been informed in writing of the policy and amount involved. HR will tighten up procedure to ensure leavers with o/s post qual. training expenses receive letter within 5 days of leaving – copy to Debtors for follow up.</p>		N/A

9. Recovery of Sick Pay

(Low)

Recommendation	Rationale	Responsibility
<p>That the overpayment of sick pay identified for an employee who has left the Council employment should be passed to Sundry Debtors for recovery.</p>	<p><u>Best Practice</u> All recovery of overpayments should be deducted promptly from an employees final pay.</p> <p><u>Findings</u> Internal Audit noted that sick pay had not been reclaimed from final pay as instructed on the termination documentation for one employee; this was further confirmed from system prints obtained from the Payroll system.</p> <p><u>Risk</u> Failure to recover overpayments could result in employees leaving the employment of the Council owing money.</p>	HR Manager - Vale
Management Response		Implementation Date
<p>Recommendation is Agreed In hands of sundry debtors / Legal.</p>		Implemented

10. BACS Transmission

(Medium)

Recommendation	Rationale	Responsibility
<p>That the Senior Payroll Assistant should request Capita to provide confirmation of the payroll BACS transmission and the stated payroll to which they refer.</p>	<p><u>Best Practice</u> Adequate management information relating to BACS submission should be provided by Capita to assure management that BACS transmissions have occurred as required.</p> <p><u>Findings</u> An email response is received from Capita relating to the BACS submission; however Internal Audit noted there are no details indicated, (value, specific payroll) and given that the Payroll section has a number of payrolls operating simultaneously this could be confusing.</p> <p><u>Risk</u> Failure to provide adequate management information relating to the BACS transmission could result in payments not</p>	HR Manager - Vale

	being made and managers not taking appropriate action when necessary.	
Management Response		Implementation Date
Recommendation is Agreed		Implemented

2. WHITE HORSE TENNIS & LEISURE CENTRE 2007/2008

1. INTRODUCTION

1.1 Final issued on the 17th April 2008.

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

- The contract is being carried out in accordance with the terms of the contract;
- The client officer is adequately monitoring the contract and undertaking adequate checks where required;
- Any issues/queries are being promptly investigated by the client officer and promptly resolved with the contractor;
- Health and Safety and Insurance issues are being adequately addressed;
- That adequate management information is produced, analysed and utilised.

2. BACKGROUND

2.1 The White Horse Leisure and Tennis Centre was officially opened on 25th March 2002. The Council entered into a contract with DC Leisure Management Ltd to operate from 1st April 2002 for a ten year period, it was decided that a management company would be engaged by DC Leisure to run the new centre and that this would be achieved via a Charitable Trust. This enabled benefits to the Council in terms of the VAT cost to be saved as well as savings on Business Rates. This is the Council's first Leisure facility to be managed in this way.

2.2 The contract has been in operation for six years; however it should be noted that the income received through the Charitable Trust is required to be reinvested in the Trust but not explicitly in the White Horse Leisure and Tennis Centre. The Council is provided with financial accounts at the appropriate time to support these arrangements. The contract is due for renewal in April 2012 and initial discussions have commenced regarding the procurement arrangements for the next contract.

3. PREVIOUS AUDIT REPORTS

3.1 The White Horse Leisure and Tennis Centre was last subject to an internal audit review in January 2003, however the audit was never finalised. Internal Audit has attempted to review some of the areas highlighted in the previous audit review.

4. 2007/2008 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 Four recommendations have been raised in this review. Three Medium and One Low.

5. MAIN FINDINGS

5.1 Adherence to Contract Terms

5.2 Internal Audit has surmised from conversations with the Leisure Facilities Manager and the Deputy Director (Contracts and Procurement) that they believe that the contract is being monitored in accordance with the terms of the contract, supported by the information recorded from the monthly and quarterly meetings. Internal Audit found it difficult to acquire documentary evidence to support some performance aspects of service delivery. For example: that appropriate CRB checks have occurred, appearance and staffing levels and an assurance on the quality of service. However the site visit on 7 March 2008 did confirm that service delivery information is collated, but has not always been presented to the Council to support an assurance process. Internal Audit has subsequent to the audit been informed that further procedures have been adopted to improve the monitoring arrangements regarding the White Horse Leisure and Tennis Centre.

5.3 Internal Audit has been made aware that an attempt to recruit an officer to improve the monitoring arrangements has only recently been satisfied. The Parks Officer has agreed to carry out this role in addition to his existing duties. However Internal Audit considers that to assist the contractor to demonstrate adherence to contract terms, a recommendation relating to the introduction of an assurance framework is proposed under the paragraphs headed management arrangements.

5.4 **Monitoring Arrangements**

5.5 Internal Audit confirmed that the monitoring arrangements in terms of site inspections regarding maintenance issues and follow up action plans are comprehensive and well documented. Internal Audit also acknowledges that service delivery for other aspects of the service are evident; however Internal Audit considers that there is insufficient documentary evidence to provide the Council with assurance that support these arrangements. The Leisure Centre has the required processes in place to capture the information, however much of the information is not being passed to the Council to satisfy adherence to the contract terms. A related recommendation has been made to address this issue within the paragraphs headed management arrangements.

5.6 **Queries, Comments and Complaints**

5.7 Internal Audit acknowledges and can confirm from the testing that adequate measures are in place to deal with comments and complaints swiftly and effectively. Internal Audit has recommended that copies of the Comments Register, monthly summary sheet of complaints and any statistical analysis of the Comments and Complaints Register are provided to the Leisure Facilities Manager to facilitate the production of management statistics regarding this area of the Contractor's performance. This should ensure that the monitoring officer receives information to confirm the full range of issues regarding comments and complaints. Internal Audit has made one recommendation as a result of the work undertaken in this area.

5.8 **Health and Safety and Insurance**

5.9 Internal Audit can conclude that the health and safety arrangements are adequate, procedures are clear and staff are fully aware of their responsibilities to ensure health and safety is well exercised. Furthermore a review process is in place to ensure that the health and safety process is constantly reviewed and modified when necessary. Internal Audit also fully supports the introduction of the Council's health and safety inspection checklist/programme by the Leisure Facilities Manager which will further endorse the health and safety arrangements. Internal Audit has concluded therefore that health and safety is well administered and has not made any recommendation as a result of the work undertaken in this area.

5.10 Internal Audit also found that the insurance documentation was valid and up to date and the necessary employers' liability insurance was fixed at the appropriate levels.

5.11 **Management Information**

5.12 Internal Audit acknowledges that overall the Leisure Centre is operating well and perceived as a success, however it appears that very few management reports are produced which provide assurance of service delivery requirements. Internal Audit has recommended that improvements are required to provide a better framework to enable the contractor to provide the assurance on all aspects of the service as prescribed by the terms of the Contract and the Leisure Facilities Manager. This would form the basis of a formal reporting structure to Chief Officers and Members to allow the Council to formulate an opinion regarding the contractor's performance and service delivery for the White Horse Leisure and Tennis Centre. Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.13 **Proactive Fraud and Corruption Measures**

5.14 Internal Audit found it difficult to gather any evidence to support what measures/processes were in place to pro actively identify evidence of fraud and corruption within the White Horse Leisure and Tennis Centre, other than a verbal assurance given by the Contract Manager. Internal Audit has given a copy of the Council's draft anti-fraud and corruption policy

statement to the Leisure Facilities Manager in order to inform the Contractor as to the Councils position with regards to fraud and corruption measures, this should ensure that the contractor's arrangement do not conflict with those of the Council.

- 5.15 Internal Audit advocates that the Leisure Facilities Manager should satisfy himself that the White Horse Leisure and Tennis Centre Contract Manager has processes in place to pro-actively identify fraud and corruption, including an adequate anti fraud and corruption policy and a risk register. Internal Audit anticipates that assurance regarding anti-fraud and corruption measures should also be incorporated in the assurance assessment as detailed in Management Information above.

OBSERVATIONS AND RECOMMENDATIONS

COMMENTS AND COMPLAINTS

1. Comments and Complaints Register

(Low)

Recommendation	Rationale	Responsibility
That the Contractor should be requested to supply a copy of the Register for Comments and Complaints, the monthly Customer Comments summary sheet and statistical analysis of the comments and complaints register to the Leisure Facilities Manager at the Management Meetings to assist in formulating management information regarding comments and complaints.	<p><u>Best Practice</u> The Comments and Complaints Register should be supplied to inform the Council of all types of comments and complaints to assist with future service delivery initiatives.</p> <p><u>Findings</u> Internal Audit confirmed that the Register is not currently been supplied or reviewed by the Leisure Facilities Manager.</p> <p><u>Risk</u> Failure to provide the Comments/Compliant Register would result in the Council being unaware of any major or recurring issues regarding the centre and its operations, furthermore these issues could affects its image and reputation.</p>	N/A
Management Response		Implementation Date
<p>Recommendation is Not Agreed Managers feel that the current monitoring arrangements provide satisfactory information on customer complaints and that access to the complaints register is unrestricted and has been monitored by the client officer as necessary. The monthly client meetings have a standing agenda item on customer complaints when officers are briefed by the centre managers and are able to investigate at greater depth if required on all complaints made in the preceding month.</p> <p>The existing systems have allowed officers to identify issues and agree resolutions with the contractor in a timely and effective manner. The centre management team adhere to the complaints procedure identified in the contract document. If additional or more in depth monitoring is required then additional resources will be required to undertake this work.</p>		N/A

MANAGEMENT INFORMATION

2. Assurance Framework

(Medium)

Recommendation	Rationale	Responsibility
That a formal assurance framework is devised whereby the WHTLC is required to produce an annual self assessment statement providing	<p><u>Best Practice</u> Formal documentary evidence is provided to support an assurance framework regarding the key aspects of the service delivery.</p> <p><u>Findings</u></p>	N/A

evidence of compliance with the terms of the contract. This should be reviewed, evaluated and commented on by the Council's client officers as part of a formal report to be presented to Members and officers with responsibilities for the delivery of Council services.	<p>There is limited documentation in place to evidence that DC Leisure Management Ltd are operating White Horse Leisure and Tennis Centre in accordance within the terms of the contract. Both the Deputy Director and Leisure Facilities Manager view is that the service is operating well, however Internal Audit would like to suggest some improvements to formally acquire assurance that the service is being delivered in accordance with the terms of the contract.</p> <p><u>Risk</u> The Council is unable to assess the Contractors performance and will be unaware of whether it is performing satisfactorily and in accordance with the Council objectives.</p>	
Management Response		Implementation Date
<p>Recommendation is Not Agreed</p> <p>There are robust monitoring processes in place to ensure performance is maintained including the delivery of an annual business plan, benchmarking against Sport England criteria, other county wide leisure facilities. In addition there are periodic strategic reviews and monthly review meetings on a wide range of service issues. Ultimately the regular monthly monitoring and reporting on the service introduced in December 2007 provides real time performance measurement covering the key service sectors.</p>		N/A

3. Management Reporting

(Medium)

Recommendation	Rationale	Responsibility
That the representatives of the WHTLC management are requested to attend a meeting with the Council's Executive as determined by the Council's authorised officer to report on and answer questions on the delivery of service under the contract.	<p><u>Best Practice</u> Council Members are kept informed to establish public opinion on the Leisure centre activities and the service provided by the Contractor.</p> <p><u>Findings</u> This does not take place at present, albeit it is a requirement of the Contract that the contractor should be required to attend meetings of the Executive members to report upon and answer questions on the delivery of the service under the contract.</p> <p><u>Risk</u> The Council would not be fulfilling the conditions within the contract, furthermore they would not be kept informed of, or raise with the contractor issues, problems or successes.</p>	Leisure Facilities Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principal</p> <p>Management are happy to ask the portfolio holder and/or the Executive members if they require such a meeting and this will be raised at the next portfolio meeting.</p>		Portfolio holder will be asked on 18 th April 2008. If accepted timetable will be agreed to commence in 2008.

PRO-ACTIVE ANTI FRAUD & CORRUPTION MEASURES

4. Pro-Active Anti Fraud & Corruption Measures

(Medium)

Recommendation	Rationale	Responsibility
<p>The Leisure Facilities Manager should satisfy himself that the WHLTC Contract Manager has processes in place to proactively identify fraud and corruption, including an adequate anti fraud and corruption policy and a risk register.</p>	<p><u>Best Practice</u> Management should have sufficient information to confirm that adequate arrangements are in place to proactively identify fraud and corruption, which include an anti fraud and corruption policy and risk register.</p> <p><u>Findings</u> The Leisure Facilities Manager was unable to comment on what measures the WHLTC have in place to proactively identify any evidence of fraud and corruption within their business area.</p> <p><u>Risk</u> Fraud and corruption is not identified leading to significant financial, operational, legal and reputational implications.</p>	<p>Leisure Facilities Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed The introduction of this aspect of audits within the Council is new to this service area and as yet the Council does not have a policy in place. This is why officers could not comment on the CLS Measures. Officers accept that this is an area for development but in order to establish that the contractor has sufficient safeguards in place, will require the Council's own policy to be implemented so that officers have a benchmark to evaluate what they will need to consider when monitoring others. Once this policy is known resources can be assessed against the additional depth of monitoring required as it should be noted that whatever checks are undertaken will need to be applied consistently to the other leisure contract where the risk is potentially greater as we support that contract financially which is not the case with this arrangement. A copy of the Council's draft policy has been given to the Contractor.</p>		<p>Subject to the Council's own policy being introduced and analysis of the level of monitoring, 2009/2010</p>

3. ACADEMY 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 5th September 2008. Academy is an electronic system used to manage council tax, housing benefit and NNDR (National Non Domestic Rates).
- 1.2 The following areas have been covered during the course of this review:
- To ensure that adequate procedures have been produced and that they contain sufficient detail relating to the various processes;
 - To ensure that there are adequate controls in place to manage all areas of the cheque production and issue process;
 - To ensure that regular and accurate interfaces and reconciliations are undertaken between Academy and Agresso;
 - To ensure that adequate management information and reports can be provided by Academy;
 - To ensure that the actions to complete the implementation by the deadline are being adhered to.
- 1.3 This area will be subject to a further review during the current 2008/2009 financial year. The above areas were selected to provide initial assurance on the system processes.

2. BACKGROUND

- 2.1 As part of the joint working initiative to use a single contractor to provide Revenue and Financial services, SODC and the VWHDC agreed with Capita (contractor) to undertake a joint implementation of the Academy Revenues system.
- 2.2 The Academy system went live on 24th October 2007 at SODC and the 15th January 2007 at the VWHDC. This was an ambitious project for both councils and was undertaken with guidance from a Capita CST Conversion Project Manager.

3. PREVIOUS AUDIT REPORTS

- 3.1 This area has not previously been subject to a review.

4. 2007/08 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 One Low recommendation has been raised in this review.

5. MAIN FINDINGS

5.1 **Procedures**

- 5.2 Capita have produced extensive procedures for the use of the Academy system and its essential processes. The procedures appear comprehensive and in relation to the more technical processes, such as daily Cash Balancing, contain screen prints of the system as an aid. It was noticed that whilst the procedures contain a version/issue number, there is no version date. One recommendation has been made as a result of our work in this area.

5.3 **Cheque Production**

- 5.4 Internal Audit reviewed the processes relating to the controls and management of the cheque production process. The cheque storage, cheque handling and cheque production processes all appear robust. There is adequate security associated with the processes and for all cheque movements, signatures are required from appropriate officers. No recommendations have been made as a result of our work in this area.

5.5 **Reconciliations to Agresso**

5.6 Internal Audit questioned how payments made through Academy are reconciled to Agresso and the BACS payments. The reconciliations for cheque payments are completed on the Academy to BACS interface prior to the journal entries being provided for Agresso upload. For each BACS transmission, a reconciliation of the Academy system totals, both pre and post job creation is undertaken. This is then reconciled to the file uploaded into Webseries prior to transmission to BACS. No recommendations have been made as a result of our work in this area.

5.7 **Management Information and Monitoring**

Internal Audit sought to establish that appropriate monitoring reports existed and that they were being provided to management for review. There are a number of standard system reports that are system generated and auto-emailed to their recipients, and are therefore not checked or validated before being sent out. However, adequate monthly monitoring reports are also sent, which are scrutinised by Capita before being sent to SODC. No recommendations have been made as a result of our work in this area.

5.8 **Implementation Deadlines**

5.9 Internal Audit sought to establish whether the implementation had been adequately managed and whether there were any outstanding actions that required attention. It is clear that the implementation was very closely monitored both by Capita and the Client. There is one data cleaning exercise that remains outstanding.

5.10 Internal Audit questioned whether there have been any major issues subsequent to the system going live. The Senior Revenues & Benefits Client Officer informed us that there have been certain issues, but these were resolved and measures put in place to ensure there would be no repeat.

OBSERVATIONS AND RECOMMENDATIONS

PROCEDURES

1. Procedure Revision Dates (Low)

Recommendation	Rationale	Responsibility
Internal Audit recommends that all Academy procedures should be amended to include a revision date.	<p><u>Best Practice</u> All procedures should contain both a version number and a version date.</p> <p><u>Findings</u> A number of the Academy procedures did not have a version date.</p> <p><u>Risk</u> Without having a version date, staff may not be aware of the latest revision and whether the version being used was before or after a fundamental change to the system.</p>	Revenues Manager
Management Response		Implementation Date
Recommendation is Agreed		Implemented

4. NNDR 2007/2008

1. INTRODUCTION

1.1 Final issued on the 2nd June 2008.

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

- To ensure that the recommendations made following the 2006/2007 NNDR audit undertaken at Vale of White Horse District Council have been implemented.
- To ensure that the NNDR system has been promptly updated with amendments to valuations and that records have been updated to record new properties and amendments to existing properties.
- To ensure that input or amendment of data affecting liability is supported by documentary evidence and that records are updated promptly.
- To ensure that billing procedures are carried out in accordance with legislation, bills are raised and despatched promptly and that demand notices are legitimate and appropriate.
- To ensure that there is documentary evidence to support both payment and refund transactions and also that the transactions are legitimate.
- To ensure that write-offs are undertaken in accordance with Council policy.
- To ensure that credit balances are reviewed regularly and appropriate action is undertaken.

2. BACKGROUND

2.1 The Council is a Billing Authority for NNDR (national non domestic rates) purposes and is responsible for working out NNDR bills, giving any reliefs that may be due and collecting the money. Business rates paid by ratepayers are collected by the Council and are remitted to the 'National Pool', a central account held by the Department for Communities and Local Government (DCLG) and then redistributed back to local authorities as part of the local government finance settlement.

2.3 The Council is required to monitor performance in respect of the percentage of business rates collected via Best Value Performance Indicator BVP1 010. For the financial year ended 31 March 2007 the Council collected 98.80% of business rates against a target of 99.20%, putting it outside the top quartile of councils for performance, set at 99.36% for 2006/07.

3. PREVIOUS AUDIT REPORTS

3.1 NNDR was last subject to an internal audit review in November 2006 when seven (7) recommendations were raised of which three (3) were rejected and a satisfactory opinion was given.

4. 2007/2008 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 Seven recommendations have been raised in this review. Six Medium and One Low.

5. MAIN FINDINGS

5.1 Previous Audit Recommendations

5.2 The previous Internal Audit report was issued in January 2007 and seven (7) recommendations were made of which three (3) were rejected. Internal Audit considers that the remaining four (4) recommendations made in the 2006/07 audit report have been implemented and no further action is necessary. No recommendations have been made as a result of our work in this area.

5.3 **Valuations and Updating NNDR Records**

5.4 A reconciliation of the Rateable Value is undertaken on a weekly basis and a more detailed reconciliation of account numbers is undertaken on a four-monthly basis. A review of the weekly reconciliation by Internal Audit identified a discrepancy between the number of properties on the NNDR system and the number according to the Valuation Office (VO). In relation to the four-monthly reconciliation, whilst it is acknowledged that a detailed reconciliation is being undertaken by Capita, Internal Audit considers that the process needs to be enhanced to ensure adequate information is available to support the amendments made / required. Two recommendations have been made as a result of our work in this area.

5.5 **Liability**

5.6 Transactions are now scanned and indexed to EDMS on Anite, the Council's document imaging system. Additionally, notes are recorded within the Academy system on 'Account Notes'. The latter provide an audit trail with the date, time and user's initials shown. The award of reliefs are authorised by the Client team and this is documented on individual account level documents, scanned to Anite. Academy account notes indicate that transactions are reported to senior colleagues and Notes within the Anite system show how transactions are escalated for the appropriate action to be taken.

5.7 Business ratepayers are provided with an A4 sheet, 'NNDR explanatory notes', enclosed with annual, first or amended bills. This document explains what NNDR is and provides information about the types of reliefs available. Internal Audit reviewed the contents of the 'NNDR explanatory notes' sheet and found a number of anomalies and weaknesses, including no reference to Mandatory relief. The award of such relief carries no cost to the Council as this relief is paid for by the National Pool. Four recommendations have been made as a result of our work in this area.

5.8 **Billing Procedures**

5.9 No testing was undertaken in this area due to the processing of bills being undertaken at Bromley. It is envisaged that Internal Audit will visit the Bromley site in 2008/2009 to assess the controls in operation.

5.10 **Payments and Refunds**

5.11 The controls over refunds appear to be working effectively and the Client's pre-authorisation checking procedures are rigorous and effective. However, until the Agresso reconciliation procedures are confirmed as being in place and operating satisfactorily Internal Audit cannot give assurance about the NNDR payment controls. One recommendation has been made as a result of our work in this area, and this area will be reviewed again in 2008/2009.

5.12 **Write-Offs**

5.13 There is a joint VWHDC/SODC sundry debts write-off procedure which is in draft format. However, it is focused on sundry debts and makes no reference to revenues debts, Council Tax and NNDR. It was evidenced that the joint Client/Capita Revenues meetings report on write-offs for both Council Tax and NNDR, and the Capita Revenues Manager is currently drafting an NNDR procedure which will be used for Council tax once agreed.

5.16 There have been no write-offs since Capita took over the financial services contract. Until the Council and Capita have in place an agreed policy and procedure for revenues debt write-offs Internal Audit is unable to give assurance about controls in this area. No recommendations have been made as a result of our work in this area at this time, but this area will be reviewed again in 2008/2009.

5.17 **Credit Balances**

5.18 Credit balances and refunds can be generated for a number of reasons including:-

- Rateable Value reductions;
- Ratepayers vacating premises;
- Overpayments

For each account showing a credit balance an application form is issued asking the ratepayer to indicate whether they want a refund, retain the balance for a future year or transfer it to another account.

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

OBSERVATIONS AND RECOMMENDATIONS

NNDR VALUATIONS

1. NNDR Reconciliations

(Medium)

Recommendation	Rationale	Responsibility
As part of the weekly reconciliation between the Valuation Office and the NNDR System, the number of properties should also be reconciled.	<p><u>Best Practice</u> The total Rateable Value and the total number of properties should be reconciled.</p> <p><u>Findings</u> As part of the review, a discrepancy between the total number of properties on the NNDR system to the number of properties as per the Valuation Office was highlighted.</p> <p><u>Risk</u> Anomalies between the NNDR system and the Valuation Office may occur resulting in in-complete / inaccurate records.</p>	Revenues and Benefits Client Manager / Capita Contract Manager.
Management Response	Implementation Date	
<p>Recommendation is Agreed in Principle However, the weekly reconciliations are conducted to ensure the overall system Rateable Value balances with the Valuation office's database (following the weekly schedule amendments being carried out). This process helps simplify the in-depth NNDR system four-monthly balancing exercise. The most important check is to ensure the overall Rateable Value balances with the Valuation Office's database at all times and currently the weekly reconciliation effectively does this. The four-monthly reconciliation process includes balancing the rateable value and also the number of properties according to their description categories.</p> <p>As part of the daily/weekly balancing it is common for there to be a discrepancy between the number of properties on the system and the VOA records. The primary cause for this is that new assessments are not created until the liable party has been ascertained. However, precise records of the amendments awaiting action are maintained at all times and there is no risk that a property could be missed.</p> <p>The reconciliations undertaken by Capita on a weekly basis are described below in terms of the detailed spreadsheets used. This process is very effective and does not allow for amendments to be overlooked.</p> <p>Considering the Rateable Value is balanced weekly and a complete NNDR system reconciliation conducted every four months it is felt it would be excessive to implement any additional reconciliation measures on such a regular basis. It should also be noted that the current processes are carried out for 10 other local authorities by Capita from the Bromley centre.</p>	At next Capita contract Meeting (September 2008)	

2. NNDR Reconciliations

(Medium)

Recommendation	Rationale	Responsibility
Supporting evidence for accounts awaiting adjustment should be retained.	<p><u>Best Practice</u> Any adjustments requiring action as part of the reconciliation process should be supported by evidence.</p> <p><u>Findings</u> It was confirmed that there is no evidence to support the accounts awaiting adjustment as part of the reconciliation process.</p> <p><u>Risk</u> Records will not be complete and loss of income could occur if the adjustments are not actioned or are actioned incorrectly.</p>	Revenues and Benefits Client Manager / Capita Contract Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>The schedules are downloaded by Capita on a weekly basis from the VOA's secure website. The information is formatted into an excel spreadsheet which details the property reference, the value, type of adjustment and a date field. When an amendment has been completed on the Academy system this date field is updated and the amendment is recorded as complete. This spreadsheet is linked to an overall work count which records the number of items outstanding, which schedules they appear on and allows for effective monitoring. The initial spreadsheet provides detailed records of properties awaiting amendment. The statement that there is no supporting evidence for accounts awaiting adjustment is inaccurate.</p> <p>It is possible to replicate this information retrospectively but it is a time consuming exercise as each individual spreadsheet relating to the schedules would need to be filtered to remove any dates after the date specified. This would then allow for the items outstanding at any point in time to be recreated and balanced to the rateable value outstanding at any given date.</p>		At next Capita contract Meeting (September 2008)

NNDR LIABILITY

3. NNDR Explanatory Notes

(Medium)

Recommendation	Rationale	Responsibility
NNDR 'Explanatory Notes' leaflet should be revised, updated and remodelled along lines similar to the 'Council tax' leaflet.	<p><u>Best Practice</u> Ratepayers should be provided with an explanatory leaflet associated with NNDR income & expenditure similar to information set out in the Council tax leaflet.</p> <p><u>Findings</u> Information provided to business ratepayers at the year-end or with their first rates demand is not comprehensive and opportunities are missed to emphasise the Council's policy on the award of different types of relief.</p> <p>There is no explicit reference to mandatory relief the award of which bears no cost to the Council as it is funded by the national NNDR pool.</p> <p><u>Risk</u></p>	Revenues and Benefits Client Manager.

	Ratepayers are not made aware of statutory relief that is available and may not make their claims in the right manner or at the right time leading to additional work by both the Council and its financial services contractor.	
Management Response		Implementation Date
<p>Recommendation is Not Agreed</p> <p>The content of the NNDR explanatory notes is prescribed in Regulations and the Council has no discretion over their content.</p> <p>It is considered that the current double-sided A4 form is presented sufficiently well and there is no justification for producing an expensive glossy leaflet.</p> <p>All ratepayers are also sent the council tax leaflet because it contains details of the council's finances which we are required to send them. To produce this same information in another leaflet just for NNDR would be an unnecessary duplication.</p>		N/A

4. Guidance Notes and Application Forms

(Medium)

Recommendation	Rationale	Responsibility
The Client should undertake a thorough review of all of its NNDR guidance notes and application forms, and publish them in a consistent manner to enable ratepayers to have a clear understanding of what is required for NNDR purposes and the implications of non-compliance.	<p><u>Best Practice</u> NNDR application forms are published that comply with legislation and adopt Plain English standards.</p> <p><u>Findings</u> Application forms do not comply with data protection legislation and lack consistency in format.</p> <p><u>Risk</u> Ratepayers are not aware of what types of relief that are available and do not make their claims in the right manner or at the right time leading to additional work by both the Council and its contractor</p>	Revenues and Benefits Client Manager / Capita Contract Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>A recent review of application forms and guidance notes has already been undertaken by the council. However, it is good practice to review application and guidance forms and this practice will continue. The council is very proactive when it comes to relief awareness, as the latest review of discretionary rate relief has shown. In addition, the council and Capita are data protection aware and although data protection principles do not apply to the majority of ratepayers i.e. corporate bodies, the comments of Internal Audit will be noted</p>		At next Capita contract Meeting (September 2008)

5. Legal Entity

(Medium)

Recommendation	Rationale	Responsibility
The Client should require Capita to check all accounts headed 'Village Hall, etc.' and ensure that the correct legal entity is identified and recorded.	<p><u>Best Practice</u> The correct legal entity should be included in the Council's records.</p> <p><u>Findings</u> There are a number of ratepayers with the same name, 'Village Hall Management Committee', which does not clearly identify the ratepayer nor give an indication of the legal entity.</p> <p><u>Risk</u></p>	Revenues Manager (Capita)

	The Council could have difficulty enforcing a debt where it does not know the correct legal entity of the ratepayer.	
Management Response		Implementation Date
Recommendation is Agreed		30 July 2008

6. Ratepayer Correspondence

(Low)

Recommendation	Rationale	Responsibility
All outgoing correspondence to ratepayers from Capita or the Council should quote the relevant NNDR account number.	<p><u>Best Practice</u> Ratepayers are expected to quote the relevant account number when communicating with the Council; the converse should apply</p> <p><u>Findings</u> Correspondence to ratepayers does not show the ratepayer's account number, notwithstanding the requirement for the ratepayer always to quote the account number.</p> <p><u>Risk</u> A ratepayer may have more than one account and amendments could be made to the wrong account.</p>	Revenues Manager (CAPITA) / Revenues & Benefits Client Manager (RSSP)
Management Response		Implementation Date
Recommendation is Agreed		Immediately

PAYMENT AND REFUND TRANSACTIONS

7. Facsimile Signature

(Medium)

Recommendation	Rationale	Responsibility
The practice of the Client Officer endorsing documents with the Revenues & Benefits Manager's facsimile signature by way of a stamp should be discontinued and replaced with the Officer signing her own name under a scheme of delegation.	<p><u>Best Practice</u> Officers sign off documents in their own handwriting under delegated powers.</p> <p><u>Findings</u> The Client officer uses a stamp showing the revenues & Benefits Client Manager's name to endorse documents.</p> <p><u>Risk</u> A name-stamp could be mislaid and possibly misused to obtain money from the Council</p>	N/A
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle The Client Manager agrees in principle, but it will need to be discussed with the Head of Finance in the first instance.</p> <p>The signature stamp is used for signing letters as well as signing bulk mail shots, but is being used less and less due to electronic mailings etc.</p>		1 July 2008.

5. BAR MANAGEMENT 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 25th June 2008. In February 2007, the external bar contractor providing the bar services at the Guildhall in Abingdon and Civic Hall in Wantage tendered his resignation after being in the post less than one year into a three year contract. Therefore the Council decided to regain direct control on a key part of the Civic Hall services which had become difficult to resource and direct through external contractors.
- 1.2 The following areas have been covered during the course of this review:
- To ensure that all expenditure for stock is adequately purchased and authorised.
 - To ensure adequate arrangements are in place to deal with the control and security of bar stock;
 - To ensure that adequate arrangements are in place to deal with cash/card transactions and banking arrangements;
 - To ensure that adequate insurance provision (i.e. stock and cash/valuables held in safe) has been made for bar premises
 - To ensure that health and safety issues, including unsociable working hours, are adequately addressed;
 - To ensure that bar performance monitoring arrangements are in place.

2. BACKGROUND

- 2.1 The in house service was set up on 18 October 2007 following consultation with colleagues from Human Resources, Audit and Accountancy. The staff team produced financial controls, procedures and control mechanism to support the new service. The service has provided bars for 67 events at the Guildhall and 39 at Wantage Civic Hall since the commencement of the service.

3. PREVIOUS AUDIT REPORTS

- 3.1 Previous audit reports have been concerned with the Guildhall arrangements, however this is the first audit review that focuses entirely on the bar arrangements and informs on its progress since the implementation of the new service.

4. 2008/2009 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Six recommendations have been raised in this review. Two Medium and Four Low.

5. MAIN FINDINGS

5.1 Expenditure for Stock

- 5.2 Internal Audit noted that a comprehensive review of stock is carried out and the information is subsequently recorded on a weekly basis. From the weekly review of stock levels the Temporary Deputy Vale Halls Manager can formulate an official order for the following week. It was also noted due to the time constraints imposed by the Brewery Company, the service area are unable to access the Purchase Order process as drink orders needed to be communicated by phone each Monday for delivery the next day.
- 5.3 The stock control check list is being used as an official order. Internal Audit noted that the documentation had not been signed or dated accordingly. The Council's Financial Regulations state that all orders should be signed, dated and approved. Therefore Internal Audit has made one recommendation as a result of the work undertaken in this area.

5.4 **Control & Security of Stock**

5.5 Internal Audit having undertaken a review of the arrangements in place to deal with the control and security of stock can verify that minor changes such as recording the delivery note information and possibly invoice number against the order form would ensure a clear audit trail is available to support the Council's expenditure.

5.6 Furthermore Internal Audit noted that T-shirts issued to bar staff were not included in the control arrangements relating to uniforms issued to members of the Guildhall or Civic Hall staff, albeit they carry the same logo and are identifiable as property belonging to the Council. Internal Audit considers that the Council should adopt a consistent approach to the issue of clothing to all employees. Therefore two recommendations have been made as a result of the work undertaken in this area.

5.7 **Banking Arrangements**

5.8 The review of the cash transactions and banking arrangements confirm that adequate arrangements are in place. Internal Audit noted a number of discrepancies were evident on the Bar Event Float Sheet and Bar Event Paying In Slip, and would advocate that staff responsible for the completion of these documents should ensure they are completed accurately. Reasons for any discrepancy or anomalies should be recorded to facilitate a management review process to develop improvements in the service. Therefore Internal Audit has made two recommendations as a result of the work undertaken in this area.

5.9 **Insurance**

5.10 Internal Audit has been able to confirm that adequate insurance provisions are in place to protect stock and cash/income arising from the Bar Arrangements. Furthermore the insurance cover has been reviewed in light of the implementation of the bar arrangements and the current level of cover is considered by the Head of Asset Management as adequate for the purpose. Therefore no recommendations have been made as a result of the work undertaken in this area.

5.11 **Health and Safety**

5.12 Internal Audit has verified that health and safety site inspections are undertaken by the duty managers as required, and a programme of training has been established to ensure that staff are aware of their responsibilities with regards to health and safety. Furthermore Internal Audit would advocate that a consistent approach is adopted across both Civic Halls to deal with incidences and accidents, and a management review process is conducted in a timely manner to assess if corrective action may be necessary. Therefore Internal Audit has made one recommendation as a result of the work undertaken in this area.

5.13 **Performance Monitoring Arrangements**

5.14 Internal Audit noted the performance monitoring arrangements from the informal review of each event undertaken by the Temporary Vale Halls Managers to the trading account reviews are successful in demonstrating that the in house service is both efficient and effective. Furthermore it has shown to have generated a profit of £3978.06 for a service which previously was difficult to resource through external contractors. Officers should be commended for their efforts in setting up this service. Therefore no recommendations have been made as a result of the work undertaken in this area.

5.15 **Fraud and Anti Corruption Measures**

5.16 Internal Audit recognises that evidence exists to support that management have adequate arrangements in place to proactively identify fraud and corruption within the Civic Halls business area including an updated risk register which is subject to an annual review process. Therefore no recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

EXPENDITURE FOR STOCK

1. Orders for Bar Stock

(Medium)

Recommendation	Rationale	Responsibility
That the person responsible for placing the bar order should be required to sign and date the stock list to denote when the order has been placed and by whom, to ensure compliance with the Council's Financial Regulations.	<p><u>Best Practice</u> Official orders should be signed by or on behalf of the Chief Officer who shall be responsible for all orders and expenditure on behalf of the Council.</p> <p><u>Findings</u> Internal Audit noted that the stock control check list for both establishments is not signed or dated by the Temporary Vale Hall Manager/designated officer who is placing the order for stock. This document serves as the order for stock.</p> <p><u>Risk</u> Failure to control the authorisation/purchase arrangements for stock could result in fraudulent payments being made and payments being made for goods that are not required.</p>	N/A
Management Response		Implementation Date
Recommendation is Agreed		Implemented

CONTROL & SECURITY OF STOCK

2. Delivery Documentation

(Low)

Recommendation	Rationale	Responsibility
That the stock control check list is cross referenced to the delivery documentation to denote whether an order is complete and to maintain a clear audit trail from order to delivery.	<p><u>Best Practice</u> That all bar stock deliveries are checked for accuracy and cross referred to the original order to ensure a complete audit trail for Council expenditure.</p> <p><u>Findings</u> Internal Audit noted that the delivery slip is ticked to indicate goods have been received in accordance with the order; however the order (stock control check list) is not cross referenced to the delivery slip to denote that the order is complete or otherwise.</p> <p><u>Risk</u> Failing to ensure an inventory of stock relating to the Bar Arrangements is recorded and checked on delivery could result in goods being removed without detection and financial loss to the Council.</p>	N/A
Management Response		Implementation Date
Recommendation is Agreed This has already been implemented although proving time consuming.		Implemented

3. Uniforms

(Low)

Recommendation	Rationale	Responsibility
<p>That the control arrangement relevant to the issue of uniforms to Guildhall staff is extended to include the issue and retrieval of T shirts to bar staff. This would ensure a consistent approach to the issue of clothing to all staff employed.</p>	<p><u>Best Practice</u> That all clothing bearing the Council Logo should be subject to control to ensure clothing is retrieve when employees leave the employment of the Council.</p> <p><u>Findings</u> The only purchases made that relate to the Bar are T shirts for staff to wear whilst on duty. Internal Audit noted that the control arrangement relating to the uniforms issued to Council staff currently does not extend to include the T shirts issued to bar staff, albeit they carry the same logo as other Council uniforms.</p> <p><u>Risk</u> Possession and or theft of Council clothing could result in employees having left the employment of the Council continuing to claim they are employed by the Council which could result in damage to the Council reputation.</p>	<p>Temporary Vale Halls Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed This will be implemented.</p>		<p>30 June 2008</p>

BANKING ARRANGEMENTS

4. Banking Transactions

(Medium)

Recommendation	Rationale	Responsibility
<p>That any discrepancies identified arising from the float being given out and returned are recorded along with an explanation as to the possible reason for the discrepancy. Furthermore all documentation relating to the issue of the float should be appropriately signed.</p>	<p><u>Best Practice</u> That Cash floats should be maintain in a consistent manner and officers should ensure that the documentation is signed and completed accurately.</p> <p><u>Findings</u> Internal Audit reviewed five bar float sheets and noted a discrepancy on two of the five selected for review for the Guildhall. A further five bar event float sheets were selected for Wantage Civic Hall and discrepancies were noted on three of the five selected, including documentation not being appropriately signed and differences regarding the value of the float given out to that returned.</p> <p><u>Risk</u> Failing to ensure floats are maintained and treated appropriately could give rise to a loss of income, and errors in the financial accounts.</p>	<p>N/A</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Whilst this has been implemented as stated during exit meeting the review will be subject to understanding that the forms are completed on most occasions in the early hours of the morning at the end of a busy shift and whilst every effort is made to ensure there are no discrepancies during the evening, there will be times when mistakes are made and not noticed.</p>		<p>Implemented</p>

5. Bar Event Paying In Sheet

(Low)

Recommendation	Rationale	Responsibility
<p>The Bar Event Paying In Sheet should be amended to enable the person responsible for cashing up to formally record the reason for any discrepancies. A management review process should be established to assess whether any further action may be necessary to reduce the risk of such errors.</p>	<p><u>Best Practice</u> That staff employed under the Bar Arrangements are required to denote an explanation for any discrepancies identified after cashing up to inform management who can establish where changes in procedures may be warranted.</p> <p><u>Findings</u> Internal Audit was advised by the Temporary Vale Hall Manager that informal discussions do occur regarding anomalies in the cash income however the comments are not documented for reference purposes. Internal Audit considers that it would be helpful to make a judgement and record the reason for any discrepancies to enable management to review and assess whether any further action may be necessary to reduce the risk of such errors.</p> <p><u>Risk</u> Failing to ensure that income is adequately protected and accounted for could result in income being stolen through the banking process.</p>	<p>N/A</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Whilst this has been implemented as stated during interview the review will be subject to understanding that the forms are completed on most occasions in the early hours of the morning at the end of a busy shift and whilst every effort is made to ensure there are no discrepancies during the evening, there will be times when mistakes are made and not noticed.</p>		<p>Implemented</p>

HEALTH & SAFETY

6. Health & Safety Documentation

(Low)

Recommendation	Rationale	Responsibility
<p>That a consistent approach is adopted to deal with health and safety incidences and accidents across both Civic Halls. Furthermore the documentation should be reviewed by management in a timely manner to assess if any corrective action may be necessary.</p>	<p><u>Best Practice</u> That regular health and safety assessments and recording of incidence/accidents occur to inform management whether corrective action may be necessary.</p> <p><u>Findings</u> Internal Audit was unable to establish if the investigation report arising from Wantage Civic hall had been reviewed by the appropriate manager as they were not signed or whether a copy had been given to the Council Health and Safety Adviser as stated on the documentation</p> <p><u>Risk</u> Failure to record incidents and accidents could result in management not being aware of Health and Safety issues arising from their service areas in order to take appropriate action.</p>	<p>Temporary Vale Halls Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Will inform team of procedure again at team meeting on 24th June 2008</p>		<p>24 June 2008</p>

6. PETTY CASH SPOT CHECKS 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 11th July 2008.
- 1.2 Internal Audit obtained lists of float balances from Accountancy and a sample of petty cash holders were visited unannounced during a specified period. The amount of cash held was counted by Internal Audit and recorded together with a list of receipts held for cash paid out. It is expected that the cash and receipts held should total the agreed float amount.

2. BACKGROUND

- 2.1 Vale of White Horse District Council (VWHDC) has 14 cash floats totalling £3,190 of which 11 floats are for petty cash purposes and total £1520. The remaining floats are bar floats and cashiers/seasonal floats and are outside the scope of this audit. Petty cash is held as follows:-
- LSP Wantage - £50.
 - Guildhall, Abingdon - £150.
 - Civic Hall, Wantage - £200.
 - Car Parks, Abbey House - £50.
 - Environmental Health, Abbey House - £80.
 - Planning, Abbey House - £100.
 - Sports Development, Abbey House - £50.
 - Corporate Administration, Abbey House - £500.
 - Community Development, Abbey House - £140.
 - Building Control, Abbey House - £50.
 - Housing Services, Abbey House - £150.
- 2.3 Internal Audit selected 5 floats to be spot checked.

3. MAIN FINDINGS

- 3.1 **VWHDC - Corporate Administration - £500**
- 3.2 Petty cash is stored in a small lockable cash tin which is held within a locked desk within the Corporate Administration Team office at Abbey House. The key to the desk is held by the named float holder who was not present during the course of the audit. Appropriate documentation was seen to support the transfer of petty cash to the current temporary holder. Details of this were also covered as part of the 2008/2009 Petty Cash Procedures Audit.
- 3.3 The spot check took place 3rd July 2008 at 16:45. Sixteen vouchers totalling £297.04 were held and all had appropriate receipts attached. The cash in the tin totalled £202.76 so amounts paid out plus cash held agreed with the £500 float amount.
- 3.4 **VWHDC - Car Parks - £50**
- 3.5 Petty cash is stored in a small lockable cash tin which is held within a small safe which is accessed by a key pad system. The safe is held within a locked office within the Car Park Team office at Abbey House.
- 3.6 The spot check took place 3rd July 2008 at 16:30. No vouchers were held for cash paid out and a replenishment claim for £34.74 had just been submitted. The cash in the tin totalled £15.26 so the amount to be replenished plus cash held agreed with the £50 float amount.
- 3.7 **VWHDC - LSP - Wantage - £50**
- 3.8 Petty cash is stored in a small lockable cash tin which is held within a safe within the staff only area at the LSP office in Wantage. Access to the staff area is via a key pad controlled door.

- 3.9 The spot check took place 24th June 2008 at 14:10. Five vouchers totalling £38.08 were held and all had appropriate receipts attached. The cash in the tin totalled £11.92 so amounts paid out plus cash held agreed with the £50 float amount.
- 3.10 **VWHDC - Guildhall, Abingdon - £150**
- 3.11 Petty cash is stored in a small lockable cash tin which is held in a desk within the administration office at the Guildhall. The desk is not locked but is within an office accessed by a key pad entry system.
- 3.12 The spot check took place 27th June 2008 at 14:20. Twenty-four vouchers totalling £149.76 were held and all had appropriate receipts attached. The cash in the tin totalled £0.24 so amounts paid out plus cash held agreed with the £150 float amount. A claim was due to be submitted to replenish the float balance but paperwork had not yet been completed.
- 3.13 **VWHDC - Civic Hall - Wantage - £200**
- 3.14 Petty cash is stored in a small lockable cash tin which is held in locked metal filing cabinet within the administration office at the Civic Hall, Wantage. The key to the cabinet is held by the float holder and her deputy.
- 3.15 The spot check took place 1st July 2008 at 09:50. Ten vouchers totalling £106.87 were held and all had appropriate receipts attached. The cash in the tin totalled £93.13 so amounts paid out plus cash held agreed with the £200 float amount.

4. CONCLUSION

- 4.1 Internal Audit would conclude from the testing undertaken, that the petty cash float balances are being adequately managed.
- 4.2 Internal Audit has not made any recommendations as a result of the spot checks. Observations of individual transactions exceeding the agreed limit and appropriate authorisations are being addressed by the current Petty Cash Procedures audit.

7. GIFTS AND HOSPITALITY 2008/2009

1. INTRODUCTION

1.1 Final issued on the 14th July 2008.

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

- To ensure that there is a gifts and hospitality policy in place which incorporates any appropriate legislative acts i.e. Prevention of Corruption Act 1906 and 1916.
- To ensure that the policy, procedures and guidance are available to all officers and members.
- To ensure that there is a register of gifts and hospitality in place.
- To ensure that the register is maintained and updated when appropriate.

2. BACKGROUND

2.1 Democratic Services receives declarations of offers of Gifts and Hospitality from both Officers and Members. The Monitoring Officer is the Head of Democratic Services.

3. PREVIOUS AUDIT REPORTS

3.1 Gifts and Hospitality was last subject to an internal audit review in September 2006 and four Recommendations were raised. Due to the reporting mechanisms in place at the time of the audit review, an assurance opinion was not issued.

3.2 It was not possible to ascertain the number of recommendations agreed, however each recommendation was reviewed at part of 2008/2009 audit testing.

4. 2008/2009 AUDIT ASSURANCE

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

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

5. MAIN FINDINGS

5.1 **Gifts and Hospitality Policy**

5.2 The Officer Code of Conduct should include clear contact details of all relevant officers and it was noted that the document should be subject to regular review. One recommendation has been made as a result of our work in this area.

5.3 **Documentation Availability**

5.4 The 'Guidance on the Provision of Hospitality' document should be reviewed to ensure it remains relevant and should remain on the Intranet. One recommendation has been made as a result of our work in this area.

5.5 **Register of Gifts and Hospitality**

5.6 Internal Audit considers that the Officers declaration form should be revised to include a section for the Officers Manager to countersign. The Policy and Guidance Notes should be updated to reflect this requirement. The declarations received from Officers are retained by Democratic Services, however there is no summary Register in place to record such declarations. Internal Audit considers that an Officers Summary Register of Gifts and Hospitality should be introduced and regularly reviewed and signed by the Monitoring Officer.

5.7 Declarations made by Members are available on the Councils website and the declarations are included within the Register of Interests per Councillor. The description on the Council's

website should be expanded to ensure members of the public are aware that the Register of Interests also includes any declarations of Gifts and Hospitality.

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

5.9 **Maintenance of Gifts and Hospitality Registers**

5.10 Internal Audit considers that it is good practice to ask Deputy Directors to confirm that in all instances where gifts and hospitality have been offered to their team, they have been declared to Democratic Services.

5.11 Consideration should be given to sending reminders to Officers on a quarterly basis to ensure they are aware of their responsibilities of declaring offers of Gifts and Hospitality. Two recommendations have been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

GIFTS AND HOSPITALITY POLICY

1. Review and Amendment

(Medium)

Recommendation	Rationale	Responsibility
The Officer Code of Practice is amended to include clear contact details of all relevant officers and should be subject to regular review.	<p><u>Best Practice</u> Policy and guidance documents should be up to date and are subject to regular review.</p> <p><u>Findings</u> The Officer Code of Practice is generally up to date, however it is not clear who the Monitoring Officer is. The document should include clear contact details of all relevant officers. The document has not been reviewed since September 2006.</p> <p><u>Risk</u> Out of date information is available to Officers. Policy documents are not being appropriately reviewed.</p>	Head of Democratic Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

DOCUMENTATION AVAILABILITY

2. Guidance on the Provision of Hospitality

(Low)

Recommendation	Rationale	Responsibility
The Guidance on the Provision of Hospitality is reviewed to ensure it remains relevant and should remain on the Intranet.	<p><u>Best Practice</u> Guidance available to Officers and Members should be relevant and up to date.</p> <p><u>Findings</u> The Guidance on the Provision of Hospitality document was written by Internal Audit in 2003. It is available on the Intranet under the Gifts and Hospitality section. It should be reviewed to ensure it remains relevant and whether it should remain on the Intranet.</p> <p><u>Risk</u> Out of date and irrelevant information is available to Officers and Members.</p>	Head of Democratic Services

Management Response	Implementation Date
Recommendation is Agreed	31 August 2008

REGISTER OF GIFTS AND HOSPITALITY

3. Declaration Forms

(Medium)

Recommendation	Rationale	Responsibility
The Officer declaration forms are revised to include a section for the Officers Manager to counter sign. Policy and Guidance notes should be amended to reflect this requirement.	<p><u>Best Practice</u> Managers and Heads of Service should be aware of any declarations within their team and should be asked to countersign any forms passed to Democratic Services.</p> <p><u>Findings</u> It was noted during testing at South Oxfordshire District Council that all declarations made by Officers are countersigned by an appropriate Manager. This practice is not in place at the Vale of White Horse District Council.</p> <p><u>Risk</u> Managers and Heads of Service are not aware of the declarations made by Officers of their team.</p>	Head of Democratic Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

4. Officers Register

(Medium)

Recommendation	Rationale	Responsibility
A Register to record declarations of Gifts and Hospitality from Officers is introduced. The Register should then be regularly reviewed and signed by the Monitoring Officer.	<p><u>Best Practice</u> There should be a Register in place to record declarations of Gifts and Hospitality made by Officers. The Monitoring Officer should regularly review and sign the register.</p> <p><u>Findings</u> All declaration forms received from Officers are held on file within Democratic Services, however there is no summary to detail the forms received. There is no audit trail to evidence that the Monitoring Officer regularly reviews the declarations.</p> <p><u>Risk</u> There would not be a Summary to record all declarations and any review by the Monitoring Officer would not be evidenced.</p>	Head of Democratic Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

5. Members Register Availability

(Low)

Recommendation	Rationale	Responsibility
The detail on the Council's website should be expanded to ensure members of the public are aware that the Register of	<p><u>Best Practice</u> It should be clear to members of the public as to what documents are available via the Council's website.</p>	Head of Democratic Services

Interests also includes any declarations of Gifts and Hospitality.	<p><u>Findings</u> Despite declarations being included within the Register of Interests on the Council's website, the detail could be expanded to ensure members of the public are aware that the Register also includes declarations of Gifts and Hospitality.</p> <p><u>Risk</u> Members of the public would not be aware that any declarations of Gifts and Hospitality made by Members are available to view on the Council's website.</p>	
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

MAINTENANCE OF REGISTERS

6. Deputy Directors Confirmation

(Low)

Recommendation	Rationale	Responsibility
Deputy Directors are regularly asked to confirm that in instances where gifts and hospitality have been offered to their team, they have been declared to Democratic Services.	<p><u>Best Practice</u> Deputy Directors should be aware of any offers of gifts and hospitality made to members of their team.</p> <p><u>Findings</u> This requirement is included at the Policy at South Oxfordshire District Council and Internal Audit considers that this is a useful tool in monitoring and confirming that all declarations have been seen/authorised by Managers.</p> <p><u>Risk</u> It would not be apparent to Managers if all offers of gifts and hospitality had not been declared.</p>	Head of Democratic Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

7. Reminders

(Low)

Recommendation	Rationale	Responsibility
Consideration be given to sending out reminders to Officers in respect of their responsibility of declaring offers of Gifts and Hospitality on a quarterly basis.	<p><u>Best Practice</u> Officers are regularly reminded of their responsibility to declare offers of Gifts and Hospitality.</p> <p><u>Findings</u> From the action log, it appears that reminders are not sent regularly to Officers.</p> <p><u>Risk</u> Officers are not aware of their responsibility in relation to making declarations of Gifts and Hospitality.</p>	Head of Democratic Services
Management Response		Implementation Date
Recommendation is Agreed		31 August 2008

8. GUILDHALL 2008/2009

1. INTRODUCTION

1.1 Final issued on the 15th July 2008.

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

- That adequate policies and procedures are available to officers to manage the working arrangements of the Guildhall;
- To ensure that all orders relating to the Guildhall are adequately purchased and authorised, and additions to the Guildhall inventory are documented and valid;
- That adequate arrangements are in place for bookings, admission fees and income and banking arrangements;
- Review the security arrangements including officers working unsociable working hours, to ensure they are adequately addressed;
- That adequate management information is produced, analysed and utilised regarding the performance of the Guildhall.

2. BACKGROUND

2.1 Early in 2008, a number of proposals were made by the Leisure Services Management team to members as part of the budget consultation process in which capital savings were identified for 2008/2009. A major property review which incorporates the Guildhall has been conducted over the last six months to facilitate savings in operational costs for the period 2009/2010 onwards. The initial report was presented to the Senior Management Group on 16 May 2008 and detailed a number of options. Since October 2007, the Council has also taken responsibility for the bar arrangements across both Civic Halls, culminating in a report to the Executive in June 2008 which confirms the profitability of the bar arrangement and to determine the long term arrangements.

2.2 At the time of the audit, the Guildhall is being managed by the Temporary Vale Halls Manager and Deputy Temporary Vale Halls Manager; both officers assume responsibility for the Guildhall and Wantage Civic Hall. They are supported at the Guildhall by three Duty Managers, 1 Customer Services Assistant, 1 part time Administrative Assistant and 1 cleaner.

3. PREVIOUS AUDIT REPORTS

3.1 The Guildhall was last subject to an internal audit review in September 2004 and six recommendations were raised.

3.2 Internal Audit conducted a review of the previous audit recommendations and noted that two recommendations have been superseded by the implementation of the Agresso financial management system. The other four recommendations have been successfully implemented within the timescale specified.

4. 2008/2009 AUDIT ASSURANCE

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

4.2 Ten recommendations have been raised in this review. Four Medium and Six Low.

5. MAIN FINDINGS

5.1 Policies and Procedures

5.2 In the area of policies and procedures, it was identified that whilst documented procedures are in place for the service area, a formal review process is not in place. It was noted that the procedures have not been updated since February 2001. Furthermore Internal Audit was advised by the Temporary Vales Hall Manager that procedures will be issued to all necessary

personnel for reference purposes, if considered appropriate. One recommendation has been made as a result of our work in this area.

5.3 **Orders - Inventory**

5.4 Internal Audit can confirm that the arrangements regarding orders relating to the Guildhall are adequate and appropriately authorised.

5.5 Internal Audit was not able to confirm that the Guildhall inventory was up to date and has recommended that the inventory is reviewed as a matter of urgency.

5.6 Furthermore Internal Audit has expressed some concern regarding the insurance arrangements for the civic treasures belonging to Abingdon Town Council located at the Guildhall. Clarification should be sought regarding whether adequate insurance cover exists for these items and also whether the policy stipulates any particular security measures be adopted which the Council should be aware of. The Council should also seek to clarify from the Council's insurers whether there are any implications for the Council arising from its duties as custodian of the civic treasures belonging to Abingdon Town Council. Three recommendations have been made as a result of the work undertaken in this area.

5.7 **Bookings, Income and Banking Arrangements**

5.8 Internal Audit has reviewed the arrangements regarding bookings; admission fees, income and banking, and considers that the arrangements are adequate. Internal Audit also noted that documentation exists to support bookings, receipt of income and validation of income to bookings prior to deposit to the cash office. A number of small amendments to the process have been identified, and in addition Internal Audit considers that the Guildhall managers should continue to review the outstanding debtors report and communicate their findings back to Capita regarding the recovery of debts attributable to the Guildhall. This is a corporate issue which is known to cover a number of different service areas. Two recommendations have been made as a result of the work undertaken in this area.

5.9 **Security Arrangements**

5.10 Internal Audit noted that there are adequate security arrangements in place including arrangements for officers engaged in working unsociable hours. A number of minor amendments are required to procedures and training regarding fire drills and Fire Marshall training to ensure compliance to a robust health and safety environment. Internal Audit would also suggest that the regular scheduled meetings are reinstated between Property Services and managers of the Guildhall to ensure officers are aware of the timetable for scheduled maintenance work and provide an opportunity for discussion of the maintenance issues arising from the health and safety inspection programme. Three recommendations have been made as a result of the work undertaken in this area.

5.11 **Management Information**

5.12 Internal Audit acknowledges that the operations at the Guildhall are under scrutiny to facilitate the generation of revenue savings. The management information being produced and reported is extensive to ensure that the Council can decide on an appropriate solution to identify savings, which will be of benefit to the Council.

5.13 The routine management review meetings which used to be documented are not currently being recorded. One recommendation has been made as a result of the work undertaken in this area.

5.13 **Anti Fraud and Corruption Measures**

5.14 Internal Audit noted the service area commitment to reviewing procedures to ensure compliance with the Council's anti fraud and corruption policy. Internal Audit also observed adequate segregation of duties within the areas which presented high risks and noted that the management review process after a particular event will alert managers to areas of concern where sufficient evidence exists. No recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Procedures

(Medium)

Recommendation	Rationale	Responsibility
<p>Procedures should be reviewed to ensure they accurately reflect the current working arrangements in light of changes to the Council financial management system. Furthermore a review timetable should be established to ensure that procedures are updated when necessary. Procedures should then be issued to all staff to ensure officers are aware of their responsibilities and duties.</p>	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit selected the procedures for Accidents and Incidents, Banking Arrangements, Bookings and Debtors Invoicing and noted that the procedures had last been reviewed on 7 February 2001 and therefore were in need of updating.</p> <p><u>Risk</u> Failure to provide adequate policies and procedures could result in staff not being aware of their responsibilities and accountabilities.</p>	Halls Manager
Management Response		Implementation Date
<p>Recommendation is Agreed The master document will be updated with a target date for completion of 31.3.09. The halls management will agree the procedure for staff to follow if updating themselves on procedures.</p> <p>Management Response completed by: Leisure Facilities Manager</p>		<p>Completion of procedure review 31/3/09. Staff updating procedure completed 1/10/08.</p>

ORDERS/ INVENTORY

2. Inventory

(Low)

Recommendation	Rationale	Responsibility
<p>A designated officer should be appointed to review and update the inventory listing and thereafter a timetable is adopted to ensure the list is regularly reviewed and updated.</p>	<p><u>Best Practice</u> That documentary evidence exists to support all Council assets, the information is complete and updated, protected from loss and checked and valued periodically to maintain the accuracy of the inventory.</p> <p><u>Findings</u> The Temporary Vales Hall Manager and Deputy Vales Hall Manager stated that the inventory had been reviewed within the last six months, but a copy of the updated version could not be located. It was also confirmed that copies of the inventory are not held off-site.</p> <p><u>Risk</u> Failing to ensure staff are aware that inventories should be maintained could result in unauthorised disposal of equipment and equipment being misappropriated without detection.</p>	Halls Manager

Management Response	Implementation Date
Recommendation is Agreed Review Process is underway.	31/8/08
Management Response completed by: Leisure Facilities Manager	

3. Insurance Provision

(Medium)

Recommendation	Rationale	Responsibility
Clarification should be sought as to whether Abingdon Town Council has adequate insurance provision for the Civic Treasures placed at the Guildhall, and if there are any conditions regarding security attached to the policy which the Council is required to be compliant with.	<p><u>Best Practice</u> Confirmation should be obtained on a regular basis to substantiate whether Abingdon Town Council has the required insurance policy to cover the civic treasures located at the Guildhall.</p> <p><u>Findings</u> Internal Audit could not confirm whether Abingdon Town Council has the necessary insurance cover for their civic treasures located at the Guildhall and furthermore whether there are any conditions regarding security attached to the policy which the Council is required to comply with.</p> <p><u>Risk</u> Failure to ensure that Abingdon Town Council has the necessary insurance cover in place could result in the Council being liable for significant financial penalties in the event of theft or damage.</p>	Halls Manager
Management Response	Implementation Date	
Recommendation is Agreed Letter to be sent by Halls Manager to Town Clerk confirming the findings.	By 31/8/08	
Management Response completed by: Leisure Facilities Manager		

4. Insurance Provision

(Medium)

Recommendation	Rationale	Responsibility
The Temporary Vale Halls Manager should contact the Insurance Officer to establish whether there are any implications for this Council arising from its duties as custodian of civic treasure which belong to Abingdon Town Council.	<p><u>Best Practice</u> The insurance officer has assurance and documentary evidence to support the Council position in terms of adequate insurance cover for this Council and confirmation that Abingdon Town Council has the necessary insurance cover as required.</p> <p><u>Findings</u> Internal Audit was unable to ascertain if the Council had considered the implications of acting as custodian of civic treasures for Abingdon Town Council, and if any action was required to mitigate risk exposure to an acceptable level.</p> <p><u>Risk</u> Failure to identify and take action against risk exposures could result in legal, financial and reputation implications for the Council.</p>	Insurance Officer/ Halls Manager
Management Response	Implementation Date	
Recommendation is Agreed in Principle		

The decision to house these treasures was made in 1974 or before, when the Guildhall was transferred to the District Council. Any documents relating to this matter are unknown to current officers, it is unknown if this matter was discussed at the time. The transfer document places the responsibility for insurance on the Town Council. Halls managers will discuss the issue with members and the insurance officer to identify a course of action. Management Response completed by: Leisure Facilities Manager	31/7/08
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BOOKINGS, INCOME AND BANKING ARRANGEMENTS

5. Recovery Procedures

(Low)

Recommendation	Rationale	Responsibility
That the Guildhall managers should continue to review the outstanding debtors report and communicate their findings back to Capita regarding the recovery of debts attributable to the Guildhall.	<p><u>Best Practice</u> Officers should be well versed in the Council's recovery practices and the level of outstanding debt attributable to their service area, to enable them to assist with being proactive in the debt recovery process.</p> <p><u>Findings</u> The Temporary Vales Hall Manager has experienced difficulties with regards to verifying her responsibility for chasing debts to that of Sundry Debtors and their responsibility.</p> <p><u>Risk</u> Failure to ensure staff review the debtors reports, could result in monies owed to the Council not be pursued and recovered.</p>	Halls Manager
Management Response		Implementation Date
Recommendation is Agreed in Principle Two main issues were raised in regard to this matter. 1. Availability of the debtors report to operational managers, which have now started to be distributed. 2. The responsibility for chasing bad debt which was partially reliant on 1. but also on the manpower resources within service areas which previously did not have this role attached to them. Management Response completed by: Leisure Facilities Manager		Implemented

6. Receipt Books

(Low)

Recommendation	Rationale	Responsibility
The Administrative Assistant should sign the receipt book as proof that the reconciliation of receipt book to income is satisfactory/complete.	<p><u>Best Practice</u> That adequate documentation exists to support the reconciliation process.</p> <p><u>Findings</u> Internal Audit noted that the Administrative Assistant responsible for the reconciliation of the receipt books, income and banking arrangements had not on a number of occasions signed the receipt books as required to certify the reconciliation of receipt issued to the daily transaction sheets was complete.</p> <p><u>Risk</u> Lack of control of the booking, admission fees and banking arrangements could result in income being misappropriated and loss of income to the Council.</p>	Halls Manager
Management Response		Implementation Date

<p>Recommendation is Agreed The occurrences were minimal however the need for adherence to the procedure has been reinforced.</p> <p>Management Response completed by: Leisure Facilities Manager</p>	<p>Immediate</p>
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SECURITY ARRANGEMENTS

7. Fire Drills

(Low)

Recommendation	Rationale	Responsibility
<p>A risk assessment should be undertaken to establish a timetable for fire drills to ensure compliance with fire and health and safety regulations.</p>	<p><u>Best Practice</u> Internal Audit is of the view that fire drills should be undertaken on a six monthly basis to ensure compliance with Fire Regulations.</p> <p><u>Findings</u> Internal Audit confirmed that testing had taken place on the fire alarm on a weekly basis as anticipated but also noted that there was an 11 month gap between the last two fire drills. Whilst fire regulation stated annual drills are required the Council has adopted for its other public building a six month timetable for fire drills.</p> <p><u>Risk</u> Failure to ensure that evacuation procedures are tested on a regular basis could result in officers not being aware of what to do in the event of a fire, which can have significant health and safety implications.</p>	<p>Halls Manager / Property Team</p>
Management Response		Implementation Date
<p>Recommendation is Agreed This was a single omission from a record that otherwise demonstrated a 100% adherence to the self established six monthly evacuation programme. Subject to the property team undertaking a fire risk assessment on the Guildhall a new evacuation testing regime will follow.</p> <p>Management Response completed by: Leisure Facilities Manager</p>		<p>The Property Team has been emailed.</p>

8. Fire Warden Training

(Low)

Recommendation	Rationale	Responsibility
<p>A review of the fire warden training for all officers based at the Guildhall is undertaken to establish which officer are due for refresher training. A timetable should be created to ensure officers undertake the required training in a timely manner.</p>	<p><u>Best Practice</u> Fire marshal training should be reviewed and updated as and when necessary.</p> <p><u>Findings</u> Internal Audit noted that fire warden training/qualification has expired for two officers in 2001 and 2003. In addition Internal Audit was later informed that all the remaining staff also have expired qualifications.</p> <p><u>Risk</u> Failure to ensure that staff are aware of security guidelines (fire drills, evacuation etc) could result in appropriate action not being taken in an emergency resulting in significant legal, financial and reputational implications for the Council.</p>	<p>Halls Manager / Health and Safety Advisor</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Halls managers have been attempting for some time to organise this training</p>		

through the Health & Safety Advisor who arranged this training some 3 years ago corporately across the Council. The qualification lasts for 3 years. Management Response completed by: Leisure Facilities Manager	The Health and Safety Advisor has been emailed.
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9. Repairs and Maintenance

(Low)

Recommendation	Rationale	Responsibility
The Temporary Vales Hall Manager should liaise with the Estates Management Officer to obtain the timetable for contractors to undertake repair and maintenance to the Guildhall, and adopt a schedule of regular meeting to discuss the maintenance issues arising from the health and safety inspections.	<p><u>Best Practice</u> The Temporary Vales Hall Manager should be kept informed of the maintenance timetable for repairs and work undertaken at the Guildhall, to ensure officers are available if required to support the work.</p> <p><u>Findings</u> The Temporary Vale Hall Manager stated that she had little prior notification of scheduled work at the Guildhall and limited consultation regarding the regular maintenance issues that arise from the inspection programme undertaken by Property Services. The Temporary Vale Hall Manager would welcome involvement / consultation in this process.</p> <p><u>Risk</u> Failure to ensure that officers are informed of the maintenance timetable could result in officers not being available when needed, and any necessary action not being taken.</p>	Property Services / Halls Manager
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Halls managers explained to the audit team the circumstances under which property services undertake the repairs and maintenance of the Council's buildings. Despite many attempts by the managers the property team have difficulty in keeping them up to date on when work will start and what progress is being taken and to maintain a regular meeting schedule to monitor the conditions of facilities. This finding is considered in fairness not one for the Guildhalls team to resolve.</p> <p>Management Response completed by: Leisure Facilities Manager</p>		TBA

MANAGEMENT INFORMATION

10. Routine Management Meetings

(Medium)

Recommendation	Rationale	Responsibility
A record of the areas discussed and actions taken should be retained following the routine management meetings to provide written evidence to support the service plan reporting process.	<p><u>Best Practice</u> Minutes of the management review process should be retained to support that the meetings have taken place as required and provide evidence to support the service plan reporting schedule.</p> <p><u>Findings</u> As the Temporary Vale Halls Manager and Deputy Temporary Vale Halls Manager now have responsibility for both civic halls, the management meetings occur as and when required, are less formal and no minutes are retained of the outcome of these meetings.</p> <p><u>Risk</u></p>	N/A

	Failure to record and review management information could result in no or very little development of improvement in the services being delivered through the Guildhall.	
Management Response		Implementation Date
<p>Recommendation is Not Agreed</p> <p>Managers are content that day to day operational meetings do not require minutes and this would not cause any problem to the development or improvements to the service. Significant meetings or topics of an important nature are serviced with minutes and retained appropriately.</p> <p>Management Response completed by: Leisure Facilities Manager</p>		N/A

9. RISK MANAGEMENT 2008/2009

1. INTRODUCTION

1.1 Final issued on the 22nd July 2008.

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

- To ensure that an adequate risk management policy is in place;
- To ensure that an appropriate risk management network is in place to promote risk management;
- To ensure that adequate risk management guidance notes and procedures are in place;
- To ensure that all appropriate Members and officers receive risk management training;
- To ensure that risk identification, management and analysis processes are operating effectively;
- To ensure adequate risk management performance and management reporting processes are in place; and
- To ensure that performance is measured to best practice.

2. BACKGROUND

2.1 In 2003/2004 the Council identified risk management as a corporate development need. Driven by the then Director of Corporate Resources, a risk management policy and methodology was drafted and approved by the Council in June 2004. The Council's approach to risk management was evaluated during the 2004 Comprehensive Performance Assessment, and this concluded that risk management was still poor. Since then, and following the departure of the Director of Corporate Resources and the restructuring of the management team, no action has been taken to embed a full risk management approach and there is currently no responsible officer for risk management.

2.2 Resources have been allocated within the Council's 2008/2009 budget to fund half a dedicated post for risk management.

3. PREVIOUS AUDIT REPORTS

3.1 Risk management was last reviewed in September 2005. No overall opinion was given, but nine recommendations were made. At the time of the last audit, recommendations were not ranked in any way.

3.2 From the nine recommendations:

- Three recommendations have been implemented.
- Two recommendations have not been implemented and relevant recommendations have been made in this audit.
- One recommendation no longer applies as the organisational structure has changed since it was made.
- Three recommendations relate to disaster recovery and will be reviewed and reported on in a separate audit.

4. 2008/2009 AUDIT ASSURANCE

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

4.2 Thirteen (13) recommendations have been raised in this review. Four (4) High, Seven (7) Medium and Two (2) Low.

5. MAIN FINDINGS

5.1 Risk Management Policy

5.2 A risk management policy and methodology is in place, however they have not been subject to any formal review since 2004. Responsibility for risk management has not been clearly assigned to an officer. Three recommendations have been made as a result of our work in this area.

5.3 Risk Management Network

5.4 It was noted that the Audit and Corporate Governance Committee have not received any risk management reports and do not receive or approve the strategic risk register. In addition, risk management is not a regular agenda item at Strategic Director meetings and at all service area team meetings. In addition, the Strategic Directors and Chief Executive do not currently review the strategic and service area (operational) risk registers on a regular basis. Three recommendations have been made as a result of our work in this area.

5.5 Risk Management Guidance Notes

5.6 Risk management guidance notes are in place, and are available to all staff on the Council's intranet. However, it was noted that risk management is not a formal part of the corporate induction or the corporate training programme. One recommendation has been made as a result of our work in this area.

5.7 Risk Management Training

5.8 It was identified that only two officers have received specific risk management training since 2005, one of these being a member of Internal Audit. No evidence could be found that members of the Audit and Corporate Governance Committee had received specific risk management training. A related recommendation has been made within the findings of objective 3 – Risk Management Guidance Notes.

5.9 Risk Identification, Management and Analysis

5.10 Risk identification and analysis instructions are available to all staff within the risk management methodology notes. Strategic and service area (operational) risk registers are in place, but these are not subject to continuous review, checking and approval. In addition, service plans and Council/Committee reports do not currently require risk implications to be considered. Five recommendations have been made as a result of our work in this area.

5.11 Risk Management Performance and Monitoring

5.12 Risk management performance monitoring and management reporting processes within the Council need to be strengthened. Related recommendations have been made within the findings of objective 1 – Risk Management Policy, objective 2 – Risk Management Network, objective 5 – Risk Identification, Management and Analysis.

5.13 Best Practice

5.14 The risk management approach and processes are not currently being measured to best practice. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Review of Risk Management Policy and Methodology (Medium)

Recommendation	Rationale	Responsibility
The risk management policy and methodology should be reviewed and	<u>Best Practice</u> The risk management policy and methodology should be reviewed on a	Risk Management Officer Strategic Director with

<p>updated where necessary. Any amendments should be reported to the Audit and Corporate Governance Committee and then the policy and methodology should be reviewed as required.</p>	<p>regular basis to ensure that the aims and objectives are relevant and support the corporate strategic objectives, and adequate guidance notes are in place.</p> <p><u>Findings</u> The risk management policy and methodology were approved in 2004 and have not been subject to any review since then.</p> <p><u>Risk</u> If the risk management policy and supporting procedures are not up to date, the Council's risk management approach may not deliver its intended outcomes which could impact on the Council's ability to meet its strategic objectives.</p>	<p>responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
Management Response		Implementation Date
<p>Recommendation is Agreed</p>		<p>3 months after Risk Management Officer commences - hopefully by 31/03/09.</p>

2. Risk Management Resources

(High)

Recommendation	Rationale	Responsibility
<p>The resource provision for risk management should be reviewed, to ensure that adequate resources are in place for the promotion and implementation of the risk management process (i.e. designated risk management officer and a risk management group). Once responsibilities have been clarified and assigned, they should be clearly documented in the risk management policy.</p>	<p><u>Best Practice</u> Sufficient resources should be in place for the promotion and implementation of the risk management process in accordance with the risk management policy, and they should be clearly documented.</p> <p><u>Findings</u> Responsibility for risk management has not been clearly assigned to an officer to lead and direct the risk management process.</p> <p><u>Risk</u> If insufficient resources are allocated to the risk management process, and roles and responsibilities are not clarified, its objectives may not be achieved.</p>	<p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop).</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Recommendation to establish a risk management group is not agreed as we have insufficient capacity to divert resources from core service delivery. However, the Risk Management Officer, supported by SMT, will consult other officers as required and will be empowered to instruct managers on risk management issues.</p> <p>Management Response: Strategic Director (SB)</p>		<p>Steve Bishop to ensure Risk Management Officer commences by 01/01/09.</p> <p>VWHDC-SODC arrangement being led by Head of Business and Information Systems (SODC), Steve Bishop to liaise.</p>

3. Access to Risk Management Strategy on the Internet

(Low)

Recommendation	Rationale	Responsibility
<p>The risk management policy should be made available to the public on the Council's website.</p>	<p><u>Best Practice</u> The Council should demonstrate a clear commitment to managing risk and meeting its strategic objectives, by evidencing a</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk</p>

	<p>clear risk management strategy.</p> <p><u>Findings</u> The Council's risk management strategy is not available to the public on the Council's website.</p> <p><u>Risk</u> The Council needs to establish a strong risk management culture. Without a clear commitment, risk management will not be taken seriously and the intended outcomes will not be achieved.</p>	<p>Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
Management Response		Implementation Date
Recommendation is Agreed		3 months after Risk Management Officer commences - hopefully by 31/03/09.

RISK MANAGEMENT NETWORK

4. Audit and Corporate Governance Committee

(High)

Recommendation	Rationale	Responsibility
<p>a) The Audit and Corporate Governance Committee should be receiving risk management reports on a regular basis to provide them with assurance on the effectiveness of the risk management process.</p> <p>b) The Audit and Corporate Governance Committee should also review the strategic risk register on a six monthly basis, to satisfy themselves that those risks are being managed to an acceptable level within the agreed risk appetite of the Council.</p>	<p><u>Best Practice</u> Risk management should be embedded within the Council, with regular reports being submitted to accountable Committees/officers to ensure that risks are being discussed and managed effectively in accordance with the risk management policy.</p> <p><u>Findings</u> Detailed risk management reports, providing Members with both assurance on the risk management process and information on the management of strategic risks, are not being received on a regular basis by the Audit and Corporate Governance Committee.</p> <p><u>Risk</u> If risk management is not embedded within the Council, ineffective risk management or changes in risk tolerance levels may not be reported appropriately and therefore the relevant action to mitigate the risk exposure may not be taken.</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>The nature of the risk management reports to Audit & Corporate Governance Committee and the frequency of Audit & Corporate Governance Committee reviews of the strategic risk register should be determined by the Risk Management Officer after an initial assessment of the Council's requirements.</p> <p>Management Response: Strategic Director (SB)</p>		From 01/04/09.

5. Strategic Directors

(High)

Recommendation	Rationale	Responsibility
The Strategic Directors	<u>Best Practice</u>	Risk Management Officer

<p>and Chief Executive should be receiving risk management assurance reports and reviewing the strategic and operational risk registers on a regular basis, to ensure that they are being reviewed and updated on a regular basis and satisfy themselves that risks are being managed to an acceptable level within the agreed risk appetite of the Council.</p>	<p>Risk management should be embedded within the Council, with regular reports being submitted to accountable Committees/officers to ensure that risks are being discussed and managed effectively in accordance with the risk management policy.</p> <p><u>Findings</u> Risk management assurance reports and the strategic and operational risk registers are not being received and reviewed on a regular basis by the Senior Management Team. There is currently no checking process to ensure that service area (operational) risk registers are being updated as required on a six monthly basis.</p> <p><u>Risk</u> If risk management is not embedded within the Council, ineffective risk management or changes in risk tolerance levels may not be reported appropriately and therefore the relevant action to mitigate the risk exposure may not be taken.</p>	<p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed in Principle The nature and frequency of reports to directors should be determined by the Risk Management Officer in consultation with directors after an initial assessment of the Council's requirements.</p> <p>Management Response: Strategic Director (SB)</p>		<p>From 01/04/09.</p>

6. Deputy Directors

(High)

Recommendation	Rationale	Responsibility
<p>Deputy Directors should include risk management and a review of the service area (operational) risk register as an ongoing agenda item at team meetings, to ensure that risk management is a continuous process.</p>	<p><u>Best Practice</u> Risk management should be embedded within the Council, with risks being managed by the service areas on a continuous basis to ensure that all strategic and operational risk registers reflect salient risk exposures and any resourcing issues within the service areas.</p> <p><u>Findings</u> The 9 Deputy Directors/Head of Service were asked to confirm that risk management was a regular agenda item at their team meetings. Three did not respond (Contracts and Procurement, Environmental Health and Planning and Community Strategy). Of the remaining six, four could evidence that they did (Commercial Services, Finance, Housing and Community Safety, Organisational Development and Support).</p> <p><u>Risk</u> If risk management is not embedded within the Council, ineffective risk management or changes in risk tolerance levels may not be reported appropriately and therefore the</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>

	relevant action to mitigate the risk exposure may not be taken.	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Risk management is one of dozens of important corporate management duties (along with Health & Safety, sickness absence, staff morale, performance mgt, etc) - there is insufficient capacity to review everything at every team meeting as part of a 'one-size-fits-all-ticklist-approach'. Instead, stand alone periodic reviews would be more effective and less time consuming e.g. when the half-year SAAR and SAAR are compiled. However, agree that Deputy Directors should identify risks on an ongoing and update the risk register when appropriate.</p> <p>Management Response: Strategic Director (SB)</p>		From 01/04/09.

RISK MANAGEMENT GUIDANCE

7. Risk Management Induction and Training

(Medium)

Recommendation	Rationale	Responsibility
<p>Risk management should be referred to within the corporate induction programme and formal training should be incorporated into the annual corporate training programme on a six monthly basis.</p> <p>All members and new staff officers should be invited to attend, but all new managers, portfolio holders and members of the Audit and Corporate Governance Committee should receive risk management training.</p>	<p><u>Best Practice</u></p> <p>All members and officers should understand risk and risk management, and officers with management responsibilities should be competent in risk identification, management and analysis.</p> <p><u>Findings</u></p> <p>A formal continuous risk management training programme is not available to members and staff. The Audit and Corporate Governance Committee have not received any risk management training.</p> <p><u>Risk</u></p> <p>If responsible officers are not competent in risk identification, management and analysis skills, risks may not be identified and managed to a tolerable level and the Council's objectives may not be achieved.</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>Risk management is primarily a management duty. Awareness of risk management among all staff would be advantageous, but is a luxury we cannot afford given capacity and frontline service pressures. So, training should be targeted rather than universal.</p> <p>Management Response: Strategic Director (SB)</p>		01/04/09.

RISK IDENTIFICATION, MANAGEMENT AND ANALYSIS

8. Service Plans

(Medium)

Recommendation	Rationale	Responsibility
<p>All service plans should require risk implications against the agreed standard, performance indicators and targets to be considered.</p>	<p><u>Best Practice</u></p> <p>All service plans should consider and document risk implications which may affect the achievement of the short term objectives.</p> <p><u>Findings</u></p> <p>A review of the service plan template and a</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>

	<p>sample of two 2008/2009 service plans, confirmed that risk implications are not considered within the service plan.</p> <p><u>Risk</u> If risks are not clearly identified and managed on an on-going basis to a tolerable level, the objectives outlined within the service plans may not be achieved.</p>	
Management Response		Implementation Date
Recommendation is Agreed		2009/2010 service plans

9. Risk Registers

(Medium)

Recommendation	Rationale	Responsibility
<p>The format of the risk registers should be updated to ensure that each risk identified is clearly linked to the objectives of the Council.</p>	<p><u>Best Practice</u> Risk registers should be comprehensive to ensure that management adequately manage their risks and Members can receive assurance on the adequacy of the existing controls and levels of residual risk against the corporate objectives.</p> <p><u>Findings</u> A review of the risk registers found that risks are not clearly linked to the objectives of the Council.</p> <p><u>Risk</u> If adequate risk registers are not in place to be used as a management tool and to provide assurance to members, risks may not be managed effectively and the Council's objectives and risk management strategy may not be achieved.</p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle</p> <p>The risks may not easily or helpfully map onto the Council's broadly described corporate priorities and objectives. But willing to make an initial attempt to assess whether this recommendation would add value.</p> <p>Management Response: Strategic Director (SB)</p>		01/04/09.

10. Approval of Risk Registers

(Medium)

Recommendation	Rationale	Responsibility
<p>The strategic risk register should be formally approved by the Audit and Corporate Governance Committee on an annual basis, and the service area (operational) risk registers should be formally approved by the relevant portfolio holder on an annual basis.</p>	<p><u>Best Practice</u> Risk registers should be formally approved on an annual basis by members and officers, to ensure that risks are identified and being managed within the Council's agreed risk appetite.</p> <p><u>Findings</u> The strategic and operational risk registers are not being received and reviewed on a regular basis by the Audit and Corporate Governance Committee and Senior Management Team, and the risk registers are not subject to any formal approval.</p> <p><u>Risk</u></p>	<p>Risk Management Officer</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.</p>

	If risk registers are not subject to any formal approval, appropriate and salient risks not considered may not be identified and inappropriate and/or an absence of mitigating action may not be identified and dealt with.	
Management Response		Implementation Date
Recommendation is Agreed		First Audit and Corporate Governance Committee meeting after 01/04/09.

11. Risk Action Plans

(Medium)

Recommendation	Rationale	Responsibility
All required actions identified within the risk registers should have an implementation date. The relevant portfolio holder should take responsibility to ensure that all the necessary actions have been implemented.	<p><u>Best Practice</u> A documented action plan should be in place for all risks which are not being managed to a tolerable level, and there should be a clear implementation date.</p> <p><u>Findings</u> Formal action plans are incorporated within the risk register template, but implementation dates are not recorded. In addition, there is currently no formal checking process to ensure that identified actions are implemented.</p> <p><u>Risk</u> If risks are not managed to a tolerable level, the Council's objectives and risk management strategy may not be achieved.</p>	Deputy Directors
Management Response		Implementation Date
Recommendation is Agreed The risk register should be referenced to the service plan (even if the register is kept confidential as it contains sensitive information); so that sufficient resources are available to complete planned register actions without compromising service delivery. Management Response: Strategic Director (SB)		2009/10 service plans.

12. Council/Committee Reports

(Medium)

Recommendation	Rationale	Responsibility
The Council/Committee report template should be amended, to require risk implications of the report being presented to be considered.	<p><u>Best Practice</u> All Council/Committee reports presented for approval/noting, should include the risk implications of the subject matter.</p> <p><u>Findings</u> The current Council/Committee report template does not prompt authors to consider the risk implications associated with the report's subject matter.</p> <p><u>Risk</u> If risks are not clearly identified in a decision-making process, then decisions could be made without the level of risk exposure being taken into consideration. This could result in risks being realised and</p>	<p>Monitoring Officer - to determine the report template changes.</p> <p>Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure task completed.</p>

	Council objectives not being achieved.	
Management Response		Implementation Date
Recommendation is Agreed		01/01/09.

BEST PRACTICE

13. Measurement to Best Practice

(Low)

Recommendation	Rationale	Responsibility
The Council's risk management approach and processes should be reviewed against best practice.	<p><u>Best Practice</u> The Council should assess its approach and processes against best practice on an on-going basis.</p> <p><u>Findings</u> The Council's risk management approach has not been measured against best practice.</p> <p><u>Risk</u> The Council's approach may not be the most effective and efficient approach to risk management in accordance with best practice.</p>	Risk Management Officer Strategic Director with responsibility for Risk Management (likely to be Steve Bishop) - to ensure Risk Management Officer completes task.
Management Response		Implementation Date
Recommendation is Agreed		31/03/09.

10. OUT OF HOURS ARRANGEMENTS 2008/2009

1. INTRODUCTION

1.1 Final issued on the 28th July 2008.

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

- To ensure that adequate policies and procedures have been documented regarding out of hours working arrangements.
- To ensure that all officers who have responsibilities out of hours are aware of them and have access to the relevant policies and procedures.
- To ensure that appropriate staff have been selected for out of hours working arrangements, and that a reasonable staff rota on an on-going basis is in place.
- To ensure that adequate records are maintained to register all out of hour's issues and subsequent actions, to ensure the issues are resolved satisfactorily.
- To ensure that out of hours incidents are dealt with in accordance with the policies and procedures (to include sample testing within service areas), and a management review is in place.
- To ensure that payments for standby/out of hours visits are accurate and in accordance with authorised schedules.

2. BACKGROUND

2.1 The Council has a statutory duty under the Housing Act 1996, if an individual is eligible, homeless and deemed to be a priority need for housing; to provide temporary accommodation as an interim measure prior to assessing their housing need. All other aspects of the Council's Out of Hour's service have been given approval by senior managers and members. Internal Audit noted that this Council offers a comprehensive range of services via the Out of Hours arrangements in comparison with that of South Oxfordshire District Council who have chosen to outsource the call handling aspect of their Out of Hours service, provide housing services in accordance with their statutory obligation and provide a limited Out of Hours service for Environmental Health (noise pollution).

2.2 The Council's Out of Hours arrangements are supported by 27 officers, located across the following service areas:

Duty Officer: Local Services Point: 5 officers
Direct Services Organisation: 7 officers
Building Control: 4 officers
Facilities Management: 4 officers
Environmental Health: 6 officers
Housing Services: 1 officer

3. PREVIOUS AUDIT REPORTS

3.1 The Council Out of Hours Arrangements have not been subject to an Internal Audit review.

4. 2008/2009 AUDIT ASSURANCE

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

4.2 Ten recommendations have been raised in this review. Four Medium and Six Low.

5. MAIN FINDINGS

5.1 Policies and Procedures

5.2 Internal Audit has noted that a number of amendments are required to the content of the Duty Officer's manual and has advocated that a designated officer is appointed to review and

update the information and to ensure an up to date copy is made available to those officers who are on standby. Furthermore the duty officer's manual emergency planning arrangements should be reviewed to reflect changes imposed by the Emergency Management Plan. Internal Audit has made three recommendations as a result of the work undertaken in this area.

5.3 **Access to Policies and Procedures**

5.4 Internal Audit has concluded that officers involved in the out of hour's service are given procedures via the duty officer's bag, which contains information to assist them in carrying out their duties. Building Control and the Direct Services Organisation procedures differ as their call outs can be in response to blockages or accidents. Internal Audit noted that these service areas were not given a duty officer's manual as their duties are dealing with many of the issues which occur during their normal working hours. The same applies to Housing Services who have developed their own protocol for dealing with homeless cases.

5.5 Internal Audit has already highlighted that modifications are required to procedures to ensure they are accurate and up to date, which should promote a consistent approach across all services involved in the out of hours service. Internal Audit has also recommended that a definitive listing of all officers involved in the Out of Hours service is created as a source document for any review process for the Out of Hours service which may occur. Two recommendations have been made as a result of the work undertaken in this area.

5.6 **Staff Selection**

5.7 The current staffing arrangement for the provision of the out of hour's service is adequate with well established staff rotas in place for a six-month period ending 30 September 2008. Officers are flexible and have provided cover for other officers involved in the out of hour's arrangements when required; this has contributed to the resilience in the delivery of service. Internal Audit fully supports the consideration of an alternative call handling provision given the Council struggle to retain volunteers for the call handling service, as well identifying opportunities for a shared service or outsourcing provision. The current service is both effective and efficient in dealing with the range of calls received through the Council Out of Hours arrangements. One recommendation has been made as a result of the work undertaken in this area.

5.8 **Out of Hours Records**

5.9 Internal Audit acknowledges that Contact Services, Environmental Health and Building Control have all developed a robust system for the documentation of calls/actions arising from the Out of Hours service whilst other service areas with less frequent calls have relied on the documentation generated through the Duty officers weekly log sheets. This has prevented those service areas when asked to state the volume and nature of calls received via the Out of Hour's service. Internal Audit would advocate that statistics and records are maintained by all service areas to assess whether the service is being delivered as intended, to highlight issues that remain unresolved and further develop the service provided. One recommendation has been made as a result of the work undertaken in this area.

5.10 **Management Review**

5.11 Internal Audit has identified that there is no formal management review process in place across the majority of service areas, Organisational Support and Development is the only service area identified with a remit to review the service with a view to possible changes in the call handling aspect of the service. Internal Audit concluded that a management review process should be implemented to ensure the service is being delivered as intended and to highlight issues that remain unresolved. One recommendation has been made as a result of the work undertaken in this area.

5.12 **Standby Payments**

5.13 Internal Audit was able to confirm that in all but one case standby claims are submitted. Payments are checked and validated by a second named officer and authorised by an

appropriate member of staff. Annual increases are applied to standby payments in all but one case. Furthermore Internal Audit acquired evidence to support that expenditure for the duty officer service is reconciled and monitored throughout the year to ensure costs are maintained within the budgets set.

- 5.14 However Internal Audit is of the opinion that where call outs are infrequent that consideration should be given to a review of the scheme rules with a view to replacing the standby payment with an enhanced hourly payment which only applies when officers are called out. As a consequence this may require a review of employee contract terms to ensure officers are aware of their revised responsibilities which relate to being on call. Two recommendations have been made as a result of the work undertaken in this service area.

OBSERVATIONS AND RECOMMENDATIONS

POLICIES AND PROCEDURES

1. Duty Officers Manual

(Medium)

Recommendation	Rationale	Responsibility
That all service areas involved in the out of hours services should appoint a designated person to take responsibility for reviewing and updating the text relevant to their service area in the Duty officers manual. It should reflect changes in legislation, responsibility and contact details where necessary and be reviewed at least on an annual basis.	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit noted that there was a lack of clarity as to who is responsible for keeping the procedures up to date. Two senior officers agreed with Internal Audit that the responsibility of updating the duty officer manual lies with the respective service area and that an officer should be required to review the content of the manual at least on an annual basis to ensure the information is correct.</p> <p><u>Risk</u> Failure to ensure adequate policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	Contact Services Manager
Management Response		Implementation Date
<p>Recommendation is Agreed A hard copy version of the duty officers manual will be provided and signature for receipt obtained along with a name of a designated officer from each service area for reviewing and updating the text. Changes will be notified to a designated officer.</p> <p>Management Response: Contact Services Manager</p>		31/12/08

2. Distribution of Duty Officer Manual

(Low)

Recommendation	Rationale	Responsibility
That a designated officer should have responsibility for the distribution of the duty officer's manual following any modification to the text to ensure all personnel with involvement in the out of hours service have	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit noted that copies of the duty</p>	Contact Services Manager

<p>access to the most up to date procedures to inform their duties.</p>	<p>officer manual are placed in the duty officer bags for Environmental Health and Facilities Management, neither service areas were aware if their duty officers had the latest and most current version of the manual. The Administration Assistant (Env Health) stated that she was aware that their copy was out of date. Internal Audit noted a reference to the Social and Cultural Directorate and contact details for officers who are no longer relevant in the duty officer manual.</p> <p><u>Risk</u> Failure to ensure adequate policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed A designated officer (Anita Hutchins) has been nominated by the Deputy Director (Commercial Services) with respect to Emergency Planning.</p> <p>Management Response: Deputy Director (Commercial Services)</p> <p>A hard copy version of the duty officers manual will be provided and signature for receipt obtained along with a name of a designated officer from each service area for reviewing and updating the text. Changes will be notified to a designated officer.</p> <p>Management Response: Contact Services Manager</p>		<p>31/12/08</p>

3. Emergency Planning Arrangements

(Low)

Recommendation	Rationale	Responsibility
<p>That the duty officer's manual should be reviewed with regards to the emergency planning arrangements, cross referenced and updated to reflect changes imposed by the Emergency management plan.</p>	<p><u>Best Practice</u> All officers should be provided with up to date policies and procedures to ensure they are aware of their responsibilities and are undertaking their duties in accordance with agreed policies and procedures.</p> <p><u>Findings</u> Internal Audit noted that the Emergency call out list was out of date and that there was no reference to the newly documented Emergency management plan.</p> <p><u>Risk</u> Failure to ensure adequate policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	<p>Deputy Director (Commercial Services)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Up to date contact details for officers and staff are vital to the effectiveness of the Emergency Response and Recovery Plan 2008. A designated officer has been nominated by the DD (Commercial Services) to maintain and update contact details within ERRP and where they are kept within the Manual.</p> <p>Management Response: Deputy Director (Commercial Services)</p>		<p>31/12/08</p>

ACCESS TO POLICIES AND PROCEDURES

4. Shared Service Arrangements

(Medium)

Recommendation	Rationale	Responsibility
That adjacent District Councils are consulted on the development of an out of hours Building Control Service provided by this Council with a view to generating sufficient revenue to reduce the cost of the provision of the out of hours service to this Council.	<p><u>Best Practice</u> The development of a shared service provision could provide sufficient revenue to the Council to offset the cost of the out of hours service.</p> <p><u>Findings</u> There is no shared service but were it to be introduced, there is potential for financial savings.</p> <p><u>Risk</u> Costs associated with the out of hours service may not be sustainable in the long term and the out of hours service may have to be reduced thereby resulting in criticism from the public.</p>	Deputy Director (Commercial Services)
Management Response		Implementation Date
<p>Recommendation is Agreed There is an intention by Building Control to promote and develop a shared service with adjoining Councils. This is expected to not only reduce costs for all participating bodies but also will provide a more reliable and effective response service.</p> <p>Management response: Deputy Director (Commercial Services)</p>		30/09/08

5. Officers on Standby

(Low)

Recommendation	Rationale	Responsibility
That a definitive list of officers involved in the Council's Out of Hours arrangements is created and maintained to accurately reflect employee contract duties and conditions of service.	<p><u>Best Practice</u> Internal Audit considers it would be useful to create a definitive list of officers involved in the standby arrangements, that Council's Human Resources records should reflect contract details regarding the out of hours service thus ensuring that employee records are accurate and reflect all duties.</p> <p><u>Findings</u> Both Human Resources and Payroll were unable to state categorically the staff employed by the Vale who are involved in the Out of Hours service. The HR Pro system does not currently record this information and Payroll could only supply a listing of officers who had had recent standby payments, which Internal Audit confirmed was not a complete listing.</p> <p><u>Risk</u> Responsibilities cannot be covered within service areas if employee's duties are not clearly defined and stated.</p>	Head of Human Resources
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Deputy Director (Organisational Development & Support)</p>		31/12/08

STAFF SELECTION

6. Staff Rotas

(Low)

Recommendation	Rationale	Responsibility
That the distribution list for the issue of the duty officer manuals should be expanded to include Environmental Health, Facilities Management, DSO and Building Control.	<p><u>Best Practice</u> That the officers selected for the out of hours arrangements have access to the necessary documentation and have the necessary skills to deal with enquiries effectively.</p> <p><u>Findings</u> The rotas are prepared for a period of six months and the information is supplied to all individuals listed on the distribution listing for the Duty Officers manual. Internal Audit noted that the distribution listing only included Duty Officers, Community Safety, Chief Executive and the Emergency Planning Officer.</p> <p><u>Risk</u> Failure to ensure that officers have the appropriate documentation and training to deal with the issues arising from calls under the out of hours working arrangements could result in employees giving out the wrong information which could damage the Council reputation.</p>	Contact Services Manager
Management Response		Implementation Date
<p>Recommendation is Agreed The Deputy Director (Commercial Services) has requested the distribution of the Manual to the Senior Management Team which will cover all of these services. This will be implemented by August 2008.</p> <p>Management Response: Deputy Director (Commercial Services)</p> <p>The sections named above will receive copies of the duty officer manual from the Contact Services Manager.</p> <p>Management Response: Contact Services Manager</p>		31/12/08

OUT OF HOURS RECORDS

7. Recommendation Heading

(Medium)

Recommendation	Rationale	Responsibility
That Facilities Management and Housing Services in line with other service areas should be required to record statistical information regarding the number and nature of calls received via the out of hours service to provide assurance of the provision of the out of hours service.	<p><u>Best Practice</u> Service areas should have an established protocol and system to record the details of calls from the out of hour's service, which denotes issues arising and resultant actions.</p> <p><u>Findings</u> Two service areas, Facilities Management and Housing Services did not have any system to record details and actions arising from the out of hour's service. Internal Audit considers it would be helpful to collate statistical records of the number and range of calls received through the duty officer call handling process to support the merits of the service, cost provision of the service and to provide justifications for its continuation in the current climate of budgetary restrictions.</p>	<p>Deputy Director (Housing and Community Safety)</p> <p>Deputy Director (Commercial Services)</p>

	<p><u>Risk</u> Without being controlled and recorded, there is no audit trail to substantiate the out of hour's issues and subsequent actions, to ensure the issues are resolved satisfactorily.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Arrangements are currently being finalised for all services within Commercial Services to maintain a register of call out incidents and to record details of the incident and actions. This will provide critical evidence in any enquiry and statistical data needed for future planning.</p> <p>Management Response: Deputy Director (Commercial Services)</p>		<p>31/08/08 – Housing 30/09/08 – Commercial Services</p>

MANAGEMENT REVIEW

8. Management Review

(Medium)

Recommendation	Rationale	Responsibility
<p>That a management review process for Environmental Services, Housing Services and Building Control should be implemented for the out of hours service to ensure the service is being delivered as intended, to highlight issues that remain unresolved and further develop the services provided.</p>	<p><u>Best Practice</u> A management review process should be implemented to identify weaknesses in the system and procedures to enable them to be addressed.</p> <p><u>Findings</u> Other than Organisational Development and Support, management across other service areas do not undertake a management review process for the out of hours services. Environmental Health, Emergency Planning and Building Control are the only service areas with statistics and case records which would support a review process to develop the service.</p> <p><u>Risk</u> Management are not aware of the processes/procedures undertaken by staff and as a result any mistakes may be repeated and not rectified. Also the efficiency of a particular function would not improve if the performance of the staff and the working process are not reviewed.</p>	<p>Deputy Director (Housing and Community Safety)</p> <p>Deputy Director (Commercial Services)</p> <p>Deputy Director (Environmental Services)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Building Control, DSO and Property Services have been performing their roles for at least 20 years. Although there is little scope for improvement or varying its provisions an annual review of their contribution will be carried out during the preparation and review of Service Plans.</p> <p>Management response: Deputy Director (Commercial Services)</p>		<p>30/04/09</p>

STANDBY PAYMENTS

9. Annual Review of Standby Payments

(Low)

Recommendation	Rationale	Responsibility
<p>That standby payment should be amended on an annual basis to reflect the annual percentage increase applied to</p>	<p><u>Best Practice</u> Approved standby rates and annual percentage increases should be applied to all officers involved in the Council's out of hours arrangements.</p>	<p>Deputy Director (Housing and Community Safety)</p> <p>Deputy Director</p>

salaries.	<p><u>Findings</u> Internal Audit has collated the different rate of reimbursement for standby/call out and noted that the majority of service areas will review and amend their standby payment on an annual basis in line with the increase applied for the annual salary increase. The standby payment for Housing Services has not been reviewed for a considerable period of time.</p> <p><u>Risk</u> If payments for standby are not in accordance with authorised schedules and applied to all officers across the board, then the Council could be criticised of not treating all officers involved in the out of hours arrangements fairly.</p>	(Commercial Services) Head of Human Resources
Management Response		Implementation Date
<p>Recommendation is Agreed This is a reasonable recommendation and has highlighted (a) the lack of an annual review process and (b) the need to increase the rates for Building Control which remained the same for 5 years.</p> <p>Management Response: Deputy Director (Commercial Services)</p>		31/12/08

10. Call Out Payments

(Low)

Recommendation	Rationale	Responsibility
Where call outs are infrequent that consideration should be given to a review of the scheme rules with a view to replacing the standby payment with an enhanced hourly payment which applies when officers are called out.	<p><u>Best Practice</u> Significant reduction in the cost of providing the service could be achieved if payment structure for call outs are reviewed and revised to reflect payment to officers only when called out.</p> <p><u>Findings</u> Internal Audit noted that the out of hour's service differs significantly between SODC and VWHDC. SODC has stated that standby payments are only received by staff dealing with emergencies relating to out of hours environmental health noise complaints and homelessness. All other officers are paid an enhanced rate when called out.</p> <p><u>Risk</u> Cost of the provision of the service is disproportional to the utilised service. Insufficient staff would be available to respond to out of hours calls which could leave the building and Council at risk of criticism.</p>	<p>Deputy Director (Housing and Community Safety)</p> <p>Deputy Director (Commercial Services)</p> <p>Deputy Director (Environmental Services)</p>
Management Response		Implementation Date
<p>Recommendation is Agreed This is a major and controversial factor in the recruitment and retention of volunteers participating in the Building Control, DSO and Property Services schemes. The proposal to withdraw standby payments and increase attendance rates has been tested many times in the past and has always proven to be unacceptable to staff. Therefore, although this recommendation, at first, appears to be logical it will not provide the assurance required for staff to be available and in a state of readiness. This question can be included as a consideration within the aforementioned annual management review.</p> <p>Management Response: Deputy Director (Commercial Services)</p>		30/04/09

11. BUSINESS CONTINUITY PROCEDURES 2008/2009

1. INTRODUCTION

1.1 Final issued on the 12th August 2008.

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

- To ensure that an adequate and up to date Business Continuity Strategy is in place.
- To ensure that reasonable budget arrangements have been made for Business Continuity Planning.
- To ensure that a business impact assessment has been carried out to identify critical functions and the findings are adequately documented.
- To ensure that adequate Business Continuity Plans are in place for each service area, which include the requirements from key suppliers.
- To ensure that roles and responsibilities for implementing the Business Continuity Plans are clearly established and documented.
- To ensure adequate testing and reviews of Business Continuity Plans are carried out on a regular basis.
- To ensure that monitoring arrangements are in place once the Business Continuity Plans are activated, and on completion of the plan following a major incident.

2. BACKGROUND

2.1 The Council has a statutory duty under the Civil Contingencies Act 2004 to “maintain plans for the purpose of ensuring, so far as is reasonably practicable, that if an emergency occurs, the body is able to continue to perform its functions”.

2.2 The responsibility for implementing Business Continuity Arrangements was taken on by the Deputy Director (Commercial Services). Internal Audit acknowledges that implementation of the Council’s business continuity arrangements is still in progress.

3. PREVIOUS AUDIT REPORTS

3.1 This is the first audit undertaken of Business Continuity Planning.

4. 2008/09 AUDIT ASSURANCE

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

4.2 10 recommendations have been raised in this review. One High, six Medium and three Low.

5. MAIN FINDINGS

5.1 **Business Continuity Planning Strategy**

5.2 A Business Continuity Strategy Statement was introduced by the Deputy Director (Commercial Services) on the 1st September 2007. The strategy is not widely circulated and has not been presented to the Executive for agreement. Approval of the Executive is key in emphasising the importance of continuity planning arrangements. Awareness of continuity planning arrangements needs to be more proactively encouraged within the service areas.

5.3 The testing undertaken has highlighted that the strategy does not refer to the legislative requirements to provide continuity planning and would benefit from a version/change control system.

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

5.5 **Business Continuity Planning Budget**

5.6 Business Continuity Planning arrangements are viewed as an integral part of each service area and a separate budget is not in place to cover the arrangements. Garrison Continuity were employed as consultants for developing the processes and payment of their invoices has been made from Building Control funds. The Council's executive agreed to waive the requirement to obtain three quotations for appointing the consultants. The estimated cost was £14,000 and invoices totalling £13,300 were seen to have been paid.

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

5.8 **Business Continuity Planning Impact Assessment**

5.9 An impact assessment exercise was carried out via workshops attended by representatives of each service area and the findings were analysed and reported by the appointed consultants. Whilst this was seen to be comprehensive, the Business Continuity Institute Good Practice Guidelines 2008 recommend an annual review of the impact analysis but there are no plans in place for this. A review of the impact & risk analysis is recommended following any significant changes in structure or process.

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

5.11 **Business Continuity Plans**

5.12 Clear, well structured and comprehensive plans were seen to be in place for each service area with appointed plan holders and administrators. Although the plans have been circulated to the service teams, they have not yet been tested and the review process not adequately implemented. Testing indicated that six of the nine plans stated a review was needed 01/04/07 but had been updated then without the review date being amended.

5.13 The Crisis Management Plan itself details the processes that the Crisis Management Team should follow to invoke continuity arrangements. This document was due for review 01/10/07 but evidence of this having been undertaken was not seen. The document referred to a battlebox containing up to date copies of all of the continuity plans but a battlebox does not exist for this purpose.

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

5.15 **Business Continuity Planning Roles and Responsibilities**

5.16 Each plan details which role the actions needed to achieve objectives are assigned to and lists the officers nominated for those roles. As the plans are still in their early stages, staff involved in maintaining those plans have not yet commenced a formal regular review process. The Business Continuity Manager is responsible for ensuring that plans are maintained, reviewed and tested. An appropriate and structured system to document and monitor maintenance of plans is required. This is incorporated in recommendations made in other areas, as is the need for plan administrators to have a copy of the review and maintenance documentation.

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

5.18 **Business Continuity Planning Testing and Reviewing**

5.19 Proposals for testing and review of the plans have been documented by Garrison Continuity but these have not yet been implemented. Dates have been set for testing to take place under the guidance of Garrison Continuity and then a plan for regular review should be implemented and monitored. Once testing takes place, it is good practice to review how things went and learn lessons to enhance and improve the plans but this requirement is not included in the documentation.

5.20 The business recovery site is Wantage Civic Hall and a plan is required to cover the roles and responsibilities of Property Services in setting up the recovery site should plans be invoked. Whilst discussions have been held, and the Business Continuity Manager is happy with the venue, a plan has not yet been provided.

- 5.21 Three recommendations have been made as a result of our work in this area.
- 5.22 **Business Continuity Planning Monitoring**
- 5.23 Should an incident occur requiring Business Continuity plans to be implemented, monitoring processes are included in the Crisis Management Plan. E.g. forms and documents to record progress. However, a post implementation review process was not listed as a requirement.
- 5.24 One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

STRATEGY

1. Strategy Agreed by Cabinet

(Medium)

Recommendation	Rationale	Responsibility
The Business Continuity Strategy is presented to the Executive for agreement.	<p><u>Best Practice</u> Good practice, as recommended by UKresilience and The Business Continuity Institute, states that top level buy in within an organisation is crucial to the success of continuity planning.</p> <p><u>Findings</u> The Business Continuity Review and Maintenance document developed with Garrison Continuity states that the Business Continuity Strategy should be presented to the Executive for approval. This has not taken place and the front sheet of the strategy does not state who has formally approved the statement.</p> <p><u>Risk</u> If the Executive are not seen to be actively supporting continuity arrangements then it is difficult to gain the appropriate leverage to make the plans effective and adequately maintained.</p>	Deputy Director, Commercial Services
Management Response		Implementation Date
<p>Recommendation is Agreed Previous advice stated that formal approval by the Executive was not necessary. Business Continuity Strategy to be submitted for approval to the Executive Meeting scheduled for 5 December 2008.</p> <p>Management Response: Deputy Director, Commercial Services</p>		By 31 December 2008

2. Agenda Item at 121's

(Medium)

Recommendation	Rationale	Responsibility
The Business Continuity Planning Manager should raise BCP as an agenda item at monthly 121's with service heads within the team to raise the profile of the arrangements. This should then be recommended to other service areas as good practice to help cascade	<p><u>Best Practice</u> UKresilience document 'Emergency Preparedness' identifies senior managers as responsible for embedding awareness of the importance of continuity arrangements within an organisation.</p> <p><u>Findings</u> Continuity plans are only recently introduced and not yet tested. Awareness of the arrangements could be improved.</p>	Deputy Director, Commercial Services

information.	<u>Risk</u> If senior managers do not promote awareness of continuity arrangements then business recovery may take longer than necessary should plans be invoked.	
Management Response		Implementation Date
Recommendation is Agreed in Principle The inclusion of Business Continuity at service management meetings will help in raising its importance and profile. DD (Commercial Services) will place Business Continuity as an agenda heading at monthly one-to-one meetings with Service Managers. SMT will be requested to follow this example. Management Response: Deputy Director, Commercial Services		By 31 August 2008

3. Update Strategy

(Low)

Recommendation	Rationale	Responsibility
The Business Continuity Strategy Statement is updated to incorporate:- <ul style="list-style-type: none"> • details of the legislative requirements of the Civil Contingencies Act • a version/change control log. 	<u>Best Practice</u> Under the Civil Contingencies Act 2004, the Council is required to have up to date continuity plans in place and appropriate staff should be aware of the requirements of the Act. <u>Findings</u> Whilst individual plans are in place, the overall strategy document does not include reference to the legislation which necessitates the continuity arrangements. The strategy has a date on the document footer but not a version/change control log. <u>Risk</u> If staff are not aware of the legal requirements for continuity planning then they may not place sufficient importance in the arrangements.	Deputy Director, Commercial Services
Management Response		Implementation Date
Recommendation is Agreed These are items that will help to clarify the context and development of Business Continuity. DD (Commercial Services) will insert these sections into the Business Recovery Plans and the Crisis Management Plan. Management Response: Deputy Director, Commercial Services		By 30 September 2008

IMPACT & RISK ASSESSMENT

4. Review Following Significant Changes

(Medium)

Recommendation	Rationale	Responsibility
Amend the Review and Maintenance process document:- <ul style="list-style-type: none"> • to include a requirement to review the impact and risks following any significant changes to structure or processes. • Ensure plan owners 	<u>Best Practice</u> The initial impact and risk assessment used to develop the continuity plans is reviewed following any significant changes which affect the arrangements. <u>Findings</u> The risk and impact assessment undertaken with Garrison Continuity was seen as a one off exercise so no requirement to review this area has been	Deputy Director, Commercial Services

and administrators are provided with copies as guidance for their role and included these on a circulation list.	incorporated in the review process. <u>Risk</u> Whilst details within plans may be reviewed following changes, if the risks and impacts used to develop the plans are not reviewed, then not all of the effects of changes may be considered which would result in inadequate plans.	
Management Response		Implementation Date
Recommendation is Agreed DD (Commercial Services) will insert these sections into the Business Recovery Plans and the Crisis Management Plan. DD (Commercial Services) will insert these sections into the Business Recovery Plans and the Crisis Management Plan. Management Response: Deputy Director, Commercial Services		By 30 September 2008

SERVICE AREA PLANS

5. Control of Review Process

(Low)

Recommendation	Rationale	Responsibility
An administration resource should be made available to work with the BCM in overseeing and documenting the maintenance and testing of plans to develop:- <ul style="list-style-type: none"> • A central record of plans, updates, reviews and tests. • A schedule of events such as tests and reviews. • Obtain supporting documentation to evidence reviews. • Reminders issued as appropriate for scheduled events and reviews. 	<u>Best Practice</u> The process of reviewing and maintaining service area plans is adequately managed by the Business Continuity Manager (BCM). <u>Findings</u> The BCM recognises the need for the review and maintenance of the service area plans but this may not be appropriate use of the current BCM's time. There is no current structure in place for overseeing the maintenance of plans. <u>Risk</u> If the maintenance and review process is not monitored then the BCM does not have satisfactory assurance that plans are being updated in a timely and appropriate manner.	Deputy Director, Commercial Services
Management Response		Implementation Date
Recommendation is Agreed in Principle This is dependent upon the approval of establishment and respective budgets. DD (Commercial Services) will need to consider this item and apply for additional staffing and financial resource which may be subject to the Council budget setting process. Management Response: Deputy Director, Commercial Services		By 21 February 2009

6. Battlebox

(Medium)

Recommendation	Rationale	Responsibility
An offsite battlebox should be used to store up to date copies of continuity plans. The battlebox should be listed as a plan holder on each document stored in the battlebox.	<u>Best Practice</u> Key documents such as copies of the continuity plans are held in a secure office storage location. <u>Findings</u> The Crisis Management Plan refers to the contents of a battlebox which does not exist for continuity planning.	Deputy Director, Commercial Services

	<p><u>Risk</u> If an incident occurs, the task of the recovery team would be easier if they have access to a full and up to date set of documents off site to facilitate a smoother implementation of the plans.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed This is a critical factor in the ICT Disaster Recovery Plan. All Services Groups were asked, during their workshops, to consider the documents and equipment they would require if they were to be relocated. SMT and Plan Owners will be asked to confirm that their Service groups have the necessary "battleboxes" in place.</p> <p>Management Response: Deputy Director, Commercial Services</p>		By 30 September 2008

TESTING

7. Testing Plans

(Medium)

Recommendation	Rationale	Responsibility
An up to date test plan is agreed and implemented.	<p><u>Best Practice</u> Once plans are in place regular testing is carried out to ensure accuracy and promote awareness of arrangements within teams.</p> <p><u>Findings</u> A draft report was produced by Garrison Continuity which stated the need for regular tests and included a schedule of testing which had not been implemented.</p> <p><u>Risk</u> If adequate testing is not carried out then any weakness within the service plans may go unnoticed and result in unnecessary delays in recovery should plans be invoked.</p>	Deputy Director, Commercial Services
Management Response		Implementation Date
<p>Recommendation is Agreed This BCP, the Vale's first, was completed in October 2007. Rehearsals, facilitated by the BCP consultants, have been arranged for October 2008.</p> <p>Management Response: Deputy Director, Commercial Services</p>		By 30 September 2008

8. Post Testing Review

(Low)

Recommendation	Rationale	Responsibility
A post testing review is held, documented and an action plan developed and implemented.	<p><u>Best Practice</u> A post testing review should be held with participants to review and learn from the process and update plans accordingly.</p> <p><u>Findings</u> The Testing and Exercising Options draft report does mention changes raised during testing but not the need to document those changes or that a post testing analysis is required.</p> <p><u>Risk</u> If a post testing review is not held and reported then lessons learnt may not be identified and acted upon and plans may not be as robust as</p>	Deputy Director, Commercial Services

	they should be.	
Management Response		Implementation Date
Recommendation is Agreed Feedback from staff who would be involved in an incident should assist in forward planning. This will be written in to the relevant documents.		By 31 October 2008
Management Response: Deputy Director, Commercial Services		

9. Wantage Recovery Site Plan

(High)

Recommendation	Rationale	Responsibility
A Wantage Recovery Site Plan is agreed and implemented covering roles and responsibilities in establishing the recovery site.	<p><u>Best Practice</u> The recovery site has a plan in place to detail arrangements needed should a crisis occur requiring use of the site.</p> <p><u>Findings</u> The Business Continuity Review and Maintenance Process document refers to a Wantage Recovery Service Plan maintained by Property Services. The Business Continuity Manager is responsible for approving this document but this document was not produced during the course of the audit.</p> <p><u>Risk</u> If the process to be followed at the recovery site is not adequately documented and agreed, then unnecessary delays may occur in establishing the recovery site should it be needed.</p>	Deputy Director, Commercial Services
Management Response		Implementation Date
Recommendation is Agreed Plans exist which show the general plans of Wantage Civic Hall. Although the premises are within the ownership of the Council discussions need to take place with the management of the Hall. The DD (Commercial Services) will (a) obtain the agreement of the DD (Contracts & Procurement) with regard to the detailed usage and (b) produce detailed layout building and service plans		By 31 December 2008
Management Response: Deputy Director, Commercial Services		

MONITORING

10. Post Implementation Review

(Medium)

Recommendation	Rationale	Responsibility
The Crisis Management Plan should include a requirement to carry out a post implementation review and develop an action plan from the findings.	<p><u>Best Practice</u> If business continuity plans should be invoked, a post implementation review should be held to discuss performance and learn from the experience.</p> <p><u>Findings</u> Whilst the Crisis Management Plan has not had cause to be invoked, a formal review of the performance following implementation is not a documented requirement.</p> <p><u>Risk</u> If a post implementation review is not held then the Council's performance in achieving recovery may not be satisfactorily reported and any lessons learnt may not be identified and used to improve the plans.</p>	Deputy Director, Commercial Services

Management Response	Implementation Date
<p>Recommendation is Agreed This is similar to item 8 which refers to the need to learn from incidents. This will be written in to the relevant documents.</p> <p>Management Response: Deputy Director, Commercial Services</p>	<p>By 31 October 2008</p>

12. SOLL LEISURE 2008/2009

1. INTRODUCTION

1.1 Final issued on the 26th August 2008. SOLL Leisure is contracted by the Council to administrate and manage its leisure facilities. A planning meeting was held with the Leisure Facilities Manager for VWHDC on the 5th June 2008. Issues raised are detailed in the scope below.

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

- To ensure that all variation claims for the 3 contracts (DDC, SODC and VWHDC) are valid and supported by adequate documentation;
- To ensure a fair method of apportionment and accurate calculation of central overhead charges by SOLL Leisure between the 3 contracts (DDC, SODC and VWHDC), and that they can be supported by adequate documentation;
- To verify that SOLL Leisure staff costs are allocated across the 3 contracts (DDC, SODC and VWHDC) fairly and accurately;
- To ensure that inappropriate/unauthorised transfer of funds are not made between the 3 contracts (DDC, SODC and VWHDC) contracts by SOLL Leisure;
- To ensure that adequate documentation is in place to support reported financial figures for the 3 contracts (DDC, SODC and VWHDC);
- To ensure that SOLL Leisure have adequate resources in place to effectively administer and execute the contracts.

2. BACKGROUND

2.1 As set out in the Funding and Business Transfer Agreement 2004, the Council- 'has the right to inspect any relevant and necessary financial and operational records of the Company as they relate to the Services provided that reasonable notice is given to the Company of such request to inspect'.

3. PREVIOUS AUDIT REPORTS

3.1 This is the first time that SOLL Vale Leisure has been subject to an internal audit review.

4. 2008/09 AUDIT ASSURANCE

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

4.2 Seven recommendations have been raised in this review. Five Medium and two Low.

5. MAIN FINDINGS

5.1 Variation Claims

At the time of this audit SOLL Leisure had submitted two variation claims to VWHDC for increased utility costs associated with the rise in gas and electricity prices in respect of Faringdon, Faringdon Pool, Tilsley and Wantage sites. The first claim covering the period April to September 2007 has been accepted and paid by the Council. The second claim for October 2007 to March 2008 had not been approved for payment at the time of this review.

5.2 The SOLL Leisure Head of Finance maintains a spreadsheet showing a comparison of costs in 2007/2008 against the original budget in 2005/2006, as well as detailed supporting schedules with usage, costs, etc. Review of a sample of the figures to supporting schedules and original invoices testing identified two differences in the figures. However subsequent to Internal Audit's on site fieldwork, additional information was received via email from the SOLL Head of Finance for the differences in the figures which support the accuracy of the data. No recommendations have been made as a result of our work in this area.

5.3 **Central Overhead Charges**

SOLL Leisure maintain a central allocation of overheads spreadsheet, which includes each item of expenditure and apportionment to each centre. Whilst our sample testing confirmed in a number of areas the methodology to be reasonable and supported by documentary evidence, there were some areas such as recruitment costs and hardware and software amounts which were difficult to substantiate to supporting documentation. We also noted advertising and printing costs are apportioned on the basis of 3 per cent of the total site income, but there is no supporting information available as to how this percentage had been derived. One recommendation has been made as part of this work our work in this area.

5.4 **Staff Costs**

Internal Audit experienced difficulties in trying to verify staff costs due to differences in Head Office and Centre data, as well as the nature of how information is presented. Testing identified that staff lists maintained by Head Office and at the centres differed from one another. For example, at Wantage the Head Office list detailed nine contracted staff that were not listed on the local staff list. For Faringdon there was five staff on the Head Office list which were not on the local staffing list and there was three cleaners on the centre list which did not appear on the Head Office list.

5.5 In consideration of payroll matters, we noted overtime payments and casual hours payments are made a month in arrears following approval of the relevant Centre Manager. Testing identified for both Wantage and Faringdon sites the Centre Manager had not signed off the relevant report for authorisation. Two recommendations have been made as a result of our work in this area.

5.6 **Inappropriate/Unauthorised Transfer of Funds**

There is an existing cross company loan in place where funds from SODC have been used for the SOLL Vale contract. This took place in 2004 and is listed in the 2004/2005 accounts as £373,778. At 2007/2008 this loan is still being repaid and £326,370 is owed. Internal Audit testing confirmed that no other noticeable transactions/transfer of funds could be identified. No recommendations have been made as a result of our work in this area.

5.7 **Supporting Documentation for Financial Figures**

The Gladstone system is used for the recording of income at centres, through the till system. Each centre has a separate database on the system and the information is extracted by Head Office to input onto the Sage Line 100 system and reported as part of Monthly Management Accounts.

5.8 A review of Gladstone data to Head Office Management Accounts for March 2008 identified that in most cases the figures could be directly referenced, but for a number of the costs there was a need to refer to a Nominal Transaction Listing to verify the figures. Internal Audit were, however, unable to verify usage figures provided within Gladstone as part of this review and this matter is currently being investigated by SOLL Leisure staff.

5.9 Performance reports are produced for the strategic meetings between the Managing Director of SOLL Leisure and VWHDC. However, there is limited management information currently made available to the VWHDC Leisure Services Manager on the financial and operational performance of the contract.

5.10 Centre Managers monitor their income and expenditure on a daily basis, through spreadsheets designed at Head Office. A review of the spreadsheets for Wantage and Faringdon noted that although the majority of the figures matched with the Gladstone report there were a few discrepancies. Three recommendations have been made as a result of our work in this area.

5.11 **Resources**

Centre Managers are responsible for ensuring that adequate staffing is available to ensure that the centre can continue to function effectively. Staffing rotas are maintained by each

centre and updated on an ongoing basis. Examples of recently advertised vacancies for SOLL Vale were provided to demonstrate activities in this area. Actual vs. budget on staffing expenditure can provide an insight into this area, and it was noted in the year to March 2008, staffing costs for Faringdon and Wantage were 14.47% and 8.18% below budget. However SOLL Head office has also made a number of efficiencies which may in turn account for some of this difference.

- 5.12 Throughout the audit, the Head of Finance was the central person for obtaining all requested information for this review. It was identified that significant reliance is placed on the Head of Finance and there is limited resource/resilience available in the event of the Head of Finance being absent. One recommendation has been made as a result of our work in this area.

OBSERVATIONS AND RECOMMENDATIONS

CENTRAL OVERHEAD CHARGES

1. Central Overhead Costs

(Medium)

Recommendation	Rationale	Responsibility
SOLL Leisure should ensure that the allocation of central overhead costs is transparent and that sufficient information is available to justify the apportionment of such costs.	<p><u>Best Practice</u> A methodology and procedure for the apportionment of central overhead costs by expenditure type is documented.</p> <p>Evidence in support of the basis applied as well as actual costs incurred is retained.</p> <p><u>Findings</u> In testing Internal Audit were unable to obtain evidence to support the appropriate apportionment of overhead costs in respect of recruitment, hardware and software and advertising and printing costs.</p> <p><u>Risk</u> Inappropriate and inaccurate central overhead costs could be charged to the centres.</p>	Nicki Kilpin
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Formal document will be compiled detailing the methodology that is applied to apportion central overhead costs to include relevant evidence.</p> <p>Hardware costs are apportioned according to the number of PC's and software costs on the number of licences. Advertising and printing costs are based on the individual centres and their specific facilities and SOLL will review the basis for the allocation of recruitment costs.</p> <p>Management Response: SOLL Leisure</p>		By 31 October 2008

STAFF COSTS

2. Staffing Lists

(Low)

Recommendation	Rationale	Responsibility
SOLL Leisure should ensure that staffing lists maintained at Head Office and respective Centre's are kept up to date.	<p><u>Best Practice</u> Effective processes in place where changes in staffing establishment is communicated and recorded in a timely manner.</p> <p><u>Findings</u></p>	Joan Evans

	<p>The Head Office list for Wantage included nine contracted staff who were not listed on the Centre staff list. At Faringdon there was five staff on the Head Office list which were not on the Centre staff list and there were three cleaners on the Centre staff list which were not on the Head Office list.</p> <p><u>Risk</u> Risk of inaccurate staffing figures being reported to management.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed SOLL has purchased the Sage HR system and is compiling an implementation plan for this project. Commencing work on this implementation plan by 19 September. Implementation date after 3 months. Management Response: SOLL Leisure</p>		19 December 2008

3. Authorisation of Casual/Overtime Hours

(Medium)

Recommendation	Rationale	Responsibility
<p>SOLL Leisure should ensure that overtime and casual hours reports are authorised by the appropriate Centre Manager.</p>	<p><u>Best Practice</u> Overtime and casual hour reports are authorised by the Centre Manager.</p> <p><u>Findings</u> Two casual/overtime reports were checked and found to not have been authorised by the Centre Manager.</p> <p><u>Risk</u> Unauthorised or fraudulent claims could be made.</p>	Joan Evans
Management Response		Implementation Date
<p>Recommendation is Agreed Additional checks to be made by Head of HR to ensure that all payroll reports are signed. Management Responses: SOLL Leisure</p>		1 September 2008

SUPPORTING DOCUMENTATION FOR FINANCIAL FIGURES

4. Usage Figures

(Medium)

Recommendation	Rationale	Responsibility
<p>SOLL Leisure should investigate the discrepancies found between the usage report and Gladstone and rectify these as necessary.</p>	<p><u>Best Practice</u> A robust audit trail of operational and financial information.</p> <p><u>Findings</u> Sample testing of the Wantage Centre usage report to Gladstone for March 2008, identified a number of differences between the two sources of information. At the time of this audit this was being investigated by management</p> <p><u>Risk</u> Usage information could be inaccurately reported.</p>	Contract Manager

Management Response	Implementation Date
<p>Recommendation is Agreed Contract Manager to check accuracy of data input at site to ensure alignment of usage and Gladstone reports.</p> <p>Management Response: SOLL Leisure</p>	1 October 2008

5. Performance Reporting

(Medium)

Recommendation	Rationale	Responsibility
<p>SOLL Leisure should provide regular financial and operational performance information to the Leisure Facilities Manager.</p> <p>A copy of the quarterly strategic report should also be provided to the Leisure Facilities Manager to inform their ongoing management and review of the contract.</p>	<p><u>Best Practice</u> VWHDC receives regular and up to date financial and operational management information providing assurance over the performance of SOLL Leisure.</p> <p><u>Findings</u> The Leisure Facilities Manager is not currently provided with any detailed financial and operational management information in respect of SOLL Leisure's contract with VWHDC.</p> <p>Performance reports are produced for the strategic meetings between the Managing Director of SOLL and the Council's Strategic Director on a quarterly basis, although not provided to the Leisure Facilities Manager. These however do not provide information on the financial performance of SOLL Leisure.</p> <p><u>Risk</u> Without regular and thorough performance information the Council cannot monitor the effectively of the contractual arrangements</p>	Contract Manager
Management Response	Implementation Date	
<p>Recommendation is Agreed in Principle SOLL provides the information as required in the Contract.</p> <p>Management Response: SOLL Leisure</p>	Ongoing	

6. Local Income Monitoring Spreadsheets

(Medium)

Recommendation	Rationale	Responsibility
<p>The Company should ensure that information put in the DBS income report is checked for accuracy.</p>	<p><u>Best Practice</u> Performance information is accurately transferred through to monitoring spreadsheets allowing for effective analysis of daily performance information.</p> <p><u>Findings</u> The Centre Managers use a spreadsheet for the monitoring of their daily expenditure and income.</p> <p>The Income is recorded daily from the Gladstone reports and helps to identify income against budget. Direct debit figures are entered on a monthly basis. A review of this information for Faringdon and Wantage noted that most of the figures matched the Gladstone report for Faringdon but for the Wantage figures there</p>	Centre Managers/Contract Manager

	<p>were a number of discrepancies.</p> <p>This information is collected centrally and could be used to provide performance information to the Council, and senior management.</p> <p><u>Risk</u> Information is incorrectly transferred across and decisions are wrongly made on this information</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed Centre Managers to check that data inputted from Gladstone report to DBS report is accurate.</p> <p>Management Response: SOLL Leisure</p>		1 September 2008

RESOURCES

7. Head Office Resources

(Low)

Recommendation	Rationale	Responsibility
<p>SOLL Leisure should ensure that there are adequate back up arrangements in place in the event of absence of the Head of Finance.</p>	<p><u>Best Practice</u> Adequate resources are in place at Head Office to cope with key staff being off sick.</p> <p><u>Findings</u> There are limited resources at the SOLL Head Office, and the Head of Finance who was very busy dealing with the financial management of the five Companies of the Group, was also having to answer Internal Audit's questions and obtain all supporting documentation.</p> <p>In the event of the Head of Finance absent, Internal Audit were not sure that all key work would be able to be completed.</p> <p><u>Risk</u> Without adequate back up arrangements, there is a risk that important work will not be completed in the event of key staff absence.</p>	Managing Director
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle At the Mazars Audit SOLL delegated the Head of Finance as the single point of contact to ensure clarity and co-ordination of site and company information. SOLL has a small Finance Team, all well trained with ongoing training. Timetables are in-place that specify all areas of work to be completed along with Outlook Task Lists that specify tasks and deadlines for completion. User manuals in-place for systems and many processes are automated along with external software support if required. In the case of a long term absence then additional resources at an appropriate level would be brought in to support the Finance Team.</p> <p>Management Response: SOLL Leisure</p>		Ongoing: training and timetables in-place

13. Gazetteer Unit 2008/2009

1. INTRODUCTION

- 1.1 Final issued on the 1st September 2008.
- 1.2 The following areas have been covered during the course of this review:
- Access to the system is adequately controlled;
 - To ensure that adequate policies and procedures have been documented regarding the Gazetteer system;
 - That data being captured for input into the system is accurate;
 - Adequate checking is being undertaken and data owners are taking an active role in ensuring that data is accurate and up to date;
 - That resources within the Gazetteer unit are adequate and being used effectively;
 - Users of the Gazetteer system located in the respective service areas are using the system effectively.

2. BACKGROUND

- 2.1 The Gazetteer is a central repository for all address data for the Council, land as well as property. The data contained within the Local Land and Property Gazetteer (LLPG) is subject to validation checks to BS 7666 specifications for all new insertions and changes. Thereafter the data is also fed into the National Land and Property Gazetteer (NLPG) which serves as an official national database of addresses. All submissions to the NLPG are subject to healthchecks reports prior to LLPG files synchronisation with the NLPG.
- 2.2 At the time of the audit, the Gazetteer team was comprised of the Property Data Manager and the Corporate Gazetteer Administrator. The Property Data Manager also recently commenced the management of the system administrator for the Uniform Estates Management module in anticipation of proving some resilience to staff resources dedicated to the Council property gazetteer in the future.

3. PREVIOUS AUDIT REPORTS

- 3.1 This review is the first major review of the Council's Property Gazetteer.

4. 2008-2009 AUDIT ASSURANCE

- 4.1 **Satisfactory Assurance:** There is basically a sound system of internal control although there are some minor weaknesses and/or there is evidence that the level of non-compliance may put some minor system objectives at risk.
- 4.2 Seven recommendations have been raised in this review. Three Medium and Four Low.

5. MAIN FINDINGS

- 5.1 **System Access**
- 5.2 Internal Audit acknowledges that system controls could benefit from the introduction of measures to ensure that access rights for users are regularly reviewed, and that user passwords are changed on a regular basis. Also the introduction of a checklist for testing purposes should ensure that the level and nature of testing is consistent throughout all service areas to maintain the integrity of the Gazetteer system. Three recommendations have been made as a result of work undertaken in this area.
- 5.3 **Policies and Procedures**
- 5.4 In the area of policies and procedures, it was identified that whilst documented procedures are in place, they are not dated/version controlled and a formal review process is not in place. Internal Audit can confirm that the Property Gazetteer team are adhering to the National Land and Property Gazetteer (NLPG) protocol and have an active role in the Oxfordshire Property Gazetteer group to ensure a consistent standard is adopted across the

Oxfordshire districts. One recommendation has been made as a result of the work undertaken in this area.

5.5 **Data Capture**

5.6 Internal Audit considers arrangements regarding the capture of data to be adequate, however the Property Gazetteer service area could benefit from some clear guidance regarding the retention of documentation in support of amendment to the Property Gazetteer system. The review also noted that the Council policy on the retention and disposal of documents does not contain any reference to the Property Gazetteer. Therefore Internal Audit considers that the document retention policy should be review and updated. One recommendation has been made of the work undertaken in this area.

5.7 **Checking Procedures**

5.8 Internal Audit noted that the Council is compliant with data conventions and specifications which are also validated following the updates to the National Land and Property Gazetteer system. Periodic healthchecks undertaken by Intelligent Addressing also serve to ensure the Property Gazetteer remains robust and integrates to other relevant databases. However the review did highlight that the Ordnance Survey mapping system had not been updated since September 2006 and as a consequence during this time, properties may not have been mapped in their correct locations according to the ordnance survey map, which could give rise to errors in the database. Two recommendations have been made as a result of the work undertaken in this area.

5.9 **Resources**

5.10 Internal Audit has concluded that resources within the Gazetteer Unit are adequate; the stability of resources devoted to the property gazetteer has served to ensure some resilience and progression in the development of the Property Gazetteer. The service area is working towards a continuous programme of data matching to other Council databases which should ensure the stability of other Council databases. Internal Audit also noted that an effective management review process exists which ensure progress is reported to management via the Council's service planning arrangements. No recommendations have been made as a result of the work undertaken in this area.

5.11 **Gazetteer Users**

5.12 Internal Audit confirmed that users from the respective service areas have access to adequate system support through the Property Data Manager and the Gazetteer Administrator to ensure effective use of the Gazetteer system. The user groups further support a consistent approach across the Oxfordshire Councils and allow where possible the capacity to develop best practice for issues relating to the property gazetteer. No recommendations have been made as a result of the work undertaken in this area.

5.13 **Fraud and Anti-Corruption Arrangements**

5.14 Internal Audit has concluded that the stability of the Property Gazetteer system and the facility to data match to other Council databases should serve to assist with minimising the risk of fraud and corruption within those respective service areas. The Gazetteer section has already commenced work on data matching within the Elections service area and it is anticipated that this will be completed by December 2008. A programme for further data matching with other Council databases will follow thereafter. Therefore no recommendations have been made as a result of the work undertaken in this area.

OBSERVATIONS AND RECOMMENDATIONS

SYSTEM ACCESS

1. System Access

(Medium)

Recommendation	Rationale	Responsibility
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<p>That users of the Uniform system/Gazetteer system should be reviewed on a regular basis to ensure users are valid and current in order to maintain the integrity of the Uniform system.</p>	<p><u>Best Practice</u> Access rights should be reviewed by management on a regular basis to ensure the security of the system is maintained.</p> <p><u>Findings</u> Internal Audit noted that a number of users listed were no longer employed by the Council and particularly one user who had been given supervisor access who subsequently left the employment of the Council on 18 April 2004.</p> <p><u>Risk</u> Lack of control over use and access to files and data could result in inappropriate access to the system by unauthorised staff.</p>	<p>Property Data Manager</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p>		<p>30th November 2008</p>
<p>Management Response: Property Data Manager</p>		

2. System User Passwords

(Medium)

Recommendation	Rationale	Responsibility
<p>That the Gazetteer administrator should introduce measures to ensure that system user passwords are changed on a regular basis.</p>	<p><u>Best Practice</u> System user passwords are changed on a regular basis to further enhance the security arrangements regarding access to the Gazetteer system.</p> <p><u>Findings</u> The Property Data Manager stated that passwords have not been changed regularly albeit they are aware that passwords should be changed on a regular basis.</p> <p><u>Risk</u> Lack of control over access to the system could result in data inadvertently being corrupted, and inappropriate access to the system by unauthorised staff.</p>	<p>Property Data Manager</p>
<p>Management Response</p>		<p>Implementation Date</p>
<p>Recommendation is Agreed</p>		<p>30th November 2008</p>
<p>Management Response: Property Data Manager</p>		

3. System Upgrades

(Low)

Recommendation	Rationale	Responsibility
<p>That a checklist should be introduced to serve as a test schedule for service areas to validate the integrity of any upgrade. This schedule should then be returned to the Property Gazetteer team to confirm that sufficient testing has taken place prior to the implementation of all upgrades.</p>	<p><u>Best Practice</u> A consistent level of testing is undertaken by all service areas to ensure and confirm the robustness of the Gazetteer system prior to all system upgrades.</p> <p><u>Findings</u> Internal Audit noted the comment made by the Property Data Manager in that some service areas do not convey the extent to which the upgrade has been tested and she is concerned that the level of testing is not consistent or sufficiently comprehensive across all service</p>	<p>Uniform System Supervisors</p>

	<p>areas to ensure system robustness is maintained.</p> <p><u>Risk</u> Failure to ensure upgrades are comprehensively tested prior to implementation and that data is backed up could result in the loss of critical data and loss of confidence in the IT system.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed To be implemented as part of the next major system upgrade.</p> <p>Management Response: Property Data Manager</p>		31 st December 2008

POLICIES AND PROCEDURES

4. Procedures

(Low)

Recommendation	Rationale	Responsibility
<p>That procedures for the Property Gazetteer system are reviewed to incorporate the date the procedures were drafted and version number to assist with any further revisions to the Gazetteer system procedures.</p>	<p><u>Best Practice</u> Procedures should be relevant, contain good practice guidance, be up to date, subject to review and be distributed to all relevant services areas to assist employees to operate efficiently.</p> <p><u>Findings</u> Internal Audit found that procedures are not dated and/or version controlled.</p> <p><u>Risk</u> Failure to ensure policies and procedures exist to inform staff could result in staff not operating with efficiency, effectiveness and in accordance with Council procedures.</p>	<p>Corporate Gazetteer Administrator</p>
Management Response		Implementation Date
<p>Recommendation is Agreed Management Response: Property Data Manager</p>		31 st December 2008

DATA CAPTURE

5. Review of Policy

(Low)

Recommendation	Rationale	Responsibility
<p>That clear ownership of the Council's policy on the retention and disposal of documents should be identified and then the policy in consultation with other service areas should be reviewed with a view to incorporating guidance on retention periods for documentation relating to the Property Gazetteer.</p>	<p><u>Best Practice</u> Policy documents should be reviewed regularly to ensure they are up to date, approved by the appropriate committee and be available to employees for inspection and reference.</p> <p><u>Findings</u> Internal Audit reviewed the Council policy on the retention and disposal of documents to verify the requirement for the retention of documentation to support amendments on the Property Gazetteer and was unable to find any reference to the Property Gazetteer contained within the policy. The policy was last updated in 2003 and the member of staff originally allocated to update the policy has left the Council.</p>	<p>Deputy Director Organisational Development</p>

	<p><u>Risk</u> If policies are not updated, staff may not be able to apply them to current working practices, or may follow them incorrectly meaning the information may not be available when necessary, or in the event of the information being required for legal purposes.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle Deputy Director Organisational Development & Support agreed to resolve with the Senior Management Team where the responsibility for the Retention Policy should sit.</p> <p>Management Response: Deputy Director Organisational Development & Support</p>		31 st December 2008

CHECKING PROCEDURES

6. Ordnance Survey Updates

(Medium)

Recommendation	Rationale	Responsibility
That the Property Data Manager should update the Property Gazetteer with the latest version of the Ordnance Survey Map and thereafter to ensure that such updates are carried out on a periodic basis to ensure the system is maintained with accurate information.	<p><u>Best Practice</u> That regular Ordnance Survey Map updates are undertaken in a timely manner to ensure the Property Gazetteer accurately reflects the positioning of land and property within the District.</p> <p><u>Findings</u> The testing highlighted that the ordnance survey update had been not undertaken since Sept 2006.</p> <p><u>Risk</u> Failure to ensure that the ordnance survey update is maintained could result in property data being incorrectly mapped and errors in the database which could give rise to queries that would result in employee time wasted to resolve the issue.</p>	Property Data Manager
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Property Data Manager</p>		28 th Feb 2008

7. Property Mapping

(Low)

Recommendation	Rationale	Responsibility
That the Property Data Manager should introduce measures to ensure that all properties are appropriately mapped and referenced following an Ordnance Survey Map upgrade to the Property Gazetteer and that this process is undertaken following every Ordnance survey upgrade.	<p><u>Best Practice</u> That following an Ordnance Survey update that the allocation of map references are revisited to ensure they are accurately positioned to reflect their correct location in the district.</p> <p><u>Findings</u> Some developments warrant the demolition of one property and are replaced with several properties, these entries are currently mapped on to the ordnance survey as a cluster of properties and not allocated to the site in their correct locations as the ordnance survey</p>	Property Data Manager

	<p>mapping system is not sufficiently up to date to enable the administrator to position the property correctly.</p> <p><u>Risk</u> Failure to ensure that the property data is correctly mapped could result in difficulties within other service areas in establishing the exact location of a property should a query arise and employee time wasted to resolve the issue.</p>	
Management Response		Implementation Date
<p>Recommendation is Agreed</p> <p>Management Response: Property Data Manager</p>		<p>28th Feb 2008</p>

14. BENEFIT COUNTER FRAUD FOLLOW-UP 2007/2008

1. INTRODUCTION

- 1.1 Final issued on the 15th August 2008.
- 1.2 This report details the findings from internal audit's follow-up review of Counter Fraud 2007/2008. The original fieldwork was undertaken in October 2007 and the final report was issued in December 2007. Follow-up work has been undertaken in accordance with the 2008/2009 Audit Plan agreed with the Audit and Governance Committee of Vale of White Horse District Council, to ensure that the agreed recommendations have been implemented within the timescales provided.

2. INITIAL AUDIT FINDINGS

- 2.1 The final report made Four Recommendations and Four were agreed. A Satisfactory Level opinion was issued.

3. FOLLOW UP MAIN FINDINGS

- 3.1 The review found that one recommendation out of the four recommendations had been successfully implemented, with two recommendations ongoing and one not implemented.
- 3.2 The Senior Investigation Officer has been unable to review all the relevant policies relating to fraud investigations due to other priorities within her service area, but anticipates that this situation should be rectified before the end of the financial year. Internal Audit also noted that there is still a significant backlog of cases which should be subject to management checks awaiting review. Whilst Internal Audit noted that the Council are compliant with best practice guidance provided by the DWP with regards to management checking, the Senior Investigation Officer has stated that a review of the outstanding cases will be conducted before the end of the year. Internal Audit noted that there were 161 cases outstanding as at 7th August 2008.
- 3.3 Internal Audit will continue to monitor the management responses to the implementation of the outstanding recommendations concerning Counter Fraud in six months time.

FOLLOW-UP OBSERVATIONS

POLICIES AND PROCEDURES

1. Review of Policies

(Low)

Recommendation	Rationale	Responsibility
That the Fraud Corruption Strategies and Policies are reviewed to ensure they are consistent with legislation and reflect the shared service arrangements.	<p><u>Best Practice</u> Policies and Procedures should exist and comply with Legislation to provide clarity to staff in undertaking their duties with regard fraud investigations.</p> <p><u>Findings</u> Whilst Internal Audit consider that staff are aware of the fraud corruption policies and strategies, in view of the introduction of a shared services arrangements for Counter Fraud, the policies and strategies could benefit from review to ensure that both Council's procedures are consistent and being carried out in accordance with legislation.</p> <p><u>Risk</u> Officers require clarity in performing their</p>	Senior Fraud Investigator Revenues & Benefits Client Manager

	duties, which is supported by sound policies and procedures which comply with legislation to prevent cases being prejudiced as they are not conducted in accordance with legislation.	
Management Response		Implementation Date
Recommendation is Agreed This is already in the Finance service plan for 07/08 and will be carried forward and completed during 08/09.		2008/2009
Follow-Up Observations		
The Senior Investigations Officer stated that the Lone Working Arrangements are currently under review, and is due for completion by the end of quarter 2 (Copy will be given to IA on completion). The Fraud Business plan, Fraud Corruption Strategy and Code of Conduct will all be reviewed and revised by the end of quarter 4.		Ongoing Revised Implementation Date: 31 March 2009

2. CRB Checks

(Medium)

Recommendation	Rationale	Responsibility
That fraud investigators should be subject to CRB checks.	<p><u>Best Practice</u> Officers employed in financial and/or sensitive posts should be subject to staff vetting/CRB checks.</p> <p><u>Findings</u> The Senior Investigation Officer stated that investigators are required to declare any convictions and work disciplinary actions if the prosecution cases are processed by SOLP (Solicitors Prosecution Dept), however the Council does not adopt a vetting process for investigators. Internal Audit considers that investigation officers should be subject to Criminal Records Bureau checks similar to those imposed by SOLP.</p> <p><u>Risk</u> Failure to undertake staff vetting could result in fraud investigations being compromised and could attract adverse criticism.</p>	Senior Fraud Investigator Team Leader Human Resources & Payroll
Management Response		Implementation Date
Recommendation is Agreed in Principle This is a HR issue. Vale HR did not think they were allowed to do this any more when it was last requested (following the last appointment) – so it wasn't done. Subsequent enquiries made by the Revenues and Benefits Client Manager confirmed it could be done and, it will be in the future.		As and when required.
Follow-Up Observations		
The Senior Investigation Officer stated that this has been implemented. A new appointment is due to be made in September 2008, and HR confirmed that a CRB check will be carried out. Internal Audit noted some discussion between HR and Counter Fraud regarding whether the above should be standard procedure for the recruitment of fraud investigators.		Implemented

INTERVIEWS UNDER CAUTION

3. Interview Under Caution

(Low)

Recommendation	Rationale	Responsibility
<p>That the code of conduct is reviewed and amended where appropriate. Furthermore guidance is required to ensure investigator's safety and investigators undertaking visits on their own should be required to phone in on an agreed basis to confirm their position and whereabouts.</p>	<p><u>Best Practice</u> Procedures should be established to protect staff.</p> <p><u>Findings</u> Internal Audit was informed that changes to the visiting arrangements have been proposed which would result in investigators undertaking visits on their own. In such cases Internal Audit considered that arrangements should be in place which requires the investigators to phone in on an agreed basis to confirm their position and whereabouts.</p> <p><u>Risk</u> Failure to document adequate procedures for investigators could result in senior officers being unaware that an officer has been placed in a difficult position.</p>	<p>Senior Fraud Investigator</p> <p>Revenues & Benefits Client Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed We have been working to SODC lone worker policy but needs harmonising for Vale purposes. As mentioned in 1. above, harmonisation of procedures is already in the Finance service plan for 07/08 and will be carried forward and completed during 08/09.</p>		2008/2009
Follow-Up Observations		
<p>The Senior Investigations Officer stated that the Lone Working Arrangements are currently under review, and is due for completion by the end of quarter 2 (Copy will be given to IA on completion). The Fraud Business plan, Fraud Corruption Strategy and Code of Conduct will all be reviewed and revised by the end of quarter 4.</p>		<p>Ongoing</p> <p>Revised Implementation Date: 31 March 2009</p>

PERFORMANCE

4. Performance

(Medium)

Recommendation	Rationale	Responsibility
<p>That the management checking process should be reviewed in light of the backlog of cases.</p>	<p><u>Best Practice</u> All cases are reviewed by management promptly.</p> <p><u>Findings</u> Internal Audit reviewed the paper trail for the management checking file and found the last management check process recorded related to Jan-Mar 07. Internal Audit noted some 119 cases awaiting management review which date back to April 2007, the investigation had continued without the necessary management checks taking place at the appropriate time.</p> <p><u>Risk</u> Failure to undertake adequate management checks could result in poor or under performance not being identified or addressed.</p>	<p>Senior Fraud Investigator</p> <p>Revenues & Benefits Client Manager</p>
Management Response		Implementation Date
<p>Recommendation is Agreed in Principle All sanction and prosecution cases are subject to rigorous management</p>		1 December 2007

<p>checks and this is not reflected in the audit commentary. Closed cases, IUC and ongoing case checks are not conducted regularly due to resource issues. The SIO is only 3/5 fte) and there are greater priorities at the current time. However the DWP has recently published best practice guidance on management checking (Circular F2/2007). This guidance introduces a comprehensive and systematic management checking framework which is actually less than what the SIO currently should do and will be implemented immediately.</p>	
Follow-Up Observations	
<p>The Senior Investigation Officer stated that there is still a backlog of cases to be reviewed, which she will tackle over the coming months. Internal Audit obtained a listing of outstanding cases as at 7th August and will verify the level of progress against clearing the backlog at the next review on 31 Dec 2008.</p>	<p>Not Implemented Revised Implementation Date: 31 Dec 2008</p>