

**NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**

**AUDIT AND GOVERNANCE COMMITTEE – WEDNESDAY, 24 JULY 2019**

Title of report	<b>INTERNAL AUDIT PROGRESS REPORT</b>
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Purpose of report	To inform the Committee of progress against the Internal Audit plan for 2019/20 and to highlight any incidences of significant control failings or weaknesses that have been identified.
Council priorities	Supports all council priorities
Implications:	
Financial/Staff	None.
Health and Safety	None.
Risk Management	The internal audit planning process uses a risk assessment based methodology.
Equalities Impact Screening	Not applicable.
Human Rights	None.
Transformational Government	None.
Consultees	None.
Background papers	<a href="#">Public Sector Internal Audit Standards</a> <a href="#">Internal Audit Annual Plan 2019/20</a>
Recommendations	<b>THAT THE AUDIT AND GOVERNANCE COMMITTEE NOTE THE REPORT</b>

## **1.0 INTRODUCTION**

- 1.1 The Public Sector Internal Audit Standards require the authority's Audit Committee to approve the audit plan and monitor progress against it. The Committee should receive periodic reports on the work of internal audit.
- 1.2 The Audit and Governance Committee approved the 2019/20 Audit Plan on 20 March 2019. The Committee receives progress reports quarterly.

## **2.0 TERMS OF REFERENCE**

- 2.1 Section 3 of Part 3 of the Constitution sets out the Terms of Reference of the Audit and Governance Committee, as detailed below:

'The Audit & Governance Committee is a key component of North West Leicestershire District Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.'

- 2.2 Particular statements in the Terms of Reference that refer to Internal Audit include:

- 13. To approve (but not direct) the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 17. To consider progress reports from the head of internal audit on internal audit's performance during the year.
- 19. To consider summaries of specific internal audit reports in accordance with agreed protocols.

## **3.0 PROGRESS REPORT**

- 3.1 The Internal Audit Progress Report for the period 01 March 2019 to 12 July 2019 is attached at Appendix 1.



# **INTERNAL AUDIT SHARED SERVICE**

**North West Leicestershire District Council**

**Internal Audit Progress Report**

**July 2019**

## **1. Introduction**

- 1.1 The assurances received through the Internal Audit programme are a key element of the assurance framework required to inform the Annual Governance Statement. The purpose of this report is to highlight the progress against the 2019/20 Internal Audit Plan up to 12<sup>th</sup> July 2019.

## **2. Purpose of Internal Audit**

- 2.1 The Council is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit play a vital role in advising the Council that these arrangements are in place and operating effectively. The Council's response to Internal Audit activity should lead to strengthening of the control environment, and therefore contribute to the achievement of the organisation's objectives.
- 2.2 Internal Audit provide a combination of assurance and consulting/advisory activities. Assurance work involves assessing how well the systems and processes are designed and working, with consulting activities available to help to improve those systems and processes where necessary.

## **3. Authority of Internal Audit**

- 3.1 Internal Audit derives its authority from the Accounts and Audit Regulations 2015, the Internal Audit Charter and the Council's Constitution. The Financial Regulations, which are part of the Constitution, set out that 'Internal Audit has authority to:
- a) enter any Council owned or occupied premises or land at all times (subject to any legal restrictions outside the Council's control);
  - b) have access at all times to the Council's records, documents and correspondence;
  - c) require and receive such explanations from any employee or member of the Council as he or she deems necessary concerning any matter under examination; and
  - d) require any employee or member of the Council to produce cash, stores or any other Council owned property under their control.
  - e) The Senior Auditor shall have access to, and the freedom to report in his/her name to all boards, members or officers, as he/she deems necessary.

## **4 Responsibility of Internal Audit**

- 4.1 Internal Audit will have the responsibility to review, appraise and report as necessary on:
- a) the adequacy and effectiveness and application of internal controls and processes and systems;
  - b) the extent of compliance with Financial Regulations and Standing Orders and approved policies and procedures of the Council plus the extent of compliance with external laws and regulation; and
  - c) the extent to which the Council's assets and interest are accounted for and safeguarded from losses of all kinds arising from waste, inefficient administration, poor value for money, fraud or other cause.

## **5 Independence of Internal Audit**

- 5.1 Internal Auditors must be sufficiently independent of the activities they audit to enable them to provide impartial, unbiased and effective professional judgements and advice.

Internal Auditors must maintain an unbiased attitude that allows them to perform their engagements in such a manner that they believe in their work product and that no quality compromises are made.

- 5.2 If independence or objectivity is impaired in fact or appearance, the details of the impairment should be disclosed to senior management and the Audit and Governance Committee.

## **6 Internal Audit Team Update**

- 6.1 The Internal Audit Shared Service is currently in discussions with another neighbouring local authority with a view to them joining our shared service. If these discussions do progress to expanding our service to three authorities there will be an increase in resources available to the shared service with the expected benefits including improved resilience, increased opportunities to share staff skills and experience and auditor rotation.

## **7 Internal Audit Plan Update**

- 7.1 Since the last update report Internal Audit resources have been focussed on completing the 2018/19 audit plan as well as starting work on the 2019/20 audit plan (Appendix A).
- 7.2 Nine final audit reports have been issued. The executive summaries for these reports are detailed in Appendix B. In addition two audits are at the draft report stage, two audits are in progress and two audits are at the engagement planning phase.
- 7.3 Two of the nine final audit reports were issued with a Grade 3 opinion (internal controls require significant improvement):
- **Grounds Maintenance**  
The main areas identified for improvement were around compliance with procurement rules and regulations, documenting procedures, calculation and evaluation of quotes and Health and Safety training arrangements. Follow up work has found that recommendations have been implemented satisfactorily as detailed in Appendix C.
  - **Health and Safety Arrangements**  
The main areas identified for improvement were around inspections of Council premises, roles and responsibilities, training records, monitoring, recording and demonstrating compliance with Health and Safety requirements. Follow up work has found good progress against the recommendations as detailed in Appendix D.

## **8 Internal Audit Recommendations**

- 8.1 Internal Audit monitors and follows up all critical, high and medium priority recommendations. All ongoing Internal Audit recommendations (excluding those detailed in Appendix C and D) are included in Appendix E for information, as well as recommendations that have been made and implemented in the March to July timeframe to show progress. There is one overdue recommendation relating to the

production of a single Asset Disposal Policy which had a target date of 11 December 2018. This policy is still at the draft stage. The Audit Manager does not consider this delay in fully implementing the recommendation to be a significant risk as the HRA Disposals Policy (approved February 2015) and the Asset Disposal Policy (approved April 2008) continue to apply however the single policy should be progressed particularly given the age of the other policies.

## **9 Internal Audit Performance Indicators**

- 9.1 Performance information for Internal Audit in relation to its team plan actions and performance indicators is documented in Appendix F.

## Appendix A

### 2019/20 AUDIT PLAN PROGRESS TO 12<sup>th</sup> JULY 2019

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
HR AND ORGANISATIONAL DEVELOPMENT											
Project Management	Audit	8	-	Scheduled Q3/4							
Performance Management	Audit	6	-	Scheduled Q3/Q4							
Expenses/reimbursements	Audit	3	-	Scheduled Q2							
Health and Safety	Follow up review	5	-	Scheduled Q3							
HOUSING AND PROPERTY											
Planned Maintenance – Stock Condition	Audit	6	0.5	Engagement planning							
Commuted Sums	Audit	6	-	Scheduled Q2/3							
New Housing System (Aareon) Implementation Project	Assurance	4	3.83	Final report issued	Grade 1	-	-	-	-	-	
Housing Procurement Card Expenditure	Spot checks	2	0.25	Q1-Q4							
Property Services	Audit	6	-	Scheduled Q1							Deferred to Q3 at the request of the Head of Housing and Property as new manager only joined NWLDC very recently.
Homelessness	Audit	6	-	Additional Audit							Added to 2019/20 plan.
COMMUNITY SERVICES											
Planning Enforcement	Audit	6	-	Scheduled Q2							
Licensing	Audit	6	1.5	In progress							
CCTV	Audit	5	-	Scheduled Q3/4							
Leisure Contract Procurement	Audit	8	0.2	Engagement planning							
ECONOMIC DEVELOPMENT											
Enterprising NWL Grants	Audit	5	3	In progress							
LEGAL AND COMMERCIAL SERVICES											
Information Governance	Audit	6	-	Scheduled Q3							

Audit Area (report number)	Type	Planned Days	Actual Days	Status	Assurance Level	Recommendations					Comments
						C	H	M	L	A	
FINANCE											
Procurement	Audit	8	-	Q2							Deferred to Q3/4. Assurance gained from individual audits.
Key Financial Systems	Risk Based Audits	35	-	Q3/4							
CUSTOMER SERVICES											
ICT Key Controls	3 <sup>rd</sup> Party Auditor	2	0.25	Engagement Planning							Audit to be provided by specialist ICT auditors.
Revenues and Benefits – DWP Memorandum of Understanding	Audit	3	-	Q2							Reliance will be placed on the work of Partnership Auditors and, if necessary, supplemented to provide assurance for non-Partnership staff who have access to data.

**KEY**  
**Audit Opinion**

Grade	Definition
1	Internal controls are adequate in all important aspects
2	Internal controls require improvement in some areas
3	Internal controls require significant improvement
4	Internal controls are inadequate in all important aspects



## Recommendation Priority

Level	Definition
Critical	Recommendations which are of a very serious nature and could have a critical impact on the Council, for example to address a breach in law or regulation that could result in material fines/consequences.
High	Recommendations which are fundamental to the system and require urgent attention to avoid exposure to significant risks.
Medium	Recommendations which, although not fundamental to the system, provide scope for improvements to be made,
Low	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
Advisory	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

## EXECUTIVE SUMMARY OF INTERNAL AUDIT FINAL REPORTS ISSUED 01 MARCH 2019 – 12 JULY 2019

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Main Areas for Improvement	Recommendations				
					C	H	M	L	A
2018/19 Audits									
6 – Grounds Maintenance	Community Services Portfolio Holder	Head of Community Services  Leisure Services Team Manager	Grade 3	Compliance with procurement rules and regulations.  Documentation of procedures.  Calculation and evaluation of quotes.  Health and Safety training arrangements.	2	4	4	1	-
7 – Health and Safety	Corporate Portfolio Holder	Head of HR and Organisational Development	Grade 3	Health and Safety inspections of Council premises.  Roles and responsibilities associated with Health and Safety.  Recording of training associated with Health and Safety.  Demonstrating legal compliance with Health and Safety requirements.  Reporting and monitoring of Health and Safety compliance at the Council.	3	16	1	-	-
8 – Treasury Management	Corporate Portfolio Holder	Head of Finance  Finance Team Manager	Grade 2	Approval / review of investment and borrowing decisions.	-	1	-	1	-
10 – Main Accounting System	Corporate Portfolio Holder	Head of Finance  Finance Team Manager	Grade 1	None	-	-	-	-	-
11 – HR and Payroll	Deputy Leader – Planning and Infrastructure Portfolio Holder	Head of HR and Organisational Development	Grade 1	No control weaknesses identified.	-	-	1	1	-

Report	Portfolio Holder	Head of Service & Team Manager	Assurance Level	Main Areas for Improvement	Recommendations				
					C	H	M	L	A
13 – Online Forms (Firmstep)	Housing and Customer Services Portfolio Holder	Head of Customer Services	Grade 1	Setting document retention periods.  Ability to obtain contact details where customers leave comments.	-	-	2	--	1
14 – Budgetary Control	Corporate Portfolio Holder	Head of Finance  Finance Team Manager	Grade 2	Producing user friendly budget monitoring reports all throughout the year.  Training for budget holders.  Documenting key decisions and actions required for budget monitoring meetings.  Agreeing tolerances for low level variances that do not require investigation.	-	1	6	1	-
15 – New Council Houses	Housing and Customer Services	Director of Housing and Customer Services  Head of Housing and Property	Grade 2	The decision making process and supporting records in respect of the initial selection and status of new sites.  A corporate strategy to cover the supply of new affordable housing.  Performance reporting arrangements.  Budgetary monitoring for individual development projects.	-	-	5	1	1
<b>2019/20 Audits</b>									
1 – New Housing System Implementation Project	Housing and Customer Services	Head of Housing and Property  Project Team Manager	Grade 1	None.	-	-	-	-	-

## Grounds Maintenance Audit Report (6) Recommendations Update

## Appendix C

Recommendations		Priority	Officer Responsible	Target Date	Audit Follow Up Date	Internal Audit findings at follow up
1	Procedure notes should be produced for all key processes	High	Open Space and Parks Team Leader	31 <sup>st</sup> March 2019	April 2019	Implemented satisfactorily.
2	The arrangements to maintain and fit fencing should be reviewed immediately with appropriate action taken. This should include discussions with the appropriate managers in Housing. Support and advice regarding this should be sought from the Council's Procurement Officer and Internal Audit.	Critical	Open Space and Parks Team Leader / Procurement Officer	1 <sup>st</sup> March 2019	April 2019	Implemented satisfactorily.
3	The Procurement Officer should notify the Head of Finance and relevant Head of Service where it is identified that expenditure with an individual supplier has breached/or is likely to breach Contract Procedure Rules.	High	Head of Finance	Immediate and Ongoing	May 2019	No such instances however processes support this. Internal Audit also test expenditure at individual audits therefore will identify if this is not happening.
4	The SLA between Grounds Maintenance and Housing Management should be updated and approved. The SLA should clearly state the roles and responsibilities of both services and also refer to there being no requirement to obtain authorisation from Housing Management for work requested which is less than £200. Consideration should be given to expanding the SLA or producing a separate SLA with Housing Maintenance.	High	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	May 2019	Implemented satisfactorily.
5	There should be adequate supporting information for all quotes produced (for internal purposes only). This should include a detailed breakdown of how the cost of the quote was arrived at.	High	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	May 2019	Implemented satisfactorily.
6	An evaluation of the cost of completed works should be undertaken to determine the accuracy of the original quote. Where actual costs exceed those quoted reasons for this should be noted and possible contingencies built in for future	Medium	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	May 2019	Implemented satisfactorily.

	similar jobs. Where this would prove to be resource intensive it could be applied only to, for example, quotes for external customers, quotes in excess of a specified value or on a sample basis.					
7	In order to ensure that invoices for contracts are issued regularly the Administration Assistant should review the systems in place to monitor this.	Medium	Grounds Maintenance Administration Assistant	Implemented	N/A	Implemented satisfactorily.
8	A record should be maintained of customer surveys issued, the number returned and the responses received to enable the results of these to be incorporated into the annual performance figures.	Medium	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	May 2019	Implemented satisfactorily.
9	Customer surveys should be issued to external customers.	Low	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	N/A	Internal Audit do not follow up low or advisory recommendations.
10	There should be a formal system in place to monitor and record the standard of work of Grounds Maintenance gangs. The results of this monitoring should be communicated to the gangs with an action plan to address issues where necessary.	Medium	Open Space and Parks Team Leader	30 <sup>th</sup> April 2019	May 2019	Implemented satisfactorily.
11	The spreadsheet of training / refresher courses should be reviewed. Where it is identified that training / refresher courses are urgently required then these should be arranged. Where there is no longer a requirement for training / refresher courses the spreadsheet should be updated to reflect this.	Critical	Open Space and Parks Team Leader	31 <sup>st</sup> March 2019	April 2019	Implemented satisfactorily.

## Health and Safety Arrangements Audit Report (7) Recommendations Update

## Appendix D

Recommendations		Priority	Officer Responsible	Target Date	Audit Follow Up Date	Follow Up Findings
1	The Safety Officer should identify those services which have their own Health and Safety policies. These policies should be reviewed to ensure that they are required and do not contravene the corporate Health and Safety policy. If service specific Health and Safety policies are required these should be included as appendices to the corporate Health and Safety Policy.	High	Safety Officer	June 2019	July 2019	Implemented satisfactorily. The Safety Officer has confirmed that there is only one Health & Safety Policy for the Council. All other documents used by services are referred to as 'guidance' to ensure there is no confusion. CLT have been provided with a hard copy of the Policy.
2	The arrangements in place for ensuring the Health and Safety of all Council premises should be reviewed and expectations documented, if not already. Appropriate records should be kept in order to demonstrate that checks have been completed. A record should be maintained of any issues identified and this should be monitored to ensure that those issues are satisfactorily rectified.	Critical	Head of HR and Organisational Development	Immediately	July 2019	In progress. The Safety Officer has contacted services to request evidence of Health & Safety inspections undertaken. He is in the process of reviewing the paperwork associated with these and plans on carrying out six monthly inspections of services. Internal audit will follow up again.
3	The Safety Officer should ensure that where incidents have occurred in service areas that procedures put in place to protect staff and members of the public are adequate. This should include periodic review of the procedures to ensure that they are still fit for purpose.	High	Safety Officer	July 2019	August 2019	Follow up not yet due.
4	A copy of the Health and Safety Policy should be circulated to all staff each year. Those staff with specific responsibilities in relation to Health and Safety (members of CLT and ELT)	High	Safety Officer	May 2019	June 2019	In progress. The Safety Officer has emailed all Team Managers with a copy of the policy and asked if they can confirm receipt and understanding of the policy. Those who have not responded are in the process of being followed up.

	should confirm that they have received and understood the policy					
5	For roles where there is a specific responsibility for Health and Safety this should be stated within the job description	High	Head of HR and Organisational Development	July 2019	August 2019	Follow up not yet due.
6	The role of the Safety Officer should be reviewed and a benchmarking exercise undertaken to determine the level of resource and responsibilities in this area at other Councils. Where the current resource is found to be insufficient to meet requirements the need for additional resource should be explored.	High	Head of HR and Organisational Development	July 2019	August 2019	Follow up not yet due.
7	The use of the Health and Safety Management System Audit spreadsheet should be reviewed to confirm that it is fit for purpose. Any evidence to support items recorded on the spreadsheet, in particular those where there is a legal responsibility, should be proactively verified by the Safety Officer.	High	Safety Officer	July 2019	August 2019	Follow up not yet due.
8	Where services are looking to, or already, procure independent Health and Safety Audits / Inspections these should be discussed with the Safety Officer. Any findings from the audits / inspection should be shared with the Safety Officer as should any action plans produced as a result of these.	High	Safety Officer and CLT/ELT	July 2019	August 2019	Follow up not yet due.

9	All training records relating to Health and Safety within services should be reviewed and updated and training scheduled where required. Where there is a legal requirement to provide / attend specific training this should be clear from both training records and any associated risk assessments. The adequacy of training records held should be reviewed at least annually by the Safety Officer. Evidence to confirm training has been completed must be provided to the Council (confirmation of attendance, certificates etc.).	Critical	Head of HR and Organisational Development	Immediately	June 2019	<p>In progress.</p> <p>Copy of audit report shared with all team managers for action to be taken as appropriate. New software is being reviewed to manage this and a decision will be made by the Health &amp; Safety Task Group on whether to proceed with the purchase of the new software. Following this further work will be done on this.</p> <p>Individual audits will review Health and Safety matters including training records to gain further assurance on this.</p>
10	A copy of the completed new starter Health and Safety induction checklist should always be forwarded to HR. HR should monitor receipt of this document and follow up where not returned.	High	Head of HR and Organisational Development	Immediately	June 2019	Implemented satisfactorily.
11	The possibility of managing and retaining training records in one central point should be progressed (ITrent).	Medium	Head of HR and Organisational Development	July 2019	August 2019	<p>In progress.</p> <p>New software is being reviewed to manage this and a decision will be made by the Health &amp; Safety Task Group on whether to proceed with the purchase of the new software. Following this further work will be done on this.</p>
12	As stated in the Health and Safety Policy the Safety Officer should scrutinise a sample of risk assessments. This should be done on	High	Safety Officer	June 2019	July 2019	<p>Implemented satisfactorily.</p> <p>The Safety Officer provided evidence to confirm that he has scrutinised a sample of risk assessments in Q1 2019/20. Out of 36 new risk</p>



	at least an annual basis with a record of those risk assessments sampled being made, findings documented and any issues brought to the attention of the risk owner. Where issues are raised these should be followed up to ensure that they have been satisfactorily implemented.					assessments he has reviewed 21 of these. He intends to continue to do this on a quarterly basis.
13	The Safety Officer should ensure that where there is a legal responsibility for services to carry out inspections that these are completed and evidence of this is provided to the Safety Officer. Action should be taken where areas are found to be non-compliant and escalated appropriately where necessary.	Critical	Safety Officer	June 2019	July 2019	Implemented satisfactorily. The Safety Officer has been provided with documents from Property Services, Housing and Waste Services and provided evidence of these. He is currently working with Grounds Maintenance and the new parks Supervisor to ensure all necessary inspections have taken place.
14	Managers should be reminded of the requirement for them to return copies of inspection reports to the Head of Service and the Safety Officer.	High	Head of HR and Organisational Development	April 2019 then July 2019 ongoing	June 2019	Implemented satisfactorily. Copy of audit report shared with all team managers for action to be taken as appropriate.
15	The Safety Officer should contact Solution Host to resolve the issue regarding the recording of accidents. It should also be confirmed whether this issue has had an effect on accident reporting figures obtained from the system.	High	Safety Officer	May 2019	June 2019	Implemented satisfactorily.  Since the transfer of Leisure Services accident records are only updated on Solution Host by either the Safety Officer or the Parks and Open Space Team Leader. The issue relating to Solution Host was known and did not have an effect on the accuracy of reporting. Solution Host will continue to be used until October 2019 when a new Health & Safety package will be procured.
16	The Safety Officer should periodically check the accident records held on Solution Host and follow up any which are shown as unrectified and have passed the deadline date. Where rectification action has been taken a sample should be reviewed to verify the	High	Safety Officer	June 2019	July 2019	Implemented satisfactorily. The Safety Officer inputs all accidents reports onto Solution Host, with the exception of those for Grounds Maintenance. He reviews the Grounds Maintenance accident reports and ensure follow up of any actions for rectification.

	action taken and where necessary this has been communicated to staff.					
17	Confirmation should be sought as to whether the Council's Contractors Policy Statement is still relevant. If so, the Safety Officer, Procurement Officer and Legal Services should work together and review the statement and how this should be included in the procurement and contract management process. The process should include pre-works/site visits as appropriate to ensure the contractor is compliant with Health and Safety requirements. This should also cover relevant works ordered through the Purchase Ordering system	High	Safety Officer	June 2019  Extended to October 2019	November 2019	In progress. The Safety Officer has requested an extension of the target date for this recommendation. He is due to meet with Legal Services and procurement regarding this. It was agreed to revise the target date to October 2019.
18	CLT should be consulted on the type and format of information they require to be reported to them in connection with Health and Safety. Information provided should enable CLT to make decisions and take action where necessary. Key aspects of Health and Safety should be reported separately to the quarterly performance report.	High	Chief Executive	April 2019	June 2019	In progress. The Safety Officer advised that a report will be taken to CLT in July and the intention is to discuss the type and format of information.
19	There should be a specific Health and Safety Committee / working party set up in order to share good practice and to develop and streamline Health and Safety processes and procedures throughout the Council. There should be involvement of members and union representatives to provide oversight and the committee / working party should be chaired by a senior officer.	High	Chief Executive	June 2019	July 2019	In progress. The Head of HR and Organisational Development is in the process of setting up a Health & Safety Task and Finish Group to consider concerns raised as a result of the Internal Audit. Key officers have been invited to attend and an external advisor will also be in attendance. The first meeting is scheduled to take place on 19 <sup>th</sup> July.

## RECOMMENDATIONS TRACKER

## Appendix E

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
2017/18 Reports								
10	Capital Accounting	1	<p>It is recommended that a single Asset Disposal Policy is produced which includes disposal of Land and Buildings (Council and HRA), and Plant and Equipment. Responsibility for completion of the Land and Buildings element of the policy being assigned to the Asset Management Team Manager, the Plant and Equipment element being assigned to the Head of Finance (S151 Officer).</p> <p>The policy, once completed, should be formally approved (Asset Management Group, CLT) and made available to relevant staff.</p>	High	At the time of issuing the audit report - Head of Finance (S151 Officer) & Asset Management Team Manager. The task of developing the Single Asset Disposal Policy is now being taken forward by the Head of Housing and Property.	11 December 2018	No update provided.	<p>STATUS – OVERDUE</p> <p>This policy is at the draft stage. The Audit Manager does not consider this delay in implementing the recommendation to be a significant risk as the HRA Disposals Policy (approved February 2015) and the Asset Disposal Policy (approved April 2008) continue to apply however the single policy should be progressed.</p>
2018/19 Reports								
8	Treasury Management	1	All investments and borrowing decisions should be made by the Section 151 Officer or the Deputy S151 Officer, this is in accordance with the Treasury	High	Head of Finance (S151) & Finance Team Manager (Deputy S151)	Immediate	Implemented	Implemented satisfactorily

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
			Management Strategy Statement 2018/19.					
	Treasury Management	2	Where there are delays in the completion and checking of reconciliations the reason for the delay should be documented.	Low	Technical Accountant	Not applicable as advisory	Not applicable as low priority	Internal Audit do not follow up low or advisory recommendations.
11	HR and Payroll	1	Formal consent is obtained from employee 002070 regarding the increase in working hours.	Low	HR Advisor	30.06.19	Not applicable as low priority	Internal Audit do not follow up low or advisory recommendations.
		2	Agree an overpayment recovery plan with employee 001550.	Medium	HR Analyst	31.07.19	Meeting arranged with employee.	Internal Audit follow up August 2019.
13	Online Forms (Firmstep)	1	The Data Protection Officer should be consulted on current and future Firmstep forms to ensure that they are compliant with GDPR.	Medium	Digital Transformation Project Manager	Ongoing	Meeting to be arranged with Data Protection Officer.	Internal Audit follow up September 2019.
		2	Advice should be sought from the Data Protection Officer regarding retention of completed Firmstep forms and time periods associated with retaining these documents.	Advisory	Digital Transformation Project Manager	Not applicable as advisory	Not applicable as advisory	Internal Audit do not follow up low or advisory recommendations.
		3	Until such time as Firmstep have resolved the issue regarding the ability to access contact	Medium	Digital Transformation Project Manager	August 2019	Recommendation not yet due	Internal Audit follow up September 2019.

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
			details for those customers who have left feedback/ comments, the option of including a contact email address / telephone number as part of the comment should be included to enable contact with customer to resolve any issues.					
14	Budgetary Control	1	Budget monitoring reports should be produced and issued to budget holders on a monthly basis throughout the year.	High	Finance Team Manager	July 2019 (P12) June 2020 (P1 & P2)	Recommendation not yet due	Internal Audit follow up August 2019.
		2	Finance Business Partners should provide budget monitoring information to managers in a format that enables them to manage their budgets more effectively.	Medium	Finance Team Manager	Finance Team Manager did not agree to recommendation.	Recommendation not yet due	Internal Audit follow up October 2019.
		3	Formal training on managing budgets should be available for staff to attend. Where there is sufficient demand training should be scheduled, with refresher training available as required.	Medium	Finance Team Manager	September 2019	Recommendation not yet due	Internal Audit follow up October 2019.
		4	Meeting agendas should contain all key areas for discussion and should	Medium	Finance Team Manager	July 2019	Recommendation not yet due	Internal Audit follow up August 2019.

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
			be updated as required.					
		5	A pro-forma document should be used to record details of meetings between Team Managers and Finance Business Partners. This should adequately record decisions made and actions to be taken following the meeting. Any actions can be followed up at future meetings.	Medium	Finance Team Manager	July 2019	Recommendation not yet due	Internal Audit follow up August 2019.
		6	The possibility of there being enhancements to the current financial system to reduce the amount of manual intervention required in the budget monitoring reporting process should be explored.	Medium	Finance Team Manager	September 2019	Recommendation not yet due	Internal Audit follow up October 2019.
		7	Finance Business Partners should be located within the service areas they are responsible for on specific days / times. This could be aligned to when formal budget monitoring meetings take place.	Low	Finance Team Manager	December 2019	Not applicable as low priority	Internal Audit do not follow up low or advisory recommendations.
		8	A level at which	Medium	Finance Team Manager	July 2019	Recommendation not yet due	Internal Audit follow up August 2019.

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
			identified variances should be investigated and reported on by Finance Business Partners should be agreed.		(General Fund) & Strategic Finance Manager (Housing Revenue Account)			
15	New Council Houses	1	A comprehensive central record of new sites should be maintained and updated on an ongoing basis in order to show the current status of each site, together with the details and date of any formal review(s) and decision(s) made. Details of expenditure in respect of initial investigations and assessments could also be included for information purposes.	Medium	Head of Housing and Property/New Build Project Officer	31.07.19 and ongoing	Recommendation not yet due	Internal Audit follow up August 2019.
		2	The draft Decision Making / Process Map for new sites should be finalised and agreed by the Newbuild Group and used for all new sites going forward.	Medium	Head of Housing and Property/ Strategy and Systems Team Manager	31.07.19 and ongoing	Recommendation not yet due	Internal Audit follow up August 2019.
		3	The revised financial model used to assess the viability of new sites should clearly state any assumption made in respect of the potential loss of a new property	Low	Head of Housing and Property/ Strategic Finance Manager	31.07.19	Not applicable as low priority	Internal Audit do not follow up low or advisory recommendations.

Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
			as a result of the Right to Buy Scheme.					
		4	The corporate strategy to cover the supply of new affordable housing should be finalised and submitted to the Newbuild Group and CLT and should include all relevant opportunities i.e. new builds, gifted properties and those purchased directly from developers, long-term empty properties and those previously purchased by tenants under the Right to Buy Scheme and then offered back to the Council.	Medium	Head of Housing and Property/ Strategy and Systems Team Manager	31.10.19	Recommendation not yet due	Internal Audit follow up November 2019.
		5	Formal performance reports in respect of the key areas of the new build project should be provided to CLT at regular intervals.	Medium	Head of Housing and Property	In line with corporate project reporting timetable	Will be reported in line with corporate project reporting timetable	Internal Audit follow up August 2019.
		6	Monitoring of the actual costs of each individual phase or element of an individual development (e.g. the construction contract) against the agreed budget should be added to the existing budget monitoring process.	Medium	Head of Housing and Property supported by the Strategic Finance Manager	31.07.19 and ongoing	Recommendation not yet due	Internal Audit follow up August 2019.



Report		Recommendation		Rating	Officer Responsible	Target Date	Responsible Officer Update	Internal Audit Comments
		7	The internal resources allocated to the new build project should be reviewed periodically to ensure that they are adequate to support the planned levels of development and maintain the effective management of individual sites and contracts.	Advisory	Head of Housing and Property	Ongoing	Not applicable as advisory	Internal Audit do not follow up low or advisory recommendations.

## Appendix F

### Internal Audit Performance

#### Performance Measures:

Performance Measure	2019/20 Q1 Target	Position as at 12.07.19	Comments
Delivery of 2019/20 Audit Plan	20%	5%	More time spent in Q1 on completing 2018/19 audit plan than planned. Expect to catch up this quarter.
Percentage of Client Satisfaction with the Internal Audit Service	100%	100%	Seven client satisfaction questionnaires returned relating to 2018/19.
Compliance with the Internal Audit Standards	Full	No significant gaps in compliance	
Compliance testing of completed recommendations	90%	100%	

#### Service Plan Actions:

Key Deliverables (Action)	Quarter 1 Milestone	Position as at 12.07.19
Review and update Health and Safety risk assessments to ensure risks to staff and customers are controlled.	Commence review of Health and Safety risk assessment for all service areas	Review Completed June 2019
Conduct self-assessment audit of all office areas and support activities of the Legal Services Team	Conduct Q1 self-assessment audit and report findings to Legal Services Team	Completed.
Complete audits as per risk based audit plan	Complete 20% of audit plan	One final report issued. Two audits are in progress with another two at engagement planning stage therefore expect to catch up this quarter.
Quarterly progress reports to Audit and Governance Committee	Progress report to June A&GC	Progress report will be updated for July 2019 A&GC
PSIAS compliant Annual Opinion report for presentation to June A&G Committee.	Prepare PSIAS compliant Annual Opinion report for presentation to June A&G Committee.	Annual Opinion Report presented to July A&GC as no meeting in June.
A risk based annual audit plan for 2020/21 that complies with PSIAS and is approved by 31 March 2020.	No milestone for quarter 1.	

<b>Key Deliverables (Action)</b>	<b>Quarter 1 Milestone</b>	<b>Position as at 12.07.19</b>
Deliver a shared service that Blaby District Council want to continue to share.	Manage a shared service which meets SLA requirements.	No issues to report. Currently in discussions with a neighbouring authority to expand shared service.
Comply with Public Sector Internal Audit Standards.	Have an external inspection before April 2020.	No issues to report.