

To: Councillor Stevens (Chairman)
Councillors Davies, Gittings, Edwards,
Emberson, Robinson, McKenna and
J Williams

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Your contact is: **Michael Popham - Democratic Services Manager**

NOTICE OF MEETING - AUDIT AND GOVERNANCE COMMITTEE 20 APRIL 2021

A meeting of the Audit and Governance Committee will be held on Tuesday, 20 April 2021 at 6.30 pm as an Online Meeting via Microsoft Teams. The Agenda for the meeting is set out below.

	<u>WARDS AFFECTED</u>	<u>Page No</u>
1. DECLARATIONS OF INTEREST		
2. MINUTES OF THE PREVIOUS MEETING HELD ON 28 JANUARY 2021		5 - 10
3. QUESTIONS		
4. INTERNAL AUDIT QUARTERLY PROGRESS REPORT	BOROUGH WIDE	11 - 64
This report provides an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report.		
5. ANNUAL AUDIT PLAN & INTERNAL AUDIT CHARTER 2021/2022	BOROUGH WIDE	65 - 92
This report sets out the work Internal Audit plans to undertake during the financial year 2021/2022.		
6. STRATEGIC RISK REGISTER QUARTER 4 2020/2021	BOROUGH WIDE	93 - 110
This report provides an update on the Council's Strategic Risk Register, in line with the requirements of the Council's risk management strategy.		

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7.	IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE	BOROUGH WIDE	111 - 116
	This report provides an update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting.		
8.	INFORMATION GOVERNANCE QUARTERLY UPDATE	BOROUGH WIDE	117 - 122
	This report outlines the actions in progress to improve the Council's policies, systems and processes for better Information Governance.		
9.	CLOSING FINANCIAL ACCOUNTS UPDATE	BOROUGH WIDE	123 - 126
	This report updates the Committee on progress with the completion of the Council's Final Accounts for 2018/19 and 2019/20.		
10.	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER	BOROUGH WIDE	127 - 148
	This report sets out a summary of those high and medium risk Internal Audit recommendations which remain outstanding together with an updated management response.		
11.	EXTERNAL AUDITOR UPDATE		
12.	EXCLUSION OF PRESS & PUBLIC		
	The following motion will be moved by the Chairman:		
	"That, pursuant to Section 100A of the Local Government Act 1972 (as amended) members of the press and public be excluded during consideration of the following items on the agenda, as it is likely that there would be disclosure of exempt information as defined in the relevant Paragraphs of Part 1 of Schedule 12A (as amended) of that Act"		
13.	PENALTY CHARGE NOTICES AUDIT REPORT	BOROUGH WIDE	149 - 164

AUDIT AND GOVERNANCE COMMITTEE MINUTES - 28 JANUARY 2021

Present: Councillors Stevens (Chairman), Davies, Edwards, Emberson, Gittings, McKenna, Robinson & J Williams;

In attendance: Councillor Brock (Leader of the Council).

17. MINUTES

The Minutes of the meeting of 12 October 2020 were confirmed as a correct record and would be signed by the Chairman.

18. INTERNAL AUDIT QUARTERLY UPDATE REPORT

Paul Harrington, Chief Auditor, submitted a report providing an update on key findings emanating from Internal Audit reports issued since the last quarterly progress report in October 2020.

The report set out a summary of the audit reports in respect of: Purchase Cards; Records Management; Car Parks (Off Street); Licensing; and CIL - 15% Local Schemes. As the Chief Auditor had given 'limited assurance' to the way the Council dealt with 'Purchase Cards; Records Management; and CIL - 15% Local Schemes.', the full internal audit reports for those audits were appended to the report.

In relation to Purchase Cards, the report stated that adherence to policies and procedures had been poor and the controls in place had not been followed properly. In relation to Records Management, the audit found several areas of concern with the most fundamental issue being the lack of an up-to-date, agreed records management and document retention policy, which clearly detailed roles and responsibilities, and incorporated the areas highlighted in ICO guidelines. In relation to CIL - 15% Local Schemes, the audit found an absence of a complete control framework being in place to facilitate the timely use of 15% Local CIL money to deliver schemes. Generally, there was a combination of system weaknesses and factors that led to the 'limited assurance' finding.

The report also listed the audits that were currently in progress, or were planned for 2020/21, and gave a summary of investigations work between April and December 2020.

Resolved: That the audit findings in relation to the Purchase Cards; Records Management; and CIL - 15% Local Schemes be noted, and the recommendations set out in the full audit reports be endorsed.

19. ANNUAL TREASURY MANAGEMENT REVIEW 2019/20

Peter Robinson, interim Assistant Director of Finance, submitted a report on the Annual Treasury Management Review 2019/20. The report stated that the Treasury Management Strategy required an Annual Outturn Report reviewing the Treasury Management activity which had taken place during the year. This report had been delayed due to the need to focus on the finalisation of the 2017/18 Statement of Accounts audit process. The report had appended the Council's Borrowing and Investment Portfolios for the Committee's information.

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The report stated that the Council had continued to finance capital expenditure through maximising the use of capital receipts, capital grants and internal borrowing. In order to take advantage of low borrowing rates that were considered to be good value and to reduce the refinancing risk associated with existing internal borrowing, £45m of external borrowing (from the PWLB) had been taken out in 2019/20 at an average interest rate of 1.8%. Overall, the Council had under-borrowed by £185.607m as at 31 March 2020, after taking account of the £45m new loans. This had avoided the Council having to budget for and pay out external interest costs in the order of £6.069 million, based on the average rate for the existing debt portfolio of 3.27%. Against the 2019/20 General Fund budget there had been an overall net General Fund underspend in respect of interest receivable/payable of £0.579m.

Resolved: That the Treasury Management Outturn Report for 2019/20 be noted.

20. TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2020/21

Peter Robinson, interim Assistant Director of Finance, submitted a report on the mid-year review of the Treasury Management Strategy. The report provided an update on the activity of the Treasury Management function during the first half of the year for the period 1 April 2020 to 30 September 2020. The report stated that the Council had not taken out any new external long-term borrowing during 2020/21 as at 30 September 2020 and had complied fully with its Treasury Management Strategy Statement (TMSS) as agreed by Council on 25 February 2020. The report had appended the Economics Update and Investment Criteria & Limits for the Committee's information.

Resolved: That the Treasury Management Mid-Year report for 2020/21 be noted.

21. INFORMATION GOVERNANCE QUARTERLY UPDATE

Mike Graham, Assistant Director of Legal & Democratic Services, submitted a report outlining the actions in progress to improve the Council's policies, systems and processes for improving Information Governance. The report referred to the Committee receiving a number of limited assurance reports in this field and identified that work was needed to address the underlying issues with: Freedom of Information; Data Transparency; and Records Management. The report detailed the work being undertaken through the establishment of the Information Governance Board in April 2020 with the purpose of implementing and overseeing an Information Management Strategy. The Board was currently preparing the Information Management Strategy and Action Plan which outlined the Council's proposed approach to information management and governance with several workstreams being established to progress the necessary improvements.

The Committee noted that the Cyber Security training which was currently available for all staff and councillors through a Learning Pool e-learning package to complete had had a disappointing uptake. The report stated that action was in hand to improve the numbers undertaking the training, which was supported by the Committee.

Resolved:

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- (1) That the progress being made to improve the Council's Information Governance be noted;
- (2) That the action being taken to address information governance issues raised by internal audit review be reported to a future meeting of the Committee;
- (3) That the action being taken to increase the uptake of Cyber Security training be endorsed and that Committee members ensure they had completed the training and encourage all other councillors to do likewise.

22. DRAFT AUDIT PLANNING REPORT

Maria Grindley and Adrian Balmer, EY, presented the Provisional Audit Plan summarising the initial assessment of the key risks driving the development of an effective audit for the Council and outlining EY's planned audit strategy in response to those risks. The planning procedures were ongoing and the Audit & Governance Committee would be updated, if there were any significant changes or revisions at its next meeting. The Committee received an assessment of the audit risks and key areas of focus for the external auditors, which included:

- Risk of fraud in revenue and expenditure recognition - incorrect capitalisation of revenue expenditure;
- Qualified Accounts 2017/18 - Corporate Support Services, income; Economic Growth and Neighbourhood Services, income and expenditure; Short-term Creditors; IAS19 pension liability, employer costs and actuarial adjustments;
- IAS 19 Assurance Process, Pension liabilities and other related amounts;
- Valuations of Property, Plant and Equipment and Investment Property, PFI Long-Term Liabilities and Deferred Income;
- IFRS 9 and IFRS 15 implementation - IFRS9 (Financial Instruments) and IFRS15 (Revenue from Contracts) had come into effect for Local Authority Accounts in 2018/19. At the time of the 2017/18 final audit work, the Authority had not conducted any preliminary work to position itself for either standard and the impact was therefore unclear. A detailed impact assessment would therefore be needed for both new standards;
- Group accounts: differences in accounting policies of the components - all the subsidiaries follow FRS102 for their accounts preparation, while the Council's group accounts follow the CIPFA Code, supported by IFRS, which created a higher inherent risk that the consolidated figures might not be harmonised to comply with the Group accounting policies;
- Going concern disclosures - the unpredictability of the current environment had given rise to a risk that the Council would not appropriately disclose the key factors relating to going concern, underpinned by management's assessment with particular reference to Covid-19 and the Council's actual year-end financial position and performance.

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Resolved: That the Provisional Audit Plan summarising the initial assessment of the key risks, be noted and further reports be presented to the Committee as necessary.

23. INDEPENDENT REVIEW INTO THE OVERSIGHT OF LOCAL AUDIT AND THE TRANSPARENCY OF LOCAL AUTHORITY FINANCIAL REPORTING (“REDMOND REVIEW”)

Paul Harrington, Chief Auditor, submitted a report on an independent review by Sir Tony Redmond of the local audit process and transparency of local authority financial reporting. The ‘Redmond Review’ examined the effectiveness of local audit and its ability to demonstrate accountability for audit performance to the public. It also considered whether the current means of reporting a Local Authority’s annual accounts enabled the public to understand this financial information and receive the appropriate assurance that the finances of the authority were sound. The findings and recommendations of the review along with the response of the Ministry of Housing, Communities and Local Government were set out in an appendix to the report. Whilst some recommendations had been agreed, others were being considered further with a full response to be made by spring 2021.

Resolved: That the recommendations of the Redmond Review and the responses from the Ministry of Housing, Communities and Local Government be noted.

24. CLOSING FINANCIAL ACCOUNTS UPDATE

Peter Robinson, interim Assistant Director of Finance, submitted a report providing an update on the completion of the Council’s Final Accounts for 2018/19 and 2019/20. The report stated that the Audit of the 2017/18 Accounts had been completed and signed off by EY at the end of October 2020. Additionally, the draft 2018/19 Accounts were complete and had been handed over to the Auditors in mid-February 2020. These Accounts had been updated in November 2020 as a result of the revised brought forward 2017/18 balances, although despite this the Audit of these Accounts had commenced in September 2020. Officers had almost completed the 2019/20 accounts but had agreed with EY to focus on prioritising resolving the 2018/19 outstanding queries and getting these signed off before passing them over to EY. This would also enable transformation work to be completed to assist with the 2020/21 accounts and mean that brought forward balances from 2018/19 could be updated to save more audit time.

Resolved:

- (1) That the progress made in relation to the Audit of the 2018/19 Accounts be noted;**
- (2) That the progress being made in closing the 2019/20 Accounts be noted.**

25. IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE

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Further to Minute 16 of the meeting held on 12 October 2020, Chris Tidswell, CIPFA, presented a report providing an update on progress of the Finance Improvement Programme (FIP) against the plan for each workstream and their deliverables. The report explained that the FIP had two key phases: Phase I was responding to the historic and current issues identified to ensure a sound foundation and 'getting the basics' right. The second phase would concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council. The report stated that a number of Phase I targeted deliverables had been achieved but there had been delays in delivery of the overall programme due to capacity as a consequence of resources being directed towards priority issues such as closure of accounts, managing Covid related activity and staff sickness. Supplier delays around accounts payable had also affected some activities. Three of the workstreams were nearing completion; Accounts Payable, Accounts Receivable and Chart of Accounts with residual activity expected to be completed by 31 March 2021. Phase II (developing corporate financial management governance and the overarching financial management environment) would only commence once Phase I workstreams had been completed. The Audit tracker recommendations continued to be included within individual workstream deliverables where appropriate and were managed as part of the overall Plan.

Resolved: That the progress being made to implement the Finance Improvement Programme be noted.

26. IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER

Further to Minute 15 of the meeting held on 12 October 2020, Jackie Yates, Executive Director of Resources, presented a report setting out, at Appendix 1, the Implementation of Audit Recommendations tracker report.

The report explained that each recommendation was marked with a percentage complete which correlated to a red/amber/green rating (up to 25% complete: red, between 26% and 75%: amber, over 75% complete: green). Any recommendations that were less than 50% complete but had exceeded their agreed completion date were also marked red.

In the tracker report at Appendix 1 there were 137 high and medium risk recommendations from Internal Audit, of which 35 (26%) were currently green, 32 (23%) were amber and 73 (27%) were red. Thirty-three recommendations had now been completed and would be removed from the next report.

Resolved: That the high and medium risk Internal Audit recommendations and the responses to those risks be noted as set out in Appendix 1 to the report.

27. HOUSING BENEFIT & COUNCIL TAX SUPPORT SCHEME - RISK BASED VERIFICATION POLICY 2021/22

Sam Wills, Revenues & Benefits Manager, submitted a report recommending that the Council continued to use its Risk Based Verification (RBV) process in 2021/22. The scheme enabled processing of claims for Housing Benefit payments and Council Tax

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Support awards to be streamlined, thereby enabling customers to receive payments sooner. The approach also helped to mitigate risk and fraud entering the system. The Council's risk-based verification policy principles had remained unchanged and there were no recommended scheme changes to the Council's 2021/22 Council Tax Reduction Support Scheme and subsequently no impact on the Risk Based Verification Policy. The Risk-Based Verification Policy 2020/21 and Temporary Covid measures were appended to the report for endorsement but had not been published because they contained exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972.

Resolved:

- (1) That the Risk-Based Verification Scheme, as appended to the report, be approved;**
- (2) That the continued use of a Risk Based Verification approach to evidence supporting claims for Housing Benefit and Council Tax support in 2021/22 be approved.**

28. EXCLUSION OF THE PRESS AND PUBLIC

Resolved:

That pursuant to Section 100A of the Local Government Act 1972 (as amended), members of the press and public be excluded during consideration of the Items below as it was likely that there would be a disclosure of exempt information as defined in the relevant paragraphs specified in Part 1 of Schedule 12A to that Act.

29. READING TRANSPORT LIMITED

The Committee received a verbal update on the financial implications of COVID 19 on Reading Buses.

Resolved: That the position be noted.

(Exempt information as defined in Paragraph 3)

(The meeting commenced at 6.30pm and closed at 8.45pm).

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20 April 2021		
TITLE:	INTERNAL AUDIT QUARTERLY UPDATE REPORT		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	Paul.Harrington@reading.gov.uk

1. PURPOSE OF REPORT

1.1 This report summarises internal audit activity in respect of internal audit and investigations for the period 1 January to the 31 March 2021.

1.2 The following document is appended:

Appendix 1 - Internal Audit & Investigations Update Report

Appendix 2 - Internal Audit Report - Housing Revenue Account

Appendix 3 - Internal Audit Report - Accounts Receivable

2. RECOMMENDATIONS

2.1 The Audit & Governance Committee is requested to consider the report

3. SUMMARY

3.1 The primary objective of each audit is to arrive at an assurance opinion regarding the robustness of the internal controls within the financial or operational system under review. Where weaknesses are found internal audit will propose solutions to improve controls, thus reducing opportunities for error or fraud. In this respect, an audit is only effective if management agree audit recommendations and implement changes in a timely manner.

3.2 A total of six audit reviews have been finalised in the period between January and March 2021.

3.3 Three audit reviews received a positive assurance opinion and three received a negative assurance opinion.

3.4 Substantial Assurance Opinion Reviews

3.4.1 In general, we concluded that the **Payroll System** is well run and is functioning effectively, despite the strain that has been placed on Payroll staff to process furlough payments

3.5 Reasonable Assurance Opinion Reviews

3.5.1 Whilst our follow up audit of **Additional Payments** (acting up allowances, honoraria, overtime and market supplements etc), found good progress has been made in implementing audit recommendations, some remain work in progress.

2.7.1 An audit of the **Accounts Payable** concluded that significant progress has been made on implementing outstanding audit recommendations, which have been highlighted in previous audits. Although there are still some matters that require attention, these are, in most cases, relatively minor actions to achieve rather than a lack of action.

3.6 Limited Assurance Opinion Reviews

3.6.1 Our audit of **Penalty Charge Notice's (PCN's)** identified significant levels of longstanding PCN charges (debt) that has not been written off, as all outstanding charges are removed from the system, so by-passing any potential write-off procedure.

3.6.2 A review of governance arrangements in place for monitoring the Council's **Housing Revenue Account (HRA)** flagged several areas for improvement, with one of the key areas being the lack of specialist HRA expertise within the finance function, to ensure that service teams are fully supported in their roles in relation to the HRA.

3.6.3 Whilst there has been some progress in implementing audit recommendations with respect to **Accounts Receivable** and work is being progressed through the Finance Transformation workstream, much is still work in progress.

3.7 No Assurance Opinion Reviews

3.7.1 N/A

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

5. COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 *N/A*

6. LEGAL IMPLICATIONS

- 6.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.
- 6.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.
- 6.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

7. FINANCIAL IMPLICATIONS

- 7.1 *N/A*

8. BACKGROUND PAPERS

- 8.1 *N/A*

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Appendix 1

Internal Audit & Investigations

Quarterly Update Report

APPENDIX 1

1.0 OVERVIEW

1.1 Purpose & Scope of Report

1.1.1 This report provides the Audit & Governance Committee with an update on those audits completed and finalised in quarter 4 of the 2020/2021 financial year.

1.2 Assurance Framework

1.2.1 Each Internal Audit report provides a clear audit assurance opinion. The opinion provides an objective assessment of the current and expected level of control over the subject audited. It is a statement of the audit view based on the work undertaken in relation to the terms of reference agreed at the start of the audit; it is not a statement of fact. The audit assurance opinion framework is as follows:

Opinion	Explanation
No Assurance	“Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.”
Limited	“Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.”
Reasonable	“There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.”
Substantial	“A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.”

1.2.2 The assurance opinion is based upon the initial risk factor allocated to the subject under review and the number and type of recommendations we make. It is management’s responsibility to ensure that effective controls operate within their service areas. Follow up work is undertaken on audits providing **limited** or ‘no’ assurance to ensure that agreed recommendations have been implemented in a timely manner.

2.0 HIGH LEVEL SUMMARY OF AUDIT FINDINGS

		Recs			Assurance
2.1	Payroll	0	2	1	Substantial

- 2.1.1 In general, we concluded that the payroll system is well run and is functioning effectively, despite the strain that has been placed on Payroll staff to process furlough payments. The audit looked briefly at furlough payments and was satisfied that there were adequate systems in place, but it was felt that due to the complexity of the individual nature of the payments that were being made, a more detailed separate audit would be needed. This audit did not cover additional payments such as honoraria, overtime, acting up payments as these were covered in a separate audit which is detailed further on in this report.
- 2.1.2 Although the control regime is sound, we did recommend that there is a need for formally documented processes and procedures for payroll production, so that there are step-by-step instructions for how outcomes are to be achieved. The audit saw working guides and timetables, but these need to be turned into procedures clearly defining who is expected to complete the task and how they are expected to do it.
- 2.1.3 A significant change since the previous audit is that many changes, such as increment adjustments are now originated within iTrent by manager self-service, as opposed to using paper notifications. The audit examined these changes and did not find any issues in the sample reviewed, with the appropriate authorisations built into the workflow processes.
- 2.1.4 The process concerning starters and leavers has also changed significantly since the previous audit, as new employees are now set up against a designated establishment post and employing managers, in partnership with Human Resources, manage the recruitment process through iTrent. Although no significant issues were identified, the processes around leavers and change of circumstance carries a residual risk that overpayments could be created thorough lack of action arising from late notification or authorisation by managers. However, this risk would apply to any leaver process.
- 2.1.5 There is also an inherent risk around the processing of expense claims in that the process could be used to pay for goods or services that should be procured through the Accounts Payable system, leading to avoidance of procurement controls and the potential loss of oversight on goods and services being paid for. Although each authorising officer is ultimately accountable for authorising the transaction, payroll staff could benefit from documented guidance on what is and isn't acceptable as an expense claim in these respects.

		Recs			Assurance
2.2	Penalty Charge Notices (PCNs)	1	3	0	Limited

2.2.1 Although there are robust recording controls in place for monitoring the status of the recovery stages and unpaid Penalty Charge Notices (PCN) debt, these have been managed outside of the Council’s Corporate Debt Policy because they have been classed as a penalty instead of a debt. Although PCNs are pursued for enforcement to the end of their life as per statutory process, if the charge cannot be collected following enforcement agent action it is removed from the system, so bypassing any write-off procedure.

2.2.2 The Council upgraded its PCN Notice processing system in 2018 under contract as the previous system (from Parking Gateway to 3sixty) was being phased out. The new system has the potential to improve the recording and monitoring of the statutory process for the issuing and recovery of PCNs, however these new processes have yet to be fully utilised. However, once implemented the new functionality will aid in the reduction of debt and the potential write off bad debt. The use of system exception reports will provide assurance on the integrity of those PCNs which have either been cancelled or written off as part of the statutory process.

2.2.3 It is not possible to provide assurance that financial totals on Oracle Fusion and the traffic management system (3sixty) balance as no complete system reconciliations had been carried out.

2.2.4 Reconciliation procedures need to be established to ensure the traffic management system and Oracle Fusion are balanced to ensure accurate budget reporting. Oracle Fusion only records PCN receipts and it is important to confirm the accounting and reporting requirements for debt and those balances to be written off.

2.2.5 Please refer to part 2 report on the agenda for further information.

		Recs			Assurance
2.3	Additional Payments (Follow up Review)	0	5	2	Reasonable

2.3.1 Additional payments cover a range of areas including acting up allowances, honoraria for undertaking a discrete project or piece of work over and above normal duties, overtime and market supplements.

2.3.2 Limited assurance was given following an audit of additional payments in 2018/2019. Principally, the ‘limited assurance’ was not derived from a lack of HR rules and procedures, but from a lack of adherence to them.

2.3.3 Our follow up was rescheduled to allow iTrent functionality to become embedded, and our recent review found that good progress has been made in implementing audit recommendations.

- 2.3.4 Whilst most additional payments (honorary, acting up and market supplements) contained an end date and had been found to be regularly reviewed, there still remained some market supplements, specifically within the Directorate of Economic Growth and Neighbourhood, that did not contain an end date, furthermore the values were noted as not always being consistent across the same job role.
- 2.3.5 We did experience difficulties in obtaining information from iTrent and the reports we were supplied, contained duplicate entries, doubling of payment values and omission of backpay, thus indicating that such reports are not frequently run.
- 2.3.6 We also recommended that the number of pay elements used should be reviewed and if possible rationalised to make accounting and reporting easier and less complex, as at the time of our audit there were in excess of 200 different additional pay elements.
- 2.3.7 The Council spent £1.82m in additional payments for the full financial year 2019-2020 including £741k paid in overtime payments. This is compared to £2.52m in 2017-18 (£1.19m of which being overtime payments).
- 2.3.8 A comparison for the period April to October for 2019-20 and 2020-21, shown in the table below, shows a further reduction of £219k or 19%, between the two periods. However, it is not clear how Covid-19 has impacted on additional payments in year, and if so to what extent.

Element	April - Oct 2019	April - Oct 2020	£ Change	% Change
Total additional payments	£1,086,918	£875,301	-£211,617	-19%
Temporary payments	£779,266	£579,335	-£199,931	-26%
Permanent payments	£307,651	£295,966	-£11,685	-4%
Contracted overtime	£30,269	£36,874	£6,605	22%
Non-contracted overtime	£433,553	£247,355	-£186,198	-43%
Non-contracted overtime hours	22,778	16,688	-£6,090	-27%

		Recs			Assurance
2.4	Housing Revenue Account (HRA) - Governance	2	5	0	Limited

- 2.4.1 The HRA is a ring-fenced account within the Council's General Fund (GF), which reflects the statutory requirement to account separately for local authority housing provision. Items can only be included within the HRA if there is a statutory provision; similarly transfers between the HRA and GF can only occur in very specific cases.
- 2.4.2 The purpose of the audit was to review the governance arrangements in place for monitoring the Council's HRA viability and not to review the technical accounting aspects of HRA recharges.
- 2.4.3 The audit flagged areas for improvement that need appropriate consideration and attention, decisions and implementation to be undertaken, to ensure that the Council is adequately responding to and addressing the various risks in this area.
- 2.4.4 The key area is the lack of a permanent HRA expertise to ensure that service teams are fully supported in their roles in relation to the HRA and ideally, this should not involve sole dependency on an external individual. However, it is accepted that recruitment has been difficult, and Finance have taken to developing inhouse expertise in this area.
- 2.4.5 It is also vital that there is a common understanding of policies, procedures and processes for the HRA 30-year model to support budget setting and monitoring within finance and service teams so that there is consistency both in-year and from year to year.
- 2.4.6 The 30-year business model produced for 2020/21 onwards was not appropriate to meet needs and resulted in a new model being commissioned for 2021/22 onwards. This does not represent value for money. However, now that there is a new 30-year HRA business model in place which is more "user-friendly", it needs to be viewed as a live document that is updated as and when changes arise, highlighting their (likely) impact.
- 2.4.7 There needs to be clear alignment between details in service areas plans, the HRA 30-year model, the agreed HRA Medium-Term Financial Plan, annual budget and ongoing budget monitoring. Finance and Service Teams need to take a more integrated approach to budget setting and monitoring to ensure there is consistency of understanding.
- 2.4.8 The full report is attached at Appendix 2.

		Recs			Assurance
2.5	Accounts Receivable	3	8	0	Limited

- 2.5.1 Sundry Debts are often referred to as miscellaneous invoices and may be issued for several reasons, and in respect of a wide and varying range of services. This review focused on sundry and adult social care debt and did not incorporate other areas of debt, including CTAX, NNDR, Housing Rents, Transport PCN's etc.
- 2.5.2 The Accounts Receivable Team in Resources is responsible for the higher-level management and control of the Accounts Receivable (Sundry Debtors) system, with service areas responsible for requisitioning the invoice and supporting the Accounts Receivable Team in the debt recovery process.
- 2.5.3 The total value of sundry debt, including Adult Social Care was just over £20m, as at the end of December 2020. It should be noted that £7.3m was recent debt, under 30 days old and the total debt can be reduced to £9.7m outstanding, if large sums due (£10.4m) from other local authorities, NHS trusts and RBC owned companies are disregarded.
- 2.5.4 Over the past few years we have expressed concerns with the level of sundry debt (including Adult Care debt) and the associated controls followed to raise, monitor and collect debt. In part, some of the concerns have evolved from the lack of system functionality of the debtors module on Academy¹ and the absence of consistency, priority or direction of debt collection.
- 2.5.5 Whilst there has been some progress in implementing audit recommendations, and work is being progressed through the Finance Transformation workstream, much of this was still work in progress at the time of our audit.
- 2.5.6 A revised Debt Recover Policy was agreed at Policy Committee in December 2020, providing much needed direction, however, this has yet to be embedded throughout the Council. Process weaknesses remain, such as incomplete information being supplied to the Accounts Receivable Team from services to inform the debt recovery process and large quantities of invoices still being raised for small values. There is confusion around responsibilities in the recovery process, particularly within adult social care where many service departments are involved, and many systems are used to record actions.
- 2.5.7 One common theme that emerges every year is the level of detail on invoices is sometimes inadequate, which in turn generates queries by the debtor, which then results in the Accounts Receivable staff having to act as intermediaries. These are important issues that if addressed, could improve collection performance.

¹ revenues and benefits system

- 2.5.8 Whilst regular debt reporting is happening at an operational level, there is still a lack of strategic oversight of the Council's debt position. However, the resurrection of the Corporate Debt Group to lead on this is a positive step.
- 2.5.9 The centralisation of invoices, whereby sundry debt is transferred to the Councils Financial system (Oracle Fusion) could improve the efficiency and effectiveness of income collection and recovery.

The full report is attached at Appendix 3.

		Recs			Assurance
2.6	Accounts Payable	0	3	3	Reasonable

- 2.6.1 We are pleased to report that significant progress has been made on implementing outstanding audit recommendations, which have been highlighted in previous audit reports. Although there are still some matters that require attention, these are, in most cases, relatively minor actions to achieve rather than a lack of action.
- 2.6.2 There is now very nearly a complete set of procedures for the AP function, with just a small number of minor outstanding issues remaining to be resolved.
- 2.6.3 We acknowledge the significant work and resource committed to addressing issues with the supplier database and as a result there are processes and a staff resource within procurement to set up suppliers and deal with change of circumstances. Thus, promoting a greater separation of duties between supplier set up and payment. There is a need to address the risks arising from the creation of certain supplier types that could be considered to be outside the normal business process, which putting pressure on the supplier creation process.
- 2.6.4 For the period April to December 2020, the vast majority of payments took place within 30 days, however there are still a small number of invoices that are being processed a significant time after their due payment dates. These however are for utilities, social care or to other local authorities.
- 2.6.5 Another area of positive progress is the reduction in the number of payments on hold, which had declined significantly since the last audit took place. In addition, considerable effort has also been made to reduce the number of suppliers and introduce procedures to restrict the number of existing suppliers. Regular reviews of suppliers and those who have been inactive are closed are carried out.

Audit reviews scheduled for 2020/2021

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Contract Management	X				Jan-20	Feb-20	Jun-21	0	4	0	Limited
Car Parks (off street)	X				May-20	Dec-20	Feb-21	0	3	0	Reasonable
Investment Properties	X				Jun-20	Cancelled					
Intercompany accounting	X				Mar-20	Jun-20	Jul-20	2	3	1	Limited
LTF - Blue Badge Scheme - (Grant Certification)	X				Mar-20	May-20	May-20	0	0	0	Substantial
Rent Guarantee Scheme	X				May-20	Jun-20	Aug-20	0	5	1	Reasonable
Staff Vehicle Documentation (Grey Fleet)	X				May-20	Aug-20	Oct-20	4	6	1	Limited
New Directions (ESFA funded adult education budget)	X				May-20	Aug-20	Aug-20	0	5	1	Reasonable
Records Management & Document Retention Policy	X				Jul-20	Dec-20	Jan-21	2	3	3	Limited
Transparency Code Compliance	X				Jun-20	Aug-20	Oct-20	0	4	1	Limited
Additional Payments		X			Sep-20	Jan-21	Jan-21	0	5	2	Reasonable
ADEPT's Live Lab trials Capital Funding		X			Sep-20	Sep-20	Sep-20	0	0	0	Substantial
Local Transport Plan Capital Settlement (Grant Certification)		X			Sep-20	Sep-20	Sep-20	0	0	0	Substantial
Bus Subsidy Grant		X			Aug-20	Sep-20	Sep-20	0	0	0	Substantial
Licensing		X			Jun-20	Sep-20	Dec-20	0	3	9	Reasonable
Stores Contract		X			May-20	Jul-20	Aug-20	0	4	1	Reasonable
Feeder system interface and reconciliation*		X			Jan-21						
Budgetary Control		X			Jan-21	Carried over to Q1 2021/2022					
MOSAIC payment controls (Finance Module)		X			Nov-20	Mar-21		4	5	3	Limited
PCN**			X		Nov-20	Dec-20	Feb-21	1	3	2	Limited
CIL 15% local projects**			X		Oct-20	Nov-20	Dec-20	1	4	2	Limited

Audit Title	Timing				Start Date	Draft Report	Final Report	Res			Assurance
	Q1	Q2	Q3	Q4				P1	P2	P3	
Housing Revenue Account (Governance review)			X		Jan 21	Mar 21	Apr-21	2	5	0	Limited
Accounts Payable*			X		Feb-21	Mar-21	Apr-21	0	3	3	Reasonable
Purchasing cards			X		Aug-20	Oct-20	Dec-20	0	12	3	Limited
Collection Fund			X		Mar-21						
Payroll (inc HR/Itrent processes)			X		Nov-20	Feb-20		0	2	1	Substantial
Adults Short Stay Placements & Respite Care			X		Cancelled due to work pressures of service						
Out of area contracts (placements)			X		Cancelled due to work pressures of service						
Commercialisation				X	Mar-21						
Contract Management (Adults)				X	Carried over to 2021/2022						
Sundry Debtors				X	Feb-21	Mar-21		3	8	0	Limited
General Ledger				X	Feb-21	Mar-21		0	3	3	Reasonable
Governance Review				X	Carried over to Q1 2021/2022						

* Delayed or possibly delayed due to Finance Transformation project

** Added to plan following specific request

4.0 INVESTIGATIONS (APRIL 2020 - MARCH 2021)

The Covid-19 pandemic, sick leave and vacancies have impacted on the Corporate Investigations team considerably over the past 12 months, with only two officers in post for a considerable time throughout the year.

4.1 Small Business Grant Fund - Spotlight Checks

4.1.1 In a response to the COVID-19 pandemic, under the Small Business Grant Fund (SBGF), all businesses in England in receipt of either Small Business Rates Relief (SBRR) or Rural Rates Relief (RRR) in the business rates system were eligible for a payment of £10,000 in line with the eligibility criteria. Where the Council has reason to believe that the information that they hold about the ratepayer is inaccurate, they may withhold or recover the grant and take reasonable steps to identify the correct ratepayer.

4.1.2 The investigations team used government fraud prevention tools, which interface with other departments and agencies so that data can be validated to substantiate claims or facts. Since November the investigations team have verified 805 applications, based on risk.

4.1.3 In one case all the monies, **£10,000** were returned once we had contacted the applicant and asked them to attend a formal interview. Two further cases are currently being considered by Legal for potential fraud offences.

4.2 Grant Funding Schemes Assurance work

4.2.1 The Department for Business, Energy and Industrial Strategy has produced a fraud risk assessment, setting out the inherent risks for each of the business grants currently being delivered, the Small Business Grant Fund (SBGF), the Retail, Hospitality and Leisure Grant Fund (RHLGF) and the Local Authority Discretionary Grants Fund (LADGF).

4.2.2 The investigations team will be conducting sample checks to provide post-payment assurance on risk of error and/or fraud and over payment. This work may be supported by the Internal Audit team, depending on resource availability.

4.3 Council Tax Support Investigations

4.3.1 The investigations team have recovered a record total of £23,082 from Council Tax investigations completed, where a discount was removed from the current account.

4.4 Single Person Discount (SPD)

4.4.1 Following a second data matching exercise, matching over 22,000 address records against tracing and occupier databases, investigations officers commenced work in January 2021 with the Council Tax team to review the matches. To date approximately **£46,000** has been identified for CTAX recovery.

4.5 Housing Tenancy Investigations

4.5.1 Since 1st April 2020 officers have commenced investigation into several referrals of tenancy fraud. There are eleven cases still ongoing. Nine properties have been returned to stock to date. Six of these cases were tenancy related investigations and three are under the Right to Buy (RTB) scheme. In addition to the notional savings, the RTB case secured a 12-month rental income, equivalent to **£17,911.88**, plus a RTB discount saving of **£252,600** per property.

4.5.2 The notional saving achieved is **£837,000.00**, adopting the notional savings multiplier used by the Cabinet Office in its National Fraud Initiative report.

4.6 Social Care Fraud & Investigations

5.6.1 The team have been working with Brighter Future for Children on two complex investigations. Both are now with BFfC and await legal updates.

5.6.2 Also there are two ongoing direct payment investigations (Adults) which commenced in August linked to potential money laundering offences and this case is still ongoing.

4.7 Disabled Persons Parking Badges (Blue Badges)

4.7.1 Since April 2020 work on civil enforcement was suspended. We currently have a total of 10 cases with Legal awaiting charging decisions. Several outstanding cases have been resolved since October 2020: Four persons received official Cautions. Two people received warning letters and two cases were successfully prosecuted.

Classification: UNCLASSIFIED

Internal Audit Report

Housing Revenue Account (HRA)

To: Stuart Donnelly - Financial Planning and Strategy
Manager
Darren Carter - Director of Finance
Jackie Yates - Deputy Chief Executive
Zelda Wolfle - Assistant Director of Housing and
Communities
Frances Martin - Executive Director for Economic
Growth and Neighbourhood Services



From: Kirsty Hancock, Senior Auditor

**Limited
Assurance**

Date: 6 April 2021

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Local Authorities are required to keep a Housing Revenue Account (HRA) by law if they own two hundred or more social dwellings. Any Council dwellings built outside the HRA must have a direction to permit them to be held outside the HRA.
- 1.2 The HRA is a ring-fenced account within the Council's General Fund (GF), which reflects the statutory requirement to account separately for local authority housing provision. Items can only be included within the HRA if there is a statutory provision; similarly transfers between the HRA and GF can only occur in very specific cases.
- 1.3 HRA budgets must be set annually in the January or February before the start of the financial year. A deficit cannot be budgeted for and it is incumbent on the Council to take all reasonable steps to avoid a budget deficit.

2. OBJECTIVES & SCOPE OF THE AUDIT

2.1 The purpose of the audit was to review that there were appropriate controls in place in various areas of the HRA.

2.2 The review encompassed reviewing the arrangements in place for monitoring the Council's HRA viability including:

- There were clear policies, procedures and processes in place for monitoring financial viability, which were regularly reviewed and updated as necessary;
- There were appropriately skilled staff and adequate resilience in place;
- Assets and core services were known and ring-fenced;
- There was regular review and update as appropriate;
- Budget received appropriate review and approval;
- There was regular reporting

This audit did not include consideration of recharges to the HRA.

2.3 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

3. CONCLUSIONS

3.1 The audit has flagged areas for improvement that need appropriate consideration and attention, decisions and implementation to be undertaken, to ensure that the Council is adequately responding to and addressing the various risks in this area.

3.2 The key area is the lack of a permanent HRA expertise to ensure that service teams are fully supported in their roles in relation to the HRA and ideally, this should not involve sole dependency on an external individual. However, it is accepted that recruitment has been difficult, and Finance have taken to developing inhouse expertise in this area.

3.3 It is also vital that there is a common understanding of policies, procedures and processes for the HRA 30-year model to support budget setting and monitoring within finance and service teams so that there is consistency both in-year and from year to year.

- 3.4 The 30-year business model produced for 2020/21 onwards was not appropriate to meet needs and resulted in a new model being commissioned for 2021/22 onwards. This does not represent value for money. However, now that there is a new 30-year HRA business model in place which is more “user-friendly”, it needs to be viewed as a live document that is updated as and when changes arise, highlighting their (likely) impact.
- 3.5 There needs to be clear alignment between details in service areas plans, the HRA 30-year model, the agreed HRA Medium-Term Financial Plan, annual budget and ongoing budget monitoring. Finance and Service Teams need to take a more integrated approach to budget setting and monitoring to ensure there is consistency of understanding.
- 3.6 A total of 6 recommendations have been made in respect of this review, of which 2 are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

APPENDIX 1

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
HRA POLICIES, PROCEDURES AND PROCESSES					
<i>RISK: Inconsistent processes followed, with budgets not subject to appropriate scrutiny and review, leading to poor value for money</i>					
1	<p>The process for HRA 30-year model, annual budget setting, budget monitoring and reporting should be confirmed and followed to ensure there is consistent practice. This needs to include input and appropriate ownership from the service.</p> <p>Relevant documentation should be retained to allow reconciliation to be conducted between the 30-year financial model and the relevant MTFP and annual budget.</p>	Priority 1	<p>We will ensure that the HRA processes and procedures are fully aligned to those of the General Fund.</p>	Director of Finance	30/06/2021
STAFF AND RESILIENCE					
<i>RISK: Lack of specialist HRA knowledge and expertise meaning legislative and other requirements are not met and possible increased risk of financial loss and associated reputational damage</i>					
2	<p>It needs to be ensured that there is appropriate finance resource, ideally with specialist knowledge of HRA (or developing this knowledge from within the organisation), in place. Where possible, this should also avoid over-reliance on a sole individual as this creates a single point of failure.</p>	Priority 1	<p>The need to improve specialist knowledge of the HRA within the Finance team will be addressed as part of the Finance Transformation Programme.</p> <p>The AD for Housing is currently recruiting a permanent business manager, who will have a particular responsibility for business planning. The HRA finance business partner will work closely with them on the 30-year financial plan. Although the business manager will not necessarily be an accountant, this will provide for some continuity in the development of the 30-year plan</p>	<p>Director of Finance</p> <p>AD for Housing</p>	<p>31/12/2021</p> <p>Subject to restructure sign-off and consultation, likely to be recruited Summer 2021</p>

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
ASSETS AND CORE SERVICES					
<i>RISK: Statement of Accounts does not show a true and fair view of HRA and General Fund</i>					
3	Finance should ensure that the transfer of 4 sites from the GF to the HRA is recognised in Oracle Fusion.	Priority 2	These transfers will be actioned in the finance system as part of 2020/21 closing processes.	Financial Planning & Strategy Manager	21/05/2021
REVIEW AND UPDATE OF THE MODEL					
<i>RISK: Model does not reflect changing circumstances, leading to continued over- or under-spending</i>					
Page 29	The 30-year business plan needs to be viewed as a working model that requires updating as and when the situation changes. There needs to be a clear link from changes that are agreed to ensure the model is up to date and reflects the current position.	Priority 2	Agreed.	Financial Planning & Strategy Manager	30/09/2021
	Where possible, information included within the model need to be agreed with the service. Figures provided in the model need to have supporting evidence/workings so it is clear how the final figure has been arrived at.				
5	Consideration should be given to conducting reviews of various areas (such as service charges and cleaning services) with a view to obtaining improved value for money.	Priority 2	Reviews will be considered during the course of 21/22, subject to workload.	AD for Housing	31/03/2022

MANAGEMENT ACTION PLAN					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
MONITORING AND REPORTING					
<i>RISK: Significant variation of spend to budget are not identified and addressed, leading to continued over- or under-spending</i>					
6	<p>There needs to be a common understanding regarding agreed budget, coding of expenditure and overhead allocation between finance and service teams.</p> <p>Reports need to be comprehensive, user friendly, automated where possible, and have clear line of sight between the agreed budget and that shown on budget monitoring reports. Regular reconciliations need to be conducted between reports and service plans to ensure that they are aligned.</p>	Priority 2	<p>Tighter monitoring of business partner meetings with budget managers began for period 10 of 2020/21. The presentation of Budget Monitoring reports and Budget Setting reports will be aligned to ensure consistency. The council's virement policy will be followed exactly for the HRA.</p>	Strategic Business Partner	For the first monthly reports in 2021/22 (i.e. in June 2021)

APPENDIX

4. FINDINGS

4.1 POLICIES, PROCEDURES AND PROCESSES

- 4.1.1 There should be clear policies, procedures and processes in place for monitoring HRA financial viability, including relating to the 30-year plan, annual budget setting and budget monitoring to ensure consistent understanding and application across service areas.
- 4.1.2 Overall details of budget setting, monitoring and reporting were provided in the Financial Regulations, which form part of the Council's Constitution, and were last updated in 2015.
- 4.1.3 Discussion identified that the processes for budget setting, monitoring and reporting for the HRA should mirror those for the General Fund. However, it was noted that there appeared to be a lack of consistent understanding in relation to this, including whether the HRA should undergo CMT and Members' Challenge prior to presentation to Policy Committee and Council for review and approval (Rec 1).
- 4.1.4 Whilst the draft 2020/21 - 2022/23 HRA Medium Term Financial Plan (MTFP) and 2020/21 annual budget were received at a Members' Challenge session in October 2019, this had not occurred in the current year for the draft 2021/22 - 2023/24 HRA MTFP and 2021/22 draft HRA annual budget (Rec 1). It was also noted that relevant documentation was not always saved in a central location (i.e. they were located on personal drives so were unable to be accessed by all who may require them).
- 4.1.5 A model had been developed by an external company to produce the 30-year HRA financial plan from 2020/21. It was planned that service areas would be able to change various sensitivities as circumstances changed and see the resultant impact. However, the model produced was too complex to allow for this and was not utilised other than to help to produce the 30-year plan and associated 2020/21 - 2022/23 MTFP and 2020/21 annual budget.
- 4.1.6 As a result, a consultant was engaged to produce a new model for the 30-year plan and associated 2021/22 - 2023/24 MTFP and 2021/22 budget which was more user-friendly and allowed service areas to review sensitivities and use the model as a more interactive tool. This represents poor value for money as the original model was unable to be used as intended and has resulted in a new one being designed and used.
- 4.1.7 In addition, this audit review of the process that was followed for 2020/21 and 2021/22 budget setting identified that the 30-year financial model (used to produce the 2020/21 - 2022/23 Medium Term Financial Plan (MTFP) and

2020/21 annual budget) could not be reconciled to the final 2020/21 budget (Rec 1). Discussion with the consultant identified that the model was not saved at various points in time when the budgets were produced, making reconciliation between the two difficult.

- 4.1.8 It was also observed that it was difficult to reconcile budgets provided in budget monitoring reports to Policy Committee back to those agreed by Council prior to the start of the year (Rec 1).
 - 4.1.9 Discussion with service teams identified that key information from their areas, such as in relation to the works programme, had not fed into the MTFP or annual budget for 2020/21 as reviewed and agreed by Policy Committee and Council (Rec 1). This had led to a discrepancy between the budget that the services were working to and that one agreed by Council of circa £5.5m.
 - 4.1.10 Similarly, the model used to produce the draft 2021/22 budget could not be reconciled by Internal Audit to the draft annual budget. As per para 4.1.7 above discussion identified that the model was not saved at various points in time when the budgets were produced, making reconciliation between the two difficult (Rec 1). This had now been rectified, although the latest version of the budget as per the model was not used to produce the version presented to Policy Committee for approval in February 2021.
 - 4.1.11 Further discussion with various officers also identified that despite projections being requested from services and provided for the 2021/22-23/24 MTFP and 2021/22 annual budget, these had not fed into the 30-year HRA model and hence the draft versions presented to Policy Committee in December 2020. This had led to a difference of circa £3m between what was detailed in the works programme and what was submitted to Policy Committee, which had only been identified in February, leading to the works programme budget for 2021/22 being reduced to bring it in line.
 - 4.1.12 It is clear that there is a lack of clarity of roles, responsibilities and coordination both within and between finance and the service teams to ensure consistent understanding and information in relation to various 30-year models, the MTFP and annual budget.
-

4.2 STAFF AND RESILIENCE

- 4.2.1 It was identified early in the audit process that staffing responsibilities around the accounting of HRA was a key issue. HRA is a specialist area, which ideally requires expert knowledge and expertise. There has been over-reliance on a sole individual for specialist knowledge in this area and a lack of HRA knowledge within the Council's permanent staff.
- 4.2.2 The position of HRA Accountant was originally filled on a temporary basis by an external consultant with HRA knowledge and expertise until the role could be filled on a permanent basis. A permanent appointment was subsequently made, and the consultant then left. However, the permanent postholder did not have prior knowledge of or a background in HRA and the consultant returned to provide support to them and develop the HRA business model for the 30-year plan. The consultant then recently left again, leaving the HRA without specialist HRA finance knowledge and support, including in relation to the 30-year HRA model (Rec 2). It is understood a process is now in train to address this knowledge gap.
- 4.2.3 In addition, the DEGNS Finance Strategic Business Partner left and was not replaced, with the DACHS Business Partner also covering DEGNS. This has recently been resolved on an interim basis, however, with an interim DEGNS Finance Strategic Business Partner now in post, and an experienced interim HRA accountant has been appointed to the role since audit testing with the postholder now on secondment to the Technical Accounting Team.
- 4.2.4 It is noted that the service has recognised the lack of expertise and resource in relation to the HRA and there are plans for a Business Manager to be appointed as part of a service redesign to oversee the HRA business plan.
-

4.3 ASSETS AND CORE SERVICES

- 4.3.1 HRA assets and services need to be identified and ring-fenced on the basis that they benefit the tenants rather than the population as a whole.
 - 4.3.2 HRA income and expenditure is separately identified on Oracle Fusion, the Council's finance system, within the cost centres commencing 59XX.
 - 4.3.3 There was a recent transfer of four sites from the General Fund to the HRA for consideration for the development of new Council housing. Initially only three sites were recognised in the 30-year HRA model although this has since been rectified. However, this transfer has yet to be reflected on Oracle Fusion (Rec 3).
 - 4.3.4 Discussion identified that whilst the transfer was linked to a proposal to develop new sheltered housing and accommodation and support services for older people and vulnerable adults, provision of this accommodation falls within the remit of the HRA and therefore can be recognised within it.
-

4.4 REVIEW AND UPDATE OF MODEL

- 4.4.1 As part of good business practice, processes should be reviewed and updated, as appropriate, on a regular basis to ensure they reflected current practice and that any changes were appropriately reflected.
- 4.4.2 As detailed earlier in section 4.1.5, the 30-year model on which the MFTP and annual budget was based, was intended as a dynamic tool which could be updated to reflect changing circumstances and assumptions updated so their impact could be seen. However, due to the complex nature of the model created for the 2020/21 annual budget and associated MTFP, it was only updated for budget setting purposes (Rec 4).
- 4.4.3 As detailed above, the 2021/22 annual budget and associated MTFP was based on a new model produced by an external consultant. Issues identified during testing, such as a lack of accounting for inflation on major works and only recognising the transfer of 3 sites from the General Fund rather than four (as detailed in 4.3.3), had been addressed. However, it was noted that, in some areas, services had not provided detailed information to be included (such as rents and service charges) so figures were based on those from the previous year and inflated, and there was a lack of detail in some areas as to how final figures in the model had been arrived at (Rec 4).

- 4.4.4 It was also identified during discussion that several areas within the HRA could benefit from review to see if better value could be obtained, for example, in relation to service charges, which had been frozen and did not reflect associated costs. Also, consideration could be given to reviewing services currently provided by the General Fund and recharged to the HRA as appropriate, such as cleaning, which could be provided for within the HRA and then recharged as appropriate to the General Fund (Rec 5).
- 4.4.5 There was some concern expressed about a lack of specific knowledge and support in relation to the new 30-year model, which could lead to issues in the future in relation to ensuring the model is kept up to date (Rec 2). It was however noted that the proposed new Business Manager role (see 4.2.4) will oversee the model and it is intended that the postholder will ensure that it is used as a dynamic tool, including being updated as and when necessary to reflect in-year changes.
-

4.5 REVIEW AND APPROVAL OF BUDGET

- 4.5.1 As detailed earlier (4.1.3), the HRA budget should undergo the same review, challenge and scrutiny as that for the General Fund.
- 4.5.2 With the exception of Members' Challenge (discussed earlier in 4.1.4), review of the 2020/21 and 2021/22 budget setting process identified that they had followed the process as detailed in Council's Constitution and budget setting timetable, with both MTFPs having been received as drafts at Policy Committee's December meeting and approved for consultation. The former had then been received following completion of the consultation process by Policy Committee at their February Committee and recommended to Council, who approved it later that month. Prior to being received at the December Policy Committee meeting, the 2020/21-23 MTFP had been subject to Member Scrutiny, including presentation of business cases for proposed new revenue and capital schemes. The revised 2021/22-24 MTFP had recently been considered, endorsed and recommended to Council for approval at Policy Committee and subsequently approved by Council.
- 4.5.3 Whilst it was noted that the HRA budget set could not forecast a deficit, and that that proposed for 2021/22 had expenditure exceeding income, a balanced budget had been set by drawing from the reserves.

- 4.5.4 It was also noted that there was the same level of detail in the 30-year plan for current and recent future years and those at the end of the plan. However, sensitivities were the same across future years and likely to be more accurate for the immediate than the far future.
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4.6 MONITORING AND REPORTING

- 4.6.1 As per the budget setting process, the HRA budget should follow the budget monitoring process adopted for the General Fund, with monthly reporting being received by CMT, and quarterly reports progressing to the relevant briefing committee and finally Policy Committee. Evidence that this cycle of briefings and meetings had been followed was observed for both 2019/20 and 2020/21 budgets to date.
- 4.6.2 Review of the quarterly monitoring reports presented to Policy Committee for 2019/20 and 2020/21 financial years identified that the HRA revenue budget as detailed in the budget monitoring reports did not agree in consistent presentation to that approved by Council in March (Rec 6). However, HRA capital budgets in the monitoring reports agreed to the revised budget agreed by Policy Committee in July with agreed rolled forward balances from the previous year.
- 4.6.3 There should also be regular monitoring and reporting of in-year performance against the HRA budget to identify and address significant variations. Budget monitoring should occur on a monthly basis, with meetings held between services and finance. However, discussion with various staff identified that these meetings between services and finance had not always occurred on a regular basis during the year (Rec 6).
- 4.6.4 In addition, budget monitoring reports were not always viewed as being easy to understand, with manual processes carried out to produce detailed budget monitoring reports in some areas.
- 4.6.6 A discussion occurred with various service managers regarding the possible impact of the significant underspend on the capital programme in the current year (amounting to circa £15m at the end of Quarter 2), mainly attributable to delays in major works, planned maintenance and responsive repairs as a result of Covid-19. Planned bathroom and kitchen refits had been delayed due to access issues, but it was anticipated that the programme would catch up within the next two years, prioritising the most urgent first. (see 4.1.11) (Rec 6).

- 4.6.7 There had also been delays to low carbon trials, although this was still at an early stage in relation to the deadline to achieve carbon neutrality. It was noted that deadlines for government grants related to this had been extended.
- 4.6.8 A Housing Annual Report is supposed to be produced for all tenants on an annual basis, although it was noted that this year's had been delayed due to Covid-19. It is planned to provide a more regular, interactive communication in the future which would be available to tenants as and when they required it.
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APPENDIX V

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Classification: UNCLASSIFIED

Internal Audit Report

Sundry Debtors

To: Darren Carter- Director of Finance
Andy Jehan - Exchequer Manager
Jackie Yates - Deputy Chief Executive
Annette Trigg - Chief Accountant

From: Claire Aspell, Senior Auditor

Date: 09 April 2020



**Limited
Assurance**

EXECUTIVE SUMMARY

1. BACKGROUND

- 1.1 Sundry debtors had received a 'limited assurance' or 'no assurance' opinion over the last four annual audit reviews. The project plan produced in 2019 to transfer the accounting arrangements for sundry debtors from Academy to Fusion had only been partially implemented as at the end of 2019 - 2020 financial year. The current 'go live' target date is 1st April 2021, but reliance is on other IT partners to make this possible.
- 1.2 Responsibility for the Sundry debt largely sits with the Accounts and Receivables (AR) Team where most invoices are raised centrally. Adult Social Care (ASC) invoices are mainly raised within three teams, these being FAB, Personal Budgets and Commissioning and Contracts with some being raised within the Deputies Service. Services support the AR Team by assisting in the debt recovery process and by fulfilling their responsibilities as outlined in the revised Corporate Debt Recovery Policy (dated Dec 2020) when raising the debt in the first place.
- 1.3 Adult social care charging and debt management is complex and has specific considerations not present in debt management for other business areas. As this audit was a review of the end to end process of service areas that raised debts through the corporate debtor's system, it includes adult social care debt.

2. OBJECTIVES & SCOPE OF THE AUDIT

2.1 The objectives of this review were:

- To establish and evidence the implementation status of those recommendations made and agreed in the previous recent audit reports and progress of the project plan.
- To establish if invoices had been raised with enough supporting documentation to be able to support debt recovery should the need arise.
- To ascertain whether Service Managers were/should be aware of the impact to their budget should non-payment result in a write off.
- To confirm payments had been auto matched to debtor accounts, and receipts without a valid reference had been posted to and cleared from a suspense account on a regular basis.
- To ensure unpaid invoices had been monitored and chased appropriately. Bad debts had been appropriately authorised and accounted for before being written off.
- To establish whether collection performance had been monitored and reported, and how collection activity had been focussed.

2.2 This audit (and report) was undertaken in accordance with the Public Sector Internal Audit Standards ([PSIAS](#)).

3. CONCLUSIONS

3.1 The Accounts Receivable Team in Corporate Resources is responsible for the higher-level management and control of the Accounts Receivable (Sundry Debtors) system, with service areas responsible for requisitioning the invoice and supporting the Accounts Receivable Team in the debt recovery process. Adult Social Care debts are raised through a MOSAIC workflow from three different service areas through to the Accounts Receivable Team.

3.2 Including Adult Social Care, there were 8,559 unpaid invoices with a total value of more than £20m, as at the end of December 2020. It should be noted that £7.3m is recent debt, under 30 days old. However, the total debt reduces to £9.7m outstanding if large sums due (£10.4m) from other local authorities, NHS trusts and RBC owned companies are disregarded.

3.3 Whilst we recognise there has been some progress in implementing previous audit recommendations, and work is being progressed through the Finance Transformation workstream, much of this is still work in progress.

- 3.4 There are still different procedures followed for the monitoring and chasing of debt, however a revised Debt Recover Policy was agreed at Policy Committee in December 2020, providing much needed direction. However, this has yet to be embedded and thus control weaknesses still remain. These include, but are not limited to, inadequate forms for raising invoices and full recording of the reasoning behind write offs, incomplete information being supplied to the Accounts Receivable Team by services to inform the debt recovery process and large quantities of invoices still being raised for small values.
- 3.5 There is also confusion around responsibilities in the recovery process, particularly within adult social care where many service departments are involved, and many systems are used to record actions. We also believe the reconciliation of Adult Social Care service user accounts between Academy and MOSAIC are delayed, which could impact on collection and also debt provision.
- 3.6 Whilst regular debt reporting is happening at an operational level, there is still a lack of strategic oversight of the Council's debt position. However, the resurrection of the Corporate Debt Group is a positive step.
- 3.7 One common theme that emerges every year is the level of detail on invoices is sometimes inadequate, which in turn generates queries by the debtor, which then results in the Accounts Receivable staff having to act as intermediaries. These are important issues that if addressed, could improve collection performance.
- 3.8 Staff in the central team are tasked to follow up unpaid invoices and recover payment from debtors, although at the time of our audit we found no consistency, priority or direction as to their work, and in particular the order that accounts are worked on. Payments in respect of debtor invoices previously raised are automatically matched each day against debtor accounts. Those receipts which do not have a valid reference, for whatever reason, are posted to a suspense account. These are generally being investigated regularly and quickly cleared in most instances.
- 3.9 The move to transfer the Debtors from Academy to Oracle Fusion is currently on target, despite the short timescale which has meant it has not been possible to sufficiently consider full functionality and potential interfaces with some existing systems. It is our opinion that the added controls within Fusion will improve many aspects of the debtors processes including monitoring and reporting, and authorisation limits, but these responsibilities will need to be allocated. However, some of the existing practices which are intended to continue post migration need to be reconsidered. Through discussion it has transpired that key staff outside of the Accounts Receivables team have not been part of this Academy to Fusion transfer process, and therefore there is a risk that some of the specific idiosyncrasies within the Adult Social Care charging process have not been considered or addressed.

- 3.10 A total of 11 recommendations have been made in respect of this review, of which 3 are considered high priority. The recommendations and corresponding management action plan are attached at Appendix 1.

APPENDIX 3

Management Action Plan

Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<p>INVOICES ARE RAISED WITH ENOUGH SUPPORTING DOCUMENTATION TO BE ABLE TO SUPPORT DEBT RECOVERY SHOULD THE NEED ARISE.</p>					
<p><i>RISK: Staff that are involved on the sundry debt process are not aware of their responsibilities, this includes all stages of the debtors process from requisition, through collection and write off. There is a risk that invoices are raised with insufficient documentation to support a robust collection process, resulting in writing off the debt and loss of income to the Council.</i></p>					
<p>2</p>	<p>The Debt Recovery Policy must be rolled out to all services and staff that charge for services and are involved in debt collection, so they are aware of their responsibilities and the impact of not collecting debt on their budget.</p>	<p>Priority 2</p>	<p>An awareness a training programme is being developed to support the embedding of the new debt policy and guidance on how to apply it. This will be a targeted awareness programme at officers that are directly involved in the collection and management of debt. Additionally, there will be a more general comms to service managers about the debt policy and applying it to their service.</p> <p>An ASC tailored version of the policy is being developed that is consistent with the corporate policy but reflects issues associated with contributions towards care</p>	<p>Revenues & Benefits Manager</p> <p>Locality Manager Adults</p>	<p>The plan of activity will be agreed in May 2021 and it will be rolled out over the year to target groups.</p> <p>30 June 2021</p>

Management Action Plan

Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
<p><i>RISK: There is no formal justification / acceptance of liability resulting in being unable to collect the debt. There is a delay in the collection process whilst verifying the accuracy of the level of debt owed. Incorrect debt levels are migrated. The Council's bad debt provision is not a true and accurate reflection. The cost of collection out-weighs the potential income / non-compliance with policy</i></p>					
<p>Page 3 45</p>	<p>The current forms used in the sundry debt process need to be reviewed and amended to reflect the Debt Recovery Policy, Fusion field requirements and to ensure a request is robustly supported.</p> <p>Serious consideration needs to be given to mandating the requirement to provide all supporting evidence at the requisition point, to be held in a central repository for debt recovery purposes, rather than a tick box confirming it is held within the service.</p> <p>This will mean a process to review supporting documentation and authorising its completeness prior to physically raising the debt.</p> <p>The o365 benefits realisation board / smarter working board should be consulted in electronic form creation and approval workflows.</p>	<p>Priority 2</p>	<p>Agreed.</p> <p>Current sundry debt forms will be reviewed and adjusted to be meet the Fusion requirements, Debt Recovery Policy, Fusion information and to request essential supporting information.</p> <p>A review of invoice supporting evidence will be carried out to consider how the departments currently store debt information and how existing arrangements can be improved. In some areas it will not be possible to hold information centrally due to data protection and GDPR requirements, there is also a need to avoid duplicating information/work.</p> <p>The realisation board/smarter working board will be consulted for the production of electronic form creation and approval workflows where possible. The achievement of this recommendation will depend on the realisation board/smarter working board priorities.</p>	<p>Exchequer Manager</p> <p>Exchequer Manager</p> <p>Exchequer Manager</p>	<p>28 May 2021</p> <p>28 May 2021</p> <p>28 May 2021</p>

Management Action Plan					
Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
4	<p>Adult social care service users, or their financial representative, should be requested to formally accept liability for the debt of their assessed charge(s) at commencement of a care package.</p> <p>Discussions should also be held with Legal Service to ascertain if the Council can mandate the requirement that all service users must identify a financial representative for when the need arises.</p>	Priority 1	<p>Agreed</p> <p>A set of revised processes and procedures are being developed to support social workers when care is required/needed to be put in place for the first time. These changes will ensure that individuals and families are clearly advised that they may need to contribute towards their care and that a financial assessment will be undertaken to determine how much if any that contribution might be. Steps are being taken to ensure that when a debt does arise that officers advise individuals and families that they have fallen into arrears.</p> <p>ACS will continue to work with legal colleagues to ensure that processes are care act compliant.</p>	Locality Manager Adults	30 June 2021
5	<p>Priority needs to be given to reconciling adult social care debtor accounts to Mosaic, which should ideally be done prior to open invoices being migrated to Fusion and the presentation of year end accounts.</p>	Priority 1	<p>Agreed</p> <p>It is estimated that there are 700 accounts that could be reconciled where 200 have been reconciled. Given the capacity of the PBST it will not be possible to reconcile all accounts prior to going live with Fusion. Consideration will have to be given to prioritising any reconciliations to minimise risks of transferring inaccurate data to Fusion.</p> <p>A review of all account where there is a debt will be undertaken.</p>	Principal Personal Budget Support Officer	<p>30 April 2021</p> <p>30 September 2021</p>

Management Action Plan

Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
6	<p>Fees and charges need to be considered in line with the Debt Recovery Policy, and where charges are below the £50 limit for raising an invoice, and the charge remains below that limit, service should not provide the service without having received payment up front.</p> <p>A report should be run periodically to identify areas of non-compliance to find a solution and to identify training needs.</p>	Priority 2	<p>Agreed.</p> <p>A transaction report of all invoices currently outstanding which have a value below £50 will be run to identify services areas that raise invoices below £50. These service areas will be told not to raise invoices and to collect future payments in advance of providing the service.</p>	Exchequer Manager	30 April 2021
<p><i>RISK: Budgets are not robustly managed/monitored. Written off debts could significantly impact on current year available budget. Budget holders are not aware of the level of debt in their service area or how to monitor the collection. Budget holders cannot be held accountable if they do not have the tools to monitor debt or have been made aware of their financial responsibilities</i></p>					
7	<p>In conjunction with recommendation 2, a Budget Holders Financial Manual needs to be drafted to outline all financial responsibilities with that employment role, including those relating to income, debt monitoring and debt collection.</p>	Priority 2	<p>Agreed.</p> <p>A Budget Holders Financial Manual is currently being drafted and will be issued to Budget Holders once finalised.</p>	Financial Planning and Strategy Manager	28/05/21

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ENSURE PAYMENTS ARE AUTO-MATCHED TO DEBTOR ACCOUNTS, AND RECEIPTS WITHOUT A VALID REFERENCE ARE POSTED TO AND CLEARED FROM A SUSPENSE ACCOUNT ON A REGULAR BASIS.

*RISK: Debtors are unaware of the Councils, credit terms and conditions
Debt collection processes must be invoked as debtors are unaware of the Council's terms and conditions, workload pressure on the Collection Team
The Collection Team is unable to prioritise its workload*

8	<p>The standard terms and conditions for payment of an invoice should be included on each invoice issued for goods or services provided by the Council.</p> <p>The invoice template needs to be amended to reflect this.</p>	Priority 2	<p>Agreed.</p> <p>The standard payments terms have been included on the new invoice format for invoices raised in Fusion. The migration of the Accounts Receivable system from Academy to Fusion will take place in May 2021.</p>	Financial Systems Manager	04 May 2021
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UNPAID INVOICES ARE MONITORED AND CHASED APPROPRIATELY. BAD DEBTS ARE APPROPRIATELY AUTHORISED AND ACCOUNTED FOR BEFORE BEING WRITTEN OFF

RISK: The bad debt provision is unrealistic. Reputational risk; aged debts do not become easier to collect with age. Inefficient recovery process due to incoherent and adhoc approach to and where actions and contact has been recorded

9	<p>To be able to provide a realistic Bad Debt provision and to get the number of debtors to a manageable quantity to perform an effective recovery service, a comprehensive/radical approach must be given towards those debts that are most likely not to be recovered, such as:</p> <ul style="list-style-type: none"> • Debts past the statute of limitations • Deceased debtors • Low value, uneconomic for recovery 	Priority 2	<p>Agreed.</p> <p>The debt for Adult Social Care has recently been reviewed and priorities have been assigned in terms of tackling three key areas:</p> <ol style="list-style-type: none"> 1) high value outstanding debts 2) deceased customers debt and 3) low value debts and other non-recoverable debts to be written off. <p>The same exercise will also be completed for general sundry debtors.</p>	Exchequer Manager	30 April 2021
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Management Action Plan

Ref	Recommendation	Rec	Management Response	Responsible Officer(s)	Target Date
10	<p>To assist in the debt recovery process, an agreement must be made with all services as to what information is held in which system, and in what format.</p> <p>It may be worth discussing needs and options with Legal Services.</p>	Priority 2	<p>Agreed.</p> <p>This recommendation will be covered as part of the work completed for recommendation 3 above.</p>	Exchequer Manager	28 May 2021
<p>COLLECTION PERFORMANCE IS MONITORED AND REPORTED. COLLECTION ACTIVITY IS FOCUSED, AND LESS PRIORITY IS GIVEN TO ACCOUNTS WITH AGEING BALANCES WHICH MAY NOT BE 'REAL' RECEIVABLES</p>					
<p><i>RISK: Fraudulent acts go undetected. The cost of collection is unknown and may impact on the minimum invoice values for specific actions. Collection is not proceeded due to lack of response - debt age increases, resulting in an increase that the debt is unlikely to be recovered</i></p>					
11	<p>A process for monitoring collection performance needs to be established to ascertain:</p> <ul style="list-style-type: none"> • Performance is as expected • Identify training needs • The quality of the collection process • To identify collection sticking points within specific accounts • That all accounts are being reviewed • Potential fraud / collusion • The cost of collection • If the focus is appropriate and in line with policy <p>Consideration is needed as to what system reports are required to provide the right information for an overview of collections.</p>	Priority 2	<p>Agreed.</p> <p>The current debt monitoring report information is in the process of being reviewed to put in place a more targeted approach to address the debt levels. This includes monthly reviews of all debts particularly for Adults Social Care debts. The reviews will target significant debt values and older debts first.</p> <p>Monthly debt collection KPIs will be put in place in place to monitor the effectiveness of the debt collection process and the associated costs.</p> <p>Fusion accounts receivable reports to be set up and in place for monthly sundry debt monitoring.</p>	<p>Exchequer Manager</p> <p>Exchequer Manager</p> <p>Financial Systems Manager / Financial Systems Accountant</p>	<p>30 April 2021</p> <p>28 May 2021</p> <p>28 May 2021</p>

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4. FINDINGS

4.1 TO ESTABLISH AND EVIDENCE THE IMPLEMENTATION STATUS OF THOSE RECOMMENDATIONS MADE AND AGREED TO IN THE PREVIOUS AUDIT REPORTS AND PROGRESS OF THE PROJECT PLAN

4.1.1 Regular updates are reported to Audit and Governance Committee and documented in the Audit Tracker. There are three recommendations being monitored that relate to the Council’s debt management end to end process.

4.1.2 Audit tracker Ref: 7 /17/18

Recommendation	Latest Update provided on audit tracker
<p>All staff who raise invoices should be reminded that:</p> <ul style="list-style-type: none"> • Invoices should be raised accurately and on a timely basis • Each invoice should bear the necessary information or detail to reduce the likelihood of subsequent customer queries. • As a principle, services should not continue to be provided until outstanding invoices have been paid. • There should be clear supporting records and information concerning the invoice that is easily accessible and understandable in the event of future query or need. 	<p>13 January 2021</p> <p>Cull of inactive suppliers all done. The role of supplier set up and maintenance has moved to procurement who have recruited to the position, they are also undertaking a project to create a preferred supplier list.</p>
<p>Audit Findings:</p>	<p>The management update provided on the 13 Jan 2021 does not relate to debt management, but in fact relates to accounts payables. We can only presume that this was an administrative error.</p> <p>From our enquiries we note that the new debt collection policy outlines these requirements, however the policy has not yet been proactively rolled out to services and to those responsible for creating invoices.</p>
<p>Opinion:</p>	<p>PART IMPLEMENTED</p>

4.1.3 Audit tracker Ref: 8 17/18

Recommendation	Latest Update
<p>It is further suggested that the role and work undertaken by Legal Services in the recovery of unpaid items is reviewed and re-evaluated to ensure it remains appropriate and fit for purpose.</p> <p>Once it is clear what is agreed it is recommended that this is defined in a Service Level Agreement (SLA) between Legal Services and Income & Assessment.</p>	<p>The management update provided on the 13 Jan 2021 recorded that an SLA is being developed to clarify the role of legal in the recovery of unpaid debt.</p> <p>Regular monthly meetings between legal services and income and assessment are underway to finalise the arrangements which will be completed by the end of March.</p>
<p>Audit Findings:</p>	<p>The Debt Collection Policy was approved at Policy Committee in December 2020, but progress in drafting the SLA has yet to commence. The SLA should outline Legal Service’s expectations of Services including required documentation, timescales and likely options and outcomes.</p> <p>Legal has restrictions in what it can do and there must be a legal cause to be able to proceed. These restrictions and causes need to be explained and documented in plain English to improve the working relationship between Legal, Collection Teams and Services. This may aid the Collection Teams to further focus on those debts where legal time constraints or mental capacity deterioration will prevent debt from being collected.</p> <p>Further explanation should be given to explain, what can be long, legal processes such as collecting from deceased accounts and the available options to protect the Councils ability to claim from a financial estate. Improved understanding may bring earlier engagement with Legal Services.</p>
<p>Opinion:</p>	<p>PART IMPLEMENTED</p>

4.1.4 Audit Tracker Ref: 39 18/19

Recommendation	Latest Update
<p>The procedures and processes for managing and monitoring sundry debt needs to be strengthened to actively reduce and prevent the debt. The following areas should be considered: -</p> <ul style="list-style-type: none"> • distribution of aged debtors report should be specific to the service. • all services should promote payment at the point of supply of service etc. • arrears should be analysed to identify services and reasons for arrears so that a targeted approach can be instigated. • services should be required to provide an account of the reasons for their arrears alongside the reasons for their budget variance status as part of the regular budget monitoring process/es. 	<p>The management update provided on the 13 Jan 2021 explained that new processes and procedures for managing the sundry debts are to be introduced when Accounts Receivable is moved from Academy to Oracle Fusion. This will generate specific reports to services which will enable the collection teams to be more efficient. New processes are in place with regards to ASC debt and its collection. This will be addressed as part of the end-to-end AR transformation project. Go live scheduled for April 2021</p>
<p>Audit Findings:</p>	<p>Monthly aged debt reports are created by the AP and AR Team Leader and distributed to various individuals in the finance and recovery teams and Services. The reporting function in Academy is basic, but once transferred to Oracle Fusion there will be more meaningful and a greater variety of management information available going forward. Consideration will need to be given as to which reports are run, for what purpose and how that will fit into the overall debt management process.</p> <p>The New Debt collection policy requires the promotion of payment at the point of supply.</p> <p>There is no Budget Holders Financial Management handbook to explain budget holder responsibilities. Additional functionality will be available to budget holders in Oracle Fusion and these new expectations and responsibilities will need to be documented.</p> <p>The aim is for all Sundry debt accounts, excluding Adult Social Care (ASC) debt, to be reviewed over a month period by two income and recovery officers. The December aged debt showed 797 different accounts.</p> <p>ASC had 1436 different accounts to be reviewed by two job share income and recovery officers. Performance is not monitored. Specific ASC debts which are approaching write off are discussed monthly.</p>
<p>Opinion:</p>	<p>PART IMPLEMENTED</p>

- 4.1.5 From the assessment above we can see that some progress has been made in implementing historic audit recommendations, but the changes are recent and have not been embedded. In addition, existing business processes will need to be reviewed to ensure they are fit for purpose when moving to Oracle Fusion.
- 4.1.6 Work has been done on cleansing the debtor data base which has been uploaded to the test system. At the time of the audit it was envisaged that the upload to the live system would be done imminently. This will result in an element of double tasking when setting up new debtor accounts. Data migration and Access is a significant risk and a critical success factor to ensure staff can access current and historical data for customers, auditors, HMRC, etc. The need to secure access to the past data is essential and therefore it is currently proposed to hold the data in Academy. Further information including access charges is required from Capita before this option can be confirmed as a suitable way forward.
- 4.1.7 Audit has suggested that a final reconciliation occurs before migrating open invoices to Fusion.
- 4.1.8 Staff resources to complete the migration to Fusion in addition to other AR business as usual work and the debt improvements required is also an issue and priorities will need to be agreed.
- 4.1.9 There is also additional Oracle Fusion functionality which has not yet been possible to implement, given the time scale for this project, such as invoice requisitions and an interface with Information at Work (i@w).
- 4.1.10 Fusion should bring about some improved functions within the debtors' process such as:
- Approvals and authorisations
 - Automated workflows
 - Validation and restriction controls aligned with defined access and authorisation rights/ limits
 - A defined automated dunning process that could automatically chase for non-responses and aligned with policy
 - Easy production of statements of accounts
 - Budget holder access to monitor debt
- 4.1.11 The AR team have received some training in using Fusion, but during discussions with other key staff during this audit review, we were advised that staff within ASC have no knowledge of the go live date or how to use Fusion for the debtors process.

See recommendation 1

4.2 INVOICES ARE RAISED WITH ENOUGH SUPPORTING DOCUMENTATION TO BE ABLE TO SUPPORT DEBT RECOVERY SHOULD THE NEED ARISE.

4.2.1 A Debt Recovery Policy was approved at Policy Committee in December 2020, the appendices of which outline the principles of raising and collecting a sundry debt. It has not been established if this policy has been made available to all those involved in providing a chargeable service or those with responsibility to manage debt.

See recommendation 2

4.2.2 Sundry debts are raised centrally in the Accounts Receivables Team (AR) using an electronic invoice request form available via the Dash, accessed from the intranet. Adult social care debts are mainly raised via a mosaic workflow from three ASC service areas, Non-residential and Day Care Services, Personal Budgets and the Finance and Assessment Benefit Team with some being raised by the Deputies.

4.2.3 A review of the electronic invoice request form used for non-ASC invoice requests has identified numerous weaknesses:

4.2.4 Your Details Tab

- The requestors details are automatically populated, but these can be overwritten
- The requestors email does not have to reflect the name field
- There are no validation checks on this tab

4.2.5 Customer Detail Tab

- Whilst the form differentiates between business debtors and individuals and validates the customer ID, it does not validate that the customer ID relates to a business or individual. It merely validates the existence of the customer ID reference.

4.2.6 The Customer Contact Detail Tab

- The telephone number field is a mandatory field, but will accept just one digit
- Any email address is accepted even the same email as the requestors, there are no validation, sensibility checks or format checks
- The additional information field is not mandatory.

4.2.7 The Invoice Details Tab

- Any requestor can quote any Service Department, there are no restrictions linked to the requestor
- Likewise, there are no restrictions for raising specific invoice types, for example Licensing could be quoted in the service department field, with an invoice type of adult social care.
- The income code field does not require a valid code, any 16-digit combination would be accepted, income code, expenditure code, non-existent code.
- PO field for Business invoices is not mandatory

See recommendation 3

- 4.2.8 There appears to be no budget holder authorisation process for raising an invoice.
- 4.2.9 Currently the invoice request is received via a workflow into I@W shared access work-tray and are manually input into academy at which point any errors on the invoice request may be identified, chased and amended. Audit was advised, if all the fields are completed no additional checks are done, including assessing the level of existing debt. We must remember at the time of raising the invoice it is possible that the service has already been provided. It is envisaged that this process will remain following migration to Fusion.
- 4.2.10 There is no control to ensure there is evidence to support the charge and to aid any following collection process at the point of invoice creation. Testing of the collection process found reasons for non-payment included a lack of referencing such as an official purchase order, a contact name, appropriate project or department, all resulting in the need to instigate debt collection processes and a delay in the Council receiving income owed. All of which could have been avoided had complete information been provided.
- 4.2.11 A request for ASC charging usually comes via a mosaic workflow following a financial assessment. The following checks are done prior to raising an invoice:
- FAB letter detailing the maximum weekly contribution is on file
 - Check the service user's contribution is not more than the total care package
 - Confirm the care has commenced
 - Ensure the planning tool has details of the care package, as this is the authorisation to create the charge.
- 4.2.12 The invoice is then raised in Academy, with subsequent automated reoccurring invoices interfaced via Mosaic. Personal Budget (PB) service user accounts are expected to be reconciled on an annual basis between Academy and Mosaic. Accounts are risk assessed to identify the need for a light touch reconciliation or a full reconciliation. The Principal Personal Budget Support officer provided a report of PB user accounts which showed circa 371 accounts had either received a reconciliation or had been closed during 2020-21. One was a full reconciliation (category 1), 52 had been closed, meaning 318 had been light touch reconciled. There were approximately 460 cases due a reconciliation. There was no report available to show when these had last been done or to which reconciliation category they belonged.
- 4.2.13 Audit was informed that a full reconciliation happens upon request or if a query is identified during a light touch reconciliation process.
- 4.2.14 Anecdotally reconciliations are delayed and take a significant amount of time to reconcile due to the manual nature of this task currently. This not only impacts on the collection process, but also on the bad debt provision in the Council's accounts. This is also a potential issue for when 'open' invoices are migrated to Fusion.

See recommendation 5

4.2.15 Whilst the ASC processes support the authorisation to raise an invoice and allocate funding, there is no standard procedure for obtaining signed authorisation / acceptance of financial liability of the service user (or representative) at the commencement of the care package, or when they become financially liable. This issue can be a major stumbling block in the recovery process. The Council needs to maximise the likelihood of being able to recover debt.

See recommendation 4

4.2.16 The Debt Recovery Policy specifies, *'An invoice should not be raised for less than £50.00. For fees and charges less than £50.00 payment must be made prior to the goods or services being provided. However, this excludes legal charges (e.g. ground rent) and arrangements already in place.'*

4.2.17 Audit reviewed the aged debt report for January 2021 provided by the AR and AP Team Leader and made the following observations:

- 581 invoices raised for under £50, the lowest value being £1.76. Included in these 581 invoices are:
- 527 relating to Adult Social Care
- 4 for community hall hire
- 12 for sport pitch hire
- 6 for trade waste or skip permits

4.2.18 There is a similar breakdown for invoices raised between £50 and £100.

4.2.19 The Debt Recovery Policy needs to feed into the fees and charges process, to allow services to be compliant and to maximise and recovery of unpaid debts.¹

See recommendation 6

4.3 SERVICE MANAGERS ARE AWARE OF THE IMPACT TO THEIR BUDGET SHOULD NON-PAYMENT RESULT IN A WRITE OFF.

4.3.1 The Debt Recovery Policy states it is the responsibility of *'Directors and Assistant Directors to make Budget Holders fully aware of their responsibilities'* and *'where debts cannot be recovered, the original credit will be debited from the Service budget by way of a write off.'*

¹ Corporate Debt Recovery Policy - ** Level of debt which it is considered uneconomic or inappropriate to carry out the specified action - £50.00 Debt Collection Agency & £250.00 Legal referral*

- 4.3.2 Currently there is no Budget Holders Financial Manual which would detail the expectations on budget holders' for managing their allocated budget and the impact of non-collection of income.
- 4.3.3 It is the intention to make the Debt Recovery Policy available to all, but this has yet to happen.
- 4.3.4 As budget holders will be able to access and monitor their own debt in Fusion, the senior management team must decide what it expects of budget holders, document this and ensure budget holders are made aware of their new responsibilities.

See recommendation 7

4.4 ENSURE PAYMENTS ARE AUTO-MATCHED TO DEBTOR ACCOUNTS, AND RECEIPTS WITHOUT A VALID REFERENCE ARE POSTED TO AND CLEARED FROM A SUSPENSE ACCOUNT ON A REGULAR BASIS.

- 4.4.1 Payment options are detailed on the reverse of the invoice and most payments will be auto matched. Payment terms and conditions are not detailed.
- 4.4.2 Unmatched sundry debtor receipts are managed daily by the Bank Reconciliation team and can be found in four payment codes within Civica suspense and in the bank reconciliation suspense codes. Those receipts that are not easily found within Civica are recorded on an unmatched receipt spreadsheet and removed as and when a payment reference is found, and the receipt transferred.
- 4.4.3 The level of unmatched receipts for the current financial year to 26 January is £4,811. The spreadsheet contains unmatched receipts for 6 years plus the current year totalling £28,232.21
- 4.4.4 It is not possible to identify how much of the total value held in the bank suspense account relates to sundry debt. Audit has not reviewed the bank suspense account as part of this audit review.

Recommendation 8

4.5 UNPAID INVOICES ARE MONITORED AND CHASED APPROPRIATELY. BAD DEBTS ARE APPROPRIATELY AUTHORISED AND ACCOUNTED FOR BEFORE BEING WRITTEN OFF.

- 4.5.1 The responsibility to chase sundry debt is independent of the people requesting and raising the debt and is performed by two separate teams of staff covering ASC related and non-ASC sundry debt, but with the assistance of services.
- 4.5.2 The Accounts Receivable and Accounts Payable Team Leader produces and formats a monthly aged debt report from Academy which is distributed to all finance staff including those that are responsible for collections.

4.5.3 The December 2020 aged debt report shows a total sundry debt value of £20,099,358.69, of which:

- £10.4m related to 20 invoices to other local authorities, RBC owned companies and NHS trust
- £1.43m related to 315 deceased debtor accounts
- £13.99m under one year old
- £0.47m over 6 years old
- £40k over 10 years old

	1<>30	31 days - < 1yo	1 - 6 yo	6 - 10 yo	Over 10 yo	Total
Adult Social Care	682,875	1,356,508	2,897,621	417,001	22,007	5,376,014
Chief Exec	5,419,420	4,057,463	1,696,124	487	409	11,173,904
Culture & Sport	101,482	179,851	120,324	16,654	823	419,136
Education & Community Services	0	5,549	59,029	2,509.7	159	67,248
Environment	205,245	438,149	57,193	25,227	1,094	726,911
Ex BCC	0	0	0	0	617	617
Housing DCB	0	0	3,116	-25	0	3,090
Housing GF	0	0	0	625	0	625
Housing HRA	167,450	286,866	554,218	3,901	0	1,012,436
Valuation	754,618	336,551	211,671	2,556	13,976	1,319,373
Total Sundry Debt	7,331,092	6,660,940	5,599,299	468,937	39,087	20,099,358
RBC owned Companies	0	5,000,790	0	0	0	5,000,790
Other LA's	4,928,877	184,637				5,113,515
NHS	325,000					325,000
High value recoverable debt	5,253,877	5,185,427	0	0	0	10,439,305
Adjusted debt value	2,077,215	1,475,512	5,599,299	468,937	39,087	9,660,053
Deceased Debtors	4,717	81,543	999,252	328,579	16,448	1,430,541

4.5.4 The Sundry Debt Policy appendices details the recovery process as:

Stage*	When	How
Reminder notice	31 days from date of invoice	Generated by the debtors system
Telephone reminder	36 days from date of invoice	List generated by the debtors system
Letter before action	46 days from date of invoice	Generated by the debtors system
Request for supporting information for legal action	On decision to take Court action	Manually generated Email to Service requesting proof of debt in 7 days
Legal action	53 days from date of invoice On receipt of full documentation from Service	Legal action taken to recover debt

4.5.5 A sample of 22 sundry debts from the December aged debt report was tested with the following findings:

- Where an invoice was not on hold the reminder letters had been issued in accordance with the stage times above.
- Missing referencing on 3 invoices created in October 2020, such as a purchase order number, email contact, project reference; the debt remains outstanding as these details have either only recently been provided by the initiating Service or are still waiting to receive information.
- Significant delays (2 - 6 months) in services responding to queries raised by the collection teams, as above.
- There is a lack of communication between the various departments involved in the collection, and customer account notes do not appear to be fully maintained within the AR system.

4.5.6 There are some specific issues relating to ASC debts:

- The process to obtain an assessment of mental capacity and present it to the Court of Protection to apply for deputyship is lengthy. Audit has not established what or when the trigger is from an ASC aspect, but it needs to link in with the debt process.
- Service users or their representative are not required to formally acknowledge or provide acceptance of liability of the debt for the service received.
- Instances of family member challenge over the ownership of property assets months and years after commencement of a care package.
- Property having already been sold and funds shared between beneficiaries.

4.5.7 A monthly meeting is held to discuss specific cases of ASC debt, and potential write off accounts. The group is attended by ASC management, financial representatives, FAB, Legal and AR.

4.5.8 Legal Services provide investigative and legal collection services but can only do so if there is a legal basis on which legal action can be taken. All referrals are recorded on IKEN. Recently (13 January 2021) the Senior Legal Assistant provided a referral memo and details to Finance and FAB team of the documentation required when referring a case to Legal.

- A copy of any contract or agreement with the Service user/debtor. This could include a copy of the application to a Care Home.
- Copies of the FAB Assessments relating to our charges and any bank statements or financial information
- Copies of ALL correspondence between RBC and the debtor or his/her Appointee or the person who is dealing with the debtor's finances.
- Copies of any telephone attendance notes
- Copies of information relating to the Office of the Public Guardian, Enduring Power of Attorney, Court of Protection etc

- Copy of the invoices or where there is more than 3 or 4 invoices, a statement of account showing all outstanding invoices.
- Any other relevant documentation, for example, from 3rd parties.

4.5.9 There are a number of issues with this process:

- Academy is not capable of providing a statement of account; therefore, this is a laborious manual process. Statement of accounts can be created in Fusion.
- For ASC a reconciliation of Academy to Mosaic needs to be done to prove the level of debt is accurate. We believe the annual reconciliations are not up to date due to the manual, laborious and time consuming nature, indeed Audit was advised the process to reconcile one account can take 3 days.
- More often than not there is no contract, agreement or acknowledgement of debt ownership with the service user or representative.
- Records are held in numerous places, namely the FAB Team, Mosaic, Academy, I@W, Deputies, Service areas or Legal. It does not appear that responsibility has been allocated to coordinate this process.
- There is a statute of limitations of 6 years for legal action to recover debt either from when the debt was raised, or from the last payment towards it. Allocation of funds needs to be applied to the oldest element of the debt to maximise the statute of limitation period, and that period needs to be in the forefront when considering debt type, value and collection priorities.

See recommendation 10

4.5.10 Audit has been advised the Corporate Debtors Group is in the process of reviewing the write off process.

4.5.11 The AR and AP Team Leader provided a spreadsheet of 45 ASC accounts being considered for write off.

Value	No. of Accounts	No. of Invoices	No. Act Approved for W/o	Total Value
Below £1k	20	37	1	£5,962.02
Between £1k - £20k	17	379	3	£102,035.15
Above £20k	8	123	8	£254,636.10
				£362,633.27

4.5.12 The only approved for write off account to have been actioned is the 'below' £1k account.

4.5.13 It was evident when reviewing Mosaic, i@w and academy that the whole picture is not available from any one system.

4.5.14 The write off form is a manual form and has some areas of weakness:

- Being a manual form with no inbuilt workflow process, reliance is on individuals responding promptly and the email system.
- The age of the debt is not recorded.
- What the debt is for, debt type is not recorded.

4.5.15 Whilst evidence is asked to be attached to the write off request, it did not form part of the email request/authorisation thread provided. Nor was 'evidence' held in i@w to support the write off form. Likewise, the tick boxes indicating what recovery action had been tried, also had not been completed / evidenced.

4.5.16 Making this process electronic with built in workflow and date and time stamped authorisation could make this process more efficient and allocated responsibility and accountability to individuals.

4.5.17 With the current level of aged debt, the Council needs to focus its attention to the likelihood of collecting aged debt over 6 years old and those accounts that are deceased past 1 year. If it is unlikely that a debt is collectable now, it most certainly will not become collectable over time.

See recommendation 9

4.6 **COLLECTION PERFORMANCE IS MONITORED AND REPORTED. COLLECTION ACTIVITY IS FOCUSED, AND LESS PRIORITY IS GIVEN TO ACCOUNTS WITH AGEING BALANCES WHICH MAY NOT BE 'REAL' RECEIVABLES.**

APPENDIX

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READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20 April 2021		
TITLE:	INTERNAL AUDIT PLAN & INTERNAL AUDIT CHARTER (2021/2022)		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	Paul.Harrington@reading.gov.uk

1. PURPOSE OF REPORT

- 1.1 This report sets out the work Internal Audit plans to undertake during the financial year 2021/2022.
- 1.2 It is internal audit's responsibility to provide an annual formal opinion on the Council's control environment. In the context of the Public Sector Internal Audit Standards¹, 'opinion' does not simply mean 'view', 'comment' or 'observation'; it means that internal audit will have done sufficient, evidenced work to form a supportable conclusion about the Council's activities that we have examined. Internal audit will word its opinion appropriately if it cannot give reasonable assurance (e.g. because of limitations to the scope of, or adverse findings arising from, its work).
- 1.3 The attached audit plan (appendix 1) will allow for the effective discharge of this responsibility. In accordance with the Accounts and Audit regulations² and the Public Sector Internal Audit Standards the Council's Audit and Governance Committee is required to approve and monitor progress against, the internal audit plan.
- 1.4 Accompanying the audit plan is the internal audit charter (appendix 2) which sets out the purpose, authority, responsibility and scope of internal audit. The Public Sector Internal Audit Standards (PSIAS) intend to ensure sound corporate governance and set out roles and responsibilities with regard to the delivery of internal audit services. The PSIAS require an Internal Audit Charter to be in place, which is reviewed periodically and presented to the Audit & Governance Audit Committee for approval.

¹ The Public Sector Internal Audit standards - Applying the IIA International Standards to the UK Public Sector (revised 2017)

² A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

- 1.5 The following document is attached to this report:
- Indicative Internal Audit plan for 2021/2022 (appendix 1)
 - Internal audit charter (appendix 2)

2. RECOMMENDATIONS

- 2.1 That the Audit & Governance Committee approves the audit plan and Internal Audit Charter for the period April 2021 to March 2022**

3. INTERNAL AUDIT PLAN

- 3.1 Internal audit contributes to the Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on achieving the key priorities. It also supports the Executive Director of Resources in discharging his/her statutory (sec 151) duties. For the 2021/2022 financial year Sec 151 responsibilities will be passed over to the newly appointed Director of Finance.
- 3.2 In line with the PSIAS the proposed audit plan has been devised adopting a risk-based approach. The information which has been used to prepare our risk assessment and proposed internal audit plan has been collected and collated from a number of different sources. The starting point for a risk-based audit approach is an understanding of the Council's objectives and risks. This has been achieved by reviewing the Council's Strategic risk register, Corporate Plan and minutes of officer and Council meetings. Directors and Assistant Directors were consulted for areas to be included in the audit plan and our own knowledge and experience of Council services was also used to inform our subsequent risk assessment. This information is used to inform and design the audit plan.
- 3.3 The audit plan needs to be deliverable within available resources and the achievement of the audit plan is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year.
- 3.4 The audit plan is fixed for a period of one year; however, it must at the same time be fluid, kept under continuous review and amended to take into account emerging risks and areas where assurance work is required to be provided. Any significant changes will be reported back to the Audit & Governance Committee.

3.5 CMT and the Audit and Governance Committee will also be advised of performance against the audit plan and be kept informed of the results of those audit reviews undertaken.

4. CONTRIBUTION TO STRATEGIC AIMS

4.1 The Internal Audit Team aims to assist in the achievement of the strategic aims of the Council set out in the Corporate Plan by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. In particular audit work is likely to contribute to the priority of remaining financially sustainable to deliver our service priorities.

5. COMMUNITY ENGAGEMENT AND INFORMATION

5.1 N/A

6. LEGAL IMPLICATIONS

6.1 Legislation dictates the objectives and purpose of the internal audit service the requirement for an internal audit function is either explicit or implied in the relevant local government legislation.

6.2 Section 151 of the Local Government act 1972 requires every local authority to “make arrangements for the proper administration of its financial affairs” and to ensure that one of the officers has responsibility for the administration of those affairs.

6.3 In England, more specific requirements are detailed in the Accounts and Audit Regulations in that authorities must “maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper internal audit practices”.

7. FINANCIAL IMPLICATIONS

7.1 N/A

8. BACKGROUND PAPERS

8.1 N/A

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Appendix 1

Indicative Internal Audit Plan

(2021/2022)

Internal Audit Plan

1. Background

- 1.1 The definition of internal audit is set out in the Public Sector Internal Audit Standards (PSIAS): *“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”*
- 1.2 Internal audit contributes to the Council achieving its key priorities by helping to promote a secure and robust internal control environment, which enables a focus on achieving the key priorities.
- 1.3 Internal audit also supports the Executive Director of Resources in discharging his/her statutory duties. The following are two key pieces of legislation that internal audit supports the Executive Director of Resources to comply with:
- i. Section 151 of the Local Government Act 1972. The Executive Director of Resources, as the Council’s Section 151 Officer¹, is responsible under the Local Government Act for ensuring that there are arrangements in place for the proper administration of the authority’s financial affairs. The work of internal audit is an important source of information for the Director in exercising his/her responsibility for financial administration.
 - ii. The Accounts and Audit Regulations state that ‘A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’. The work of internal audit provides a substantial element of this requirement.
- 1.4 ‘Effective internal audit’ is defined by the Department for Communities and Local Government as compliance with the Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note for the PSIAS.
- 1.5 The PSIAS set out the standards for internal audit and include the need for risk-based plans to be developed for internal audit and for plans to receive input from management and the ‘Board’. Within the Council, the Audit & Governance Committee fulfils the key duties of the Board laid out in the PSIAS. This document sets out the proposed plan for 2021-22.

¹ The sec 151 statutory responsibilities are to be passed to the newly appointed Director of Finance.

2. The Planning Process

- 2.1 The overall purpose of the Internal Audit work plan is to provide the framework for the use of audit resources and a yardstick for measuring audit performance.
- 2.2 The PSIAS Performance Standard 2010 - Planning states that: *'The Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.'* Within Reading Borough Council (RBC), the role of Chief Audit Executive is undertaken by the Chief Auditor.
- 2.3 The standards refer to the need for the risk-based plan to take into account the requirement to produce an annual internal audit opinion and report that is used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. To support this, the risk-based plan needs to include an appropriate and comprehensive range of work. There also needs to be a balance between breadth (taking a broad look at governance and risk management) and depth (drilling down into specific areas where internal audit can provide valuable insight.)
- 2.4 In line with the PSIAS the proposed audit plan has been devised adopting a risk-based approach. The information which has been used to prepare our risk assessment and proposed internal audit plan has been collected and collated from a number of different sources. The starting point for a risk-based audit approach is an understanding of the Council's objectives and risks. This has been achieved by reviewing the Council's Strategic risk register, Corporate Plan and minutes of officer and Council meetings. Directors and Assistant Directors were consulted for areas to be included in the audit plan and our own knowledge and experience of Council services was also used to inform our subsequent risk assessment. This information is used to inform and design the audit plan.

3. The Internal Audit Plan

- 3.1 The outputs from the planning process have been prioritised to produce a plan that balances the following:
- the requirement to give an objective and evidenced based opinion on aspects of governance, risk management and internal control;
 - the requirement for internal audit to add value through improving controls, streamlining processes and supporting corporate priorities;
 - the need to retain a contingency element to remain responsive to emerging risks; and
 - the resource and skill mix available to undertake the work.
- 3.2 The Chief Auditor in liaison with the sec 151 Officer will keep progress against the audit plan, and the content of the plan itself under review. The Corporate Management Team and the Audit and Governance Committee will also be advised of performance against the Audit Pan and be kept informed of the audits undertaken.
- 3.3 The indicative Internal Audit programme for 2021-2022 has been prepared in line with the PSIAS. A risk-based approach has been used to prioritise internal audit work and ensure there is sufficient coverage and internal audit resource to provide an evidence-based assurance opinion that concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- 3.4 The plan is responsive in nature and all efforts will be made to maximise coverage to provide the most effective and agile internal audit service possible that focuses on those key risks facing the organisation throughout the year.

4. Resources

- 4.1 The audit plan needs to be deliverable within available resources and the achievement of the audit plan is based on the assumption that the current internal audit structure will remain essentially unaltered and intact throughout the year. Resource requirements are reviewed each year as part of the audit planning process and are discussed with the sec 151 officer. The current structure allows for 6.0 internal auditors at varying degrees of experience. However, the equivalent of 1.5 FTE is provided to resource the Brighter Future for Children (BfFC) internal audit plan. This does leave the internal audit function with little or no real resilience. This is factored into the audit planning, with the planned reviews based on the experience and resources available.

5. Individual Audits

- 5.1 In determining the timing of our individual audits, we will seek to agree a date which is convenient and ensures the availability of key management and staff.
- 5.2 All formal internal audit assignments will result in a published report. The primary purpose of the audit report is to provide an independent and objective opinion to the framework of internal control, risk management and governance in operation and to stimulate improvement. Any key (serious) issues arising during the course of the audit review will be promptly reported to the Chief Auditor to determine impact on the scope of the review. Key issues will also be promptly brought to management's attention during the course of the review to enable appropriate remedial action to be taken prior to being formally published in the audit report.
- 5.3 The auditor will draft a report and arrange to meet with management, to ensure factual accuracy of the audit observations and findings and to ensure a proper understanding of the risks to which any action plan relates. These meetings should take place in accordance with dates agreed in the terms of reference or within two weeks of completion of the audit fieldwork, whichever is the sooner.
- 5.4 Management will be required to provide a response to the action plans. Any areas of disagreement between the auditor and management, regarding audit's observations and/or the auditor's assessment of current risk exposure, which cannot be resolved by discussion, will be recorded in the action plans.
- 5.5 Following discussion of the draft report the auditor will draft a clear, concise and constructive report, following a standard format, outlining:
- the overall level of assurance opinion, based on the auditor's professional judgement of the effectiveness of the framework of internal control, risk management and governance;
 - audit recommendations, along with management response and implementation date
 - an executive summary of the key findings and conclusions
 - Details of findings, to include an explanation of the risk and the identified control weaknesses.
 - The final report will be issued in the name of the auditor conducting the review and the Chief Auditor.

6. Follow up Reviews

- 6.2 Whether or not an audit review is scheduled for a follow up is reliant on the assurance opinion given at the time of the audit. Where significant gaps in the control environment have been identified then the audit will be subject to a follow up by the audit team. The timing of the follow up is very much dependent on available resources, but our aim is to complete the follow up within six to twelve months of completion of the audit.
- 6.3 A summary of Internal Audit recommendations which remain outstanding is reported to the Audit & Governance Committee Quarterly. The status of these recommendations is updated by the action owners and hasn't necessarily been followed up by internal audit. Internal Audit will only follow up those recommendations relating to a report which has been assigned limited assurance.
- 6.4 Prior to reporting to Committee officers responsible for implementing the specific recommendations are asked to update the 'implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 26% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.
- 6.5 Where there is a lack of progress with implementation of audit recommendations the Assistant Director and responsible officer (if they are different) will be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.

7. Reports to C.M.T. and the Audit & Governance Committee

- 7.1 A status report on internal audit work will be presented to CMT and the Audit and Governance Committee on a quarterly basis (approximately). The purpose of these reports is to provide an update on the progress made against the delivery of the Internal Audit Plan. The report will provide details of audits completed to date, the assurance opinions given, and the number and type of recommendations made. The report will also provide a summary of internal audit performance, planning and resourcing issues.

8. Annual Assurance Report

8.1 A formal annual report to the Audit & Governance Committee and CMT, presenting the Chief Auditor's opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control, will be published to enable it to be taken into account within the annual review of the effectiveness of the system of internal audit and in preparing the Corporate Annual Governance Statement. The format of the Chief Auditor's report will follow that set out in the Public Sectors Standards for Internal Audit and will include:

- an opinion on the overall adequacy and effectiveness of the Council's framework of internal control, risk management and governance;
- disclose any qualifications to that opinion, together with the reasons for qualification;
- present a summary of the audit work from which the opinion is derived, including reliance placed on work by other assurance bodies;
- any issues considered by the Chief Auditor to be particularly relevant to the Annual Governance Statement;
- A comparison of work undertaken with that planned, with a summary of internal audit performance for the year; and
- Comment on compliance with the Public Sector Standards on Internal Audit and internal audit's quality assurance programme.

9. Internal Audit plan

9.1 The draft internal audit plan of activities proposed for internal audit review during the 2021/22 financial year is shown on the following pages.

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Securing the economic success of Reading						
Local Transport Plan Capital Settlement (Grant Certification)	Terms and conditions of grant determination are not met	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.		●		
Bus Subsidy Grant	Terms and conditions of grant determination are not met	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.		●		
Business Grants (Post Payment) Assurance	The UK Government is responding with measures to mitigate the economic and social impact of the COVID-19 pandemic. The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector. Public bodies can reduce the threat of widespread fraud by integrating low-friction controls into payments where possible and carrying out post-event assurance work.	The audit will review the processes followed to make grant payments, verifying appropriate checks were made. We will also assist with the post-event assurance process to ensure funding is used for its intended purpose.	●			
NHS Test and Trace Grant Determination	Terms and conditions of grant determination are not met	The audit will also seek to ensure that the conditions attached to the Grant Determination have been complied with. Needs to be signed off by 30 June 2021	●			
Community Testing Funding Grant	If the authority fails to comply with grant conditions, or if any overpayment is made under this grant or any amount is paid in error, the Secretary of State may reduce, suspend or withhold grant payments or require the repayment.	It is a requirement that the Head of Audit signs a declaration to confirm that the conditions of funding have been complied with.	●			

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
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Protecting and enhancing the lives of vulnerable adults and children

Adults - Contract Management (deferred from 2020/2021)	Unsatisfactory tracking of supplier performance against contract terms and conditions.	This review was deferred from 2020/2021 due to the services ongoing response to the Covid-19 pandemic. Review governance relating to placement contracts commissioned with external providers.		●		
Rapid Discharge Pathway	A discharge scheme was implemented during the Covid-19 pandemic - rapid discharge pathway where the CCG fund first 6 weeks of care from discharge to enable ASC to assess a person's needs in the community rather than in the acute. Risks are potential delays in discharge once they have been deemed medically fit by health colleagues.	This audit will look at discharge package of care (POC) and assessed POC, along with the scrutiny at charging the CCG and ensuring anyone that was discharged was charged to the CCG. This audit is a direct request of the Executive Director	●			
Transitions from children's social care to adults	Transitions refer to the cases that come to Preparing for Adulthood (PfA) - tightening of process and earlier proactive work with this cohort of people, linking with children's colleagues much earlier in the journey.	Assessment of the controls that have been put in place to ensure that young people are properly transferred between children's and adults' services. This audit is a direct request of the Executive Director				●
Client Contributions Adult Care	The Care Act requires Local Authorities to carry out a detailed needs assessment of all adults who appear to require care and support.	To assess the robustness of the process that determines eligibility for financial support towards care needs to ensure it is accurate, transparent and accessible. The audit will review how client contributions are assessed, checks undertaken to establish assets and savings to determine the ability to contribute to care costs. An assessment on how quickly clients are billed, in relation to the commencement of the care provided.			●	
Housing Benefits	HB is a complex system and vulnerable to fraud and errors and in particular the benefits subsidy claim remains a risk. The DWP expect zero errors and the impact if any subsidy qualification is potentially very large. Failure to reduce Local Authority error sufficiently to avoid loss of Housing Benefit Subsidy	We will undertake a review of the Housing Benefit system. Areas of coverage may include: a) Policies, procedures and set-up of standing data, b) Assessments and backdating, c) Payments, d) Recovery of Overpayments, e) Reconciliations, f) Performance Monitoring, g) fraud Prevention & Detection (compliance with risk-based process)		●		

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
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Ensuring the Council is fit for the future

Corporate Governance Review	Significant governance failings attract huge attention - as they should - and one significant failing can taint a whole sector. Local government organisations are big business and are vitally important to tax payers and service users. They need to ensure that they meet the highest standards and that governance arrangements are not only sound but are seen to be sound.	The purpose of the audit will be to benchmark and map the Council's governance arrangements against the seven general principles as laid out in the CIPFA/SOLACE guidelines. This review commenced in the latter part 2020/2021 and the findings will be used to inform the Annual Governance Statement.	●			
Transparency Code Compliance (Follow up)	The required data may not be published and updated in accordance with the Code.	The review was given limited assurance in 2020/2021. The audit will verify that the Transparency Code has been adopted, systems have been put in place to extract the relevant data from the various systems and data being published is accurate, reliable, timely and in a suitable format.				●
Freedom of Information (Follow up Review)	The introduction of GDPR brings home changes to the processes for dealing with subject access rights and freedom of information requests.	In 2019/2020 we reviewed the process for managing and responding to FOI's and assigned limited assurance. A further follow up early in the 2020/2021W, acknowledged that progress had been made but there was still significant work to do. We will undertake a further review to establish progress.		●		
Records Management & Document Retention Policy (Follow up review)	There are concerns over the length of time documents are held both in paper format and electronic (including microfiche). Failure to comply with data protection/security requirements resulting in financial loss or reputation damage.	An area of concern across services. A review of understanding of and compliance with the Council's retention and disposal policies.				●

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Staff (Grey Fleet) Vehicle Documentation - (Follow up Audit)	Serious or fatal accident involving a Grey Fleet driver for Reading Borough Council, could lead to a Corporate Manslaughter charge if checks were not being undertaken on grey fleet drivers.	This review was given limited assurance in 2020/2021. We will select a sample of managers across the council to confirm that they are reviewing appropriate documents to allow staff to use their own vehicles on behalf of Council business.				●
Furlough Administration	HMRC are carrying out audits on employers who have claimed under the furlough scheme, both to ensure that the conditions for receiving a grant have been met and that the correct amount has been claimed.	Assurance over arrangements for administering the scheme, including compliance with HMRC furlough regulations	●			
Accounts Payable	In testing controls and procedures internal audit is required to test systems controls and examine supporting documentation. With the increase in transaction volume arising from computerised records, internal audit is not able to properly provide assurance without using a proven software assurance tool for analysis.	The areas that Internal Audit is likely to concentrate on are to review creditor and purchasing data for duplicate payments, missing invoices, tax compliance and over payments. By performing simple exception testing Internal Audit will be able to spot internal control weaknesses and provide recommendations for improvements.			●	
Treasury Management	Prudent investment of cash balances which are not needed immediately, gives the Council an additional source of income. Internal audit covers Treasury Management, Borrowing, Lending and Investment Policy, strategy and procedures operated to ensure they are appropriate, adhered to and compliant with the Prudential Code.	The areas that Internal Audit is likely to concentrate on are, reviewing whether the service is operated by properly trained staffed, is risk assessed, whether cash flow statements are maintained, and transactions accurately recorded. Internal audit could also look at whether external service providers are appointed in accordance with the Council procurement manual and written agreements are in place.				●
Accounts Receivable	This system provides material disclosures for the financial statements. The debtor's module is being transferred from the Academy system to Oracle Fusion.	This review will seek to review the process for transferring balances and AR history from the current system to Fusion and verify controls have been set up properly. The audit will also seek to test implementation of audit recommendations which the new system will address, such as improved reporting.		●		

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
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Improving access to decent housing to meet local needs

Housing Allocation Scheme	The housing allocations scheme describes how the Council assesses applications for housing, prioritises each application and decides which applicant will be offered (allocated) a Council home. Audit risks can be summarised as, incorrect prioritisation of applicants, lack of consistency in the approach adopted, inappropriate housing allocations may be made and failure to comply with relevant legislation.	A review of the processes in place around assessment of applications for housing support and making housing allocations. Including a consideration of whether there are adequate controls in place to prevent and deter fraud in this process.		●		
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Keeping Reading's environment clean, green and safe

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Green Homes BEIS Grant	The GHG scheme sets out to improve low energy performance homes in England by installing Eligible Measures. An initial competition (Phase 1A) was launched in August 2020 with a delivery deadline of March 2021. A second round of the Local Authority competition (Phase 1B) launched in October 2020 with a delivery deadline of 30 September 2021.	The audit will seek to ensure that the conditions attached to the Grant Determination have been complied with. Awaiting clarification from BEIS on timing of sign offs and whether two certifications are required.	●		●	
Climate Change Strategy	Failure to deliver key environmental strategies and plans (New Local Transport plan, climate change. Air quality strategies)	The purpose of the audit is to provide assurance on the adequacy of the corporate framework in meeting the obligations and expectations of the Council in mitigating aspects of, and adapting successfully to, climate change.				●

Area	Audit risk context	Planned Internal Audit Coverage	Q1	Q2	Q3	Q4
Facilities Management	If Facilities Management incidents are not identified captured and resolved, then the conditions of the buildings may deteriorate, and the health and safety of the buildings and their occupants may be compromised. There may also be dissatisfaction with the FM service.	This review will seek to determine whether the council has adequate arrangements in place for undertaking planned and reactive maintenance works in order to protect the value of the Council's property and the health and wellbeing of employees and members of the public. Review the scheduling of work, backlog maintenance and the use of contractors	●			
Waste Operations	Administration not clear and transparent, with no clear performance data and resource allocation.	The audit will encompass commercial waste, bulky waste, monitoring of third-party service providers. The audit will review the controls in relation to setting up new customers on the service, collection of income, managing performance monitoring of the service.				●
Parks & Grounds Maintenance	Administration not clear and transparent, with no clear performance data and resource allocation, with the risk that abuse could occur.	Review of the arrangements around the usage of vehicles and overtime within the parks service. Examine working practices around recording of work and whether it is possible to ascertain if work has been completed according to schedule and vehicle journeys can be explained.	●			

APPENDIX 1

Appendix 2

Internal Audit Charter

(2021/2022)

We aim to provide a high-quality cost-effective service, which adapts and responds to the Authority's needs based on achieving a high standard of professionalism and expertise in service delivery and also to contribute in achieving best value public services.

1. Background

- 1.1 The Public Sector Internal Audit Standards (PSIAS) requires that an Internal Audit Charter is in place for each local authority. The Charter must be consistent with the Definition of Internal Auditing, the Code of Ethics and the Standards contained in the PSIAS.
- 1.2 This Charter establishes the purpose, authority and responsibilities for the internal audit service for Reading Borough Council (RBC) and has been drawn up in line with the PSIAS requirements and is further informed by the CIPFA Local Government Application Note published to assist in the implementation of the PSIAS.
- 1.3 This Internal Audit Charter is subject to approval by the Audit and Governance Committee of Reading Borough Council (RBC) on an annual basis, in line with PSIAS requirements.

2. Role

- 2.1 Internal auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Reading Borough Council (“RBC” or “the Council”). It assists the Council in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organisation’s risk management, control, and governance processes.
- 2.2 The Internal Audit function’s main purpose is to provide independent, objective assurance and advisory services designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The function provides independent and objective evaluation of, and opinion on, the overall adequacy and effectiveness of the framework of governance, risk management and control in.
- 2.3 This includes identification of risks and assessment of their management, and implementation of changes to strengthen the governance framework. The Chief Auditor’s opinion is a key element of the framework of assurance that the Chief Executive and Leader of the Council needs to inform the completion of the Annual Governance Statement.

3. Purpose, Responsibilities and Objectives of Internal Audit

- 3.1 Internal Audit is an independent appraisal function established within the authority - as part of the Resources Directorate - with the following objectives¹:
- To provide an effective Internal Audit Service, on behalf of the Executive Director of Resources (sec 151 officer), in line with legislation and the appropriate audit standards;
 - To provide an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations;
 - To help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.2 It is the responsibility of the Chief Auditor to provide an independent and objective opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
- 3.3 The Chief Auditor reports to the Audit and Governance Committee on a regular basis in line with the agreed work programme for the Committee. There are a number of standard items reported including the annual Internal Audit plan, an annual opinion on the control environment and regular updates on reports issued. The Chief Auditor's annual report is presented to those charged with governance and should be used to support the Council's Annual Governance Statement.
- 3.4 Internal Audit employees will ensure that they conduct work with due professional care and in line with the requirements of the PSIAS and any other relevant professional standards.
- 3.5 Internal auditors will treat as confidential the information they receive in carrying out their duties. There must not be any authorised disclosure of information unless there is a legal or professional requirement to do so. Confidential information gained in the course of an audit will not be used to affect personal gain.

4. Scope of Internal Audit Activities

¹ Financial Regulations –Section 2.8 'Internal Audit'

APPENDIX 2

- 4.1 The scope for Internal Audit is the control environment comprising risk management, control and governance. This effectively includes all of the council's operations, resources, services and responsibilities in relation to other bodies. This description shows the wide potential scope of Internal Audit. In order to translate this description into individual audit reviews, a risk assessment methodology is applied that allows high-risk review areas to be prioritised (also see Section 8.)
- 4.2 To enable Internal Audit to meet its objectives, it will undertake work within a scope of activities including:
- review of controls within existing systems and systems under development
 - compliance with policies and procedures including Financial Regulations
 - transactions testing to ensure accuracy of processing
 - contract audit
 - establishment reviews
 - computer audit including data analytics
 - anti-fraud work
 - investigation of suspected fraud and irregularities
 - value for money reviews and transactions testing
 - provision of advice to Directorates and services including consulting services
 - provision of audit services to external clients.

5. Definition of Consulting Services

- 5.1 The PSIAS defines consulting services as follows: *“Advisory and client related service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organisation’s governance, risk management and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation and training.”*
- 5.2 The PSIAS requires that approval must be sought from the Audit & Governance Committee for any significant additional consulting services not already included in the audit plan, prior to accepting the engagement (Standard 1130.).

6. Arrangements for Appropriate Resourcing

- 6.1 As stated in the CIPFA Application Note, *“No formula exists that can be applied to determine internal audit coverage needs. However, as a guide, the minimum level of coverage is that required to give an annual evidence-based opinion.*

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Local factors within each organisation will determine this minimum level of coverage.”

- 6.2 The annual audit plan lays out the planned audit resources for the year with the objective of giving an evidence-based opinion.
- 6.3 Internal Audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience, having regard to its objectives and to the standards. Internal Auditors need to be properly trained to fulfil their responsibilities and should maintain their professional competence through an appropriate on-going development programme.
- 6.4 In the event that the risk assessment, carried out to prepare the annual plan, identifies a need for more audit work than there are resources available, the Chief Auditor will identify the shortfall and advise the Executive Director of Resources followed by the Audit & Governance Committee as required to assess the associated risks or to recommend additional resources are identified.
- 6.5 The audit plan will include a contingency allocation to address unplanned work including responding to specific control issues highlighted by senior management during the year.
- 6.6 Internal audit work is prioritised according to risk, through the judgement of the Chief Auditor, informed by the Council’s risk registers and in consultation with senior management and External Audit.
- 6.7 Progress on the annual plan is reported to the Audit & Governance Committee on a regular basis throughout the year. Should circumstances arise, during the year, that resources fall or appear to be falling below the minimum level required to provide an annual evidence-based opinion the Chief Auditor will advise the Executive Director of Resources and the Audit & Governance Committee.

7. Organisational Independence of Internal Audit

- 7.1 The PSIAS requires that reporting and management arrangements must be put in place that preserve the Chief Auditor’s independence and objectivity, in particular with regard to the principle that the Chief Auditor must be independent of the audited activities.
- 7.2 PSIAS Standard 1110 requires that the Chief Auditor reports to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. CIPFA and the Chartered Institute of Internal Auditors expect that the Chief Auditor should report to at least corporate management team level.
- 7.3 Within RBC, the Chief Auditor reports functionally to the Audit & Governance Committee and administratively to the Executive Director of Resources (Sec 151

APPENDIX 2

Officer) and has direct right of access to the Chief Executive. The Chief Auditor also has direct access to the Chair of the Audit & Governance Committee.

- 7.4 The Internal Audit team will ensure that independence and objectivity are maintained in line with the PSIAS including where non-audit work is undertaken. To manage potential conflicts of interest, internal auditors have no operational responsibilities and any independence issues are highlighted at the planning stage for individual audit assignments.
- 7.5 If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed in the first instance to the Chief Auditor and reported to the Section 151 officer as appropriate.
- 7.6 Internal Audit will have no executive responsibilities. It is not an extension of, or a substitute for, the function of management. Responsibility for internal control rests fully with managers, who should ensure that arrangements are appropriate and adequate. It is for management to accept and implement audit recommendations or to accept the risk resulting from not taking any action.
- 7.7 The Chief Auditor will confirm to the Audit and Governance Committee on an annual basis, within the Annual Report, the organisational independence of the Internal Audit Service.
- 7.8 The Chief Auditor will report audit findings to the Council's Corporate Management Team and Audit & Governance Committee.

8. Planning

- 8.1 The annual audit plan will be submitted to the Audit and Governance Committee at the beginning of the financial year for approval. The plan will be compiled following consultation with the Chief Executive, the Executive Director of Resources, individual Directors and other senior officers as appropriate.
- 8.2 The risk-based plan will outline the audit assignments to be carried out.
- 8.3 The audit plan is dynamic in nature and will be reviewed and realigned on a regular basis to take account of new, emerging and changing risks and priorities. It will be based on a risk assessment covering the impact and likelihood of the inherent risk for each auditable area. It will be responsive, containing an element of contingency to accommodate assignments which could not have been reasonably foreseen.
- 8.4 Internal Audit will consult with the Council's external auditor and with other relevant inspection and review bodies, as required, in order to co-ordinate effort and avoid duplication.

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- 8.5 As part of the planning process, the Chief Auditor will identify other potential sources of assurance and will include in the risk-based plan the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 8.6 For each audit assignment, Internal Auditors will develop and document a plan including the objectives of the review, the scope, timing and resource allocations. In planning the assignment, auditors will consider, in conjunction with the auditees, the objectives of the activity being reviewed, significant risks to the activity and the adequacy and effectiveness of the activity's governance, risk management, including risk of fraud and control processes.

9. Reporting and Follow Up

- 9.1 A written report will be prepared by the appropriate auditor for every audit review and distributed in line with established and agreed reporting protocols. This will include an opinion on the adequacy of controls in the area that has been audited.
- 9.2 The draft report will be discussed with the auditees and a response obtained for each recommendation stating their response to each recommendation along with a timescale for implementation. The final report will include the management responses and will be issued to the relevant Director and other officers in line with directorate protocols.
- 9.3 Any reports where limited or no assurance has been provided for the control environment and/or compliance with the control environment will be subject to a follow up review to determine whether the recommendations made have been implemented.
- 9.4 Regular update reports to Audit and Governance Committee will show the activity of the Internal Audit Section, progress achieved against plan and a summary of significant audit findings.
- 9.5 The annual report will incorporate the annual opinion, a summary of the audit work that supports the opinion and a statement on conformance with the PSIAS and the results of the Quality Assessment and Improvement Programme (QAIP.)
- 9.6 The PSIAS also requires the Chief Auditor to establish a follow up process to monitor and ensure actions have been effectively implemented. This is an established process within RBC, with a follow up review being undertaken on any assignments with limited assurance/no assurance, to ensure recommendations have been adopted and suggested controls are working well in practice.

10. Assurance to external organisations

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- 10.1 The format and scope of any assurances provided to external organisations will be agreed in advance with the recipient organisation and will be documented in contract terms/service level agreement or equivalent. The work carried out to provide such assurances will be conducted in accordance with Internal Audit's quality procedures and service standards. These will be included in the annual audit plan.

11. Fraud and Corruption

- 11.1 Managing the risk of fraud and corruption is the responsibility of management; Internal Audit will assist management in the effective discharge of this responsibility.
- 11.2 Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal Audit does not have the responsibility for the prevention or detection of fraud and corruption. Internal Audit will, however, be alert in all their work to risks and exposures that could allow fraud and corruption.
- 11.3 In line with Financial Regulations, whenever any matter arises that involves, or is thought to involve irregularities concerning cash, stores or other property of the council or any suspected irregularity in the exercise of the functions of the council, including bequests, trust and client monies, it must be immediately brought to the attention of the respective Director. Where the irregularity is thought to involve fraud, corruption or impropriety the Director must ensure that the matter is reported to the Chief Auditor. If the irregularity or suspected irregularity involves theft or suspected theft of assets, it must also be referred to the Police. In addition, where a break-in is suspected, the Police must be informed immediately.

12. Authority of Internal Audit

- 12.1 Internal Audit is a statutory requirement in local government. The Accounts and Audit (England) Regulations state that:
- (i) *A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.*
 - (ii) *Any officer or member of a relevant authority must, if required to do so for the purposes of the internal audit—*

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- (a) *make available such documents and records; and*
 - (b) *supply such information and explanations; as are considered necessary by those conducting the internal audit.*
 - (iii) *In this regulation “documents and records” includes information recorded in an electronic form.*
- 12.2 The statutory role is recognised and endorsed within the Council’s Financial Regulations², which provides the authority for access as follows:
- Executive and Assistant Directors must ensure that Internal Audit is allowed to:*
- (i) *Enter any council premises or land at all reasonable times;*
 - (ii) *Access all records, documents, data held on computer media, and correspondence relating to all transactions of the council, or unofficial funds operated by an employee as part of their duties;*
 - (iii) *Receive such explanations as are necessary concerning any matter under examination.*
 - (iv) *Require any employee of the council to produce cash, stores or any other property under their control, belonging to the council or held as part of the employee’s duties.*

13. Code of Ethics

- 13.1 All our Internal Auditors must conform to the Chartered Institute of Internal Auditors Code of Ethics. The code promotes an ethical culture in a profession founded on the trust placed in its objective assurance about risk management, control and governance.
- 13.2 The Code of Ethics includes 2 essential components - the Principles and Rules of Conduct (which are an aid to interpreting the Principles into practical applications.)
- 13.3 Internal Auditors will adhere to RBC relevant policies and procedures (including the Employee Code of Conduct) and local Internal Audit procedures.
- 13.4 All Internal Auditors will be qualified by experience, hold a professional qualification, or be training towards a professional qualification.
- 13.5 In addition, all internal auditors have a personal responsibility to undertake a programme of continuing professional development (CPD) to maintain and develop their competence. This is fulfilled through the requirements set by professional bodies and through the Council’s appraisal and development programme.

² Financial Regulations - Section 2.8 ‘Internal Audit’

14. Review of the Effectiveness of Internal Audit

- 14.1 The Accounts and Audit (England) Regulations require councils to conduct, at least once a year, a review of the system of internal control. Within RBC, the internal audit annual report and opinion provides an overview of the work and performance of Internal Audit throughout each year. The annual report, along with independent reviews by the external auditors, provides an assurance of the effectiveness of the system of internal control.

15. Quality Assurance and Improvement Programme (QAIP)

- 15.1 The PSIAS requires that a quality assurance framework be established, which will include both internal and external assessment of the work of Internal Audit.
- 15.2 The Chief Auditor is responsible for providing periodically an internal quality assessment (IQA) on the internal audit activity as regards its consistency with the requirements of the PSIAS. This will be carried out through annual self-assessment using the checklist in the CIPFA Application Note. Results of these IQAs will be communicated to the Director of Finance and the Audit and Governance Committee.
- 15.3 Internal Audit issues a customer satisfaction questionnaire following each audit assignment. The results are used to determine areas for improvement and inform the continuing personal development training programme for Internal Audit staff.

READING BOROUGH COUNCIL REPORT BY DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20 April 2021		
TITLE:	STRATEGIC RISK REGISTER Q4 2020/2021		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	AUDIT & INVESTIGATIONS	WARDS:	N/A
LEAD OFFICER:	PAUL HARRINGTON	TEL:	9372695
JOB TITLE:	CHIEF AUDITOR	E-MAIL:	Paul.Harrington@reading.gov.uk

1. PURPOSE OF REPORT

- 1.1 This report outlines the Q4 2020/2021 update of the Strategic Risk Register.
- 1.2 The Register is presented to the Council's Audit & Governance Committee a minimum of six monthly or quarterly in the case of any risks where the position has worsened or for residual red risks where the Audit & Governance Committee shows a particular interest. It was last presented to the Committee in October 2020.
- 1.3 The Strategic Risk Register has recently been added to the In-Phase performance management system. This is the first time that In Phase has been used to progress quarterly risk register updates and therefore the format of the risk register is slightly different.
- 1.4 The following documents are appended:
Appendix 1 - the Council's Corporate (Strategic) Risk Register.

2. RECOMMENDED ACTION

- 2.1 The committee are requested to consider the Council's strategic risks as of the 31 Mar 2021 (end of Q4).

3. KEY ISSUES

- 3.1 Risk management is a key part of corporate governance. Good risk management will help identify and deal with key Strategic risks facing the Council in the pursuit of its goals and is a key part of good management, not simply a compliance exercise. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving the Council's outcomes.
- 3.2 The Strategic Risk Register has been developed to provide a concise, focused and high-level overview of Strategic risks that can be easily communicated to all staff, councilors and stakeholders (e.g. Council's Insurers). It should, however, always be supplemented by the more detailed directorate/service/project risk registers.
- 3.3 Although guidance is provided in relation to the scoring of risks, with a view to providing as much consistency as possible, it still remains very much a subjective process. The primary aim of the Strategic Risk Register is to identify those key vulnerabilities that CMT consider need to be closely monitored in the forthcoming months and, in some instances, years ahead. In many cases this will be because the risk is relatively new and, whilst being effectively managed, the associated control framework is yet to be fully defined and embedded. In such circumstances it follows that not only will the potential impact be large, but the risk of likelihood of occurrence could also be increased. Furthermore, it is possible that the likelihood can be influenced by events outside of the Council's control e.g. the economic climate and its impact on financial planning, or severe weather etc.

4. CONTRIBUTION TO STRATEGIC AIMS

- 4.1 Regular review of the Strategic Risk Register is an integral part of effective risk management arrangements and corporate governance. Identifying risk appetite enables the Council to clarify the extent of risk mitigation required in order to achieve its strategic aims.

5. COMMUNITY ENGAGEMENT AND INFORMATION

- 5.1 N/A

6. LEGAL IMPLICATIONS

- 6.1 There are no specific legal implications arising from the recommendations in this report"

7. FINANCIAL IMPLICATIONS

7.1 N/A

8. BACKGROUND PAPERS

8.1 Appendix 1 - the Council's Corporate (Strategic) Risk Register.

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Risk 1: *The council does not create and deliver a sustainable Medium-Term Financial Plan and/or achieve a balanced budget.*

Risk Owner: Director of Finance

Corporate Priority: *Ensuring the Council is fit for the future*

Risk Rating (Impact x Likelihood)

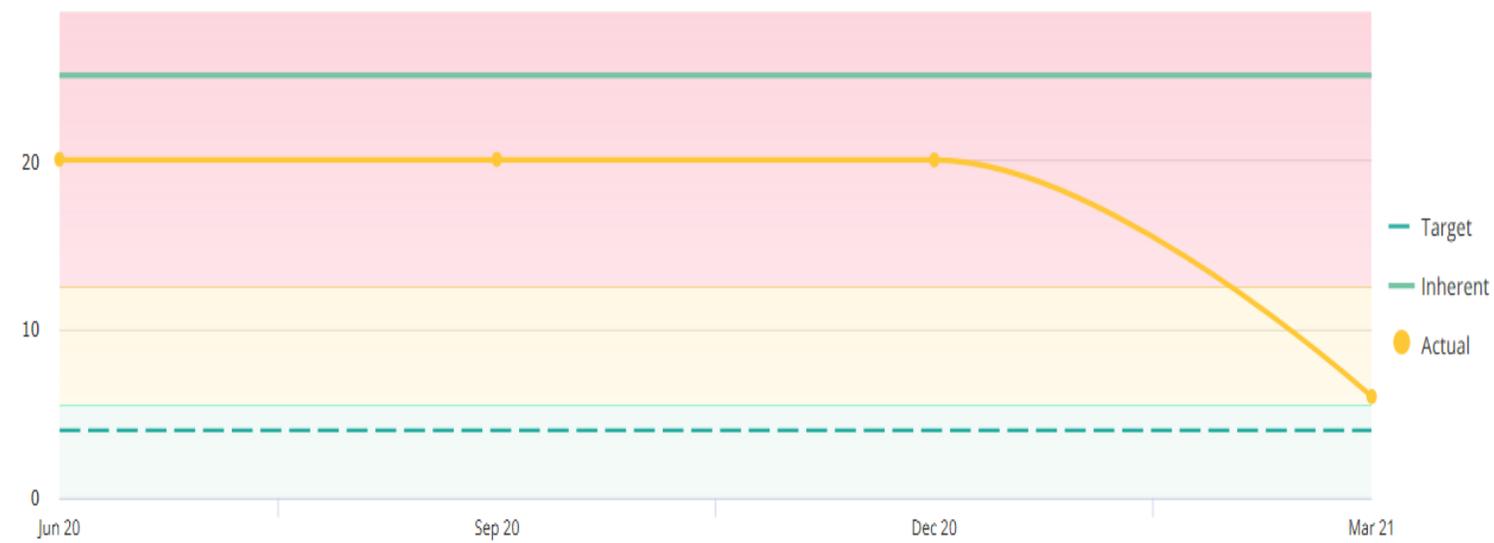
Unmitigated 5 x 5

Current Residual 3 x 2

Appetite/Target 4 x 1

Potential Impact

Strategic objectives and statutory duties not met. Council unable to set legal budget. Service or services failure



Current RAG rating

AMBER

Current Actions/update *(What we are currently doing about the risk - Causes Unmitigated Score to reduce to Residual)*

- Monthly meetings to review savings
- Risk profiles, contingencies and reserves identified.
- The Council has set a balanced budget for 2021/22 at its council meeting in Feb 2021. The delivery of this budget is not without risk due to the ongoing pandemic and there are a significant number of savings that will need to be delivered to achieve this
- The 2021/22- 2023/24 MTFs does not balance in the latter 2 years and further ongoing savings of £3Million will need to be identified. Assumptions on future funding will also have to be reassessed during 2021.

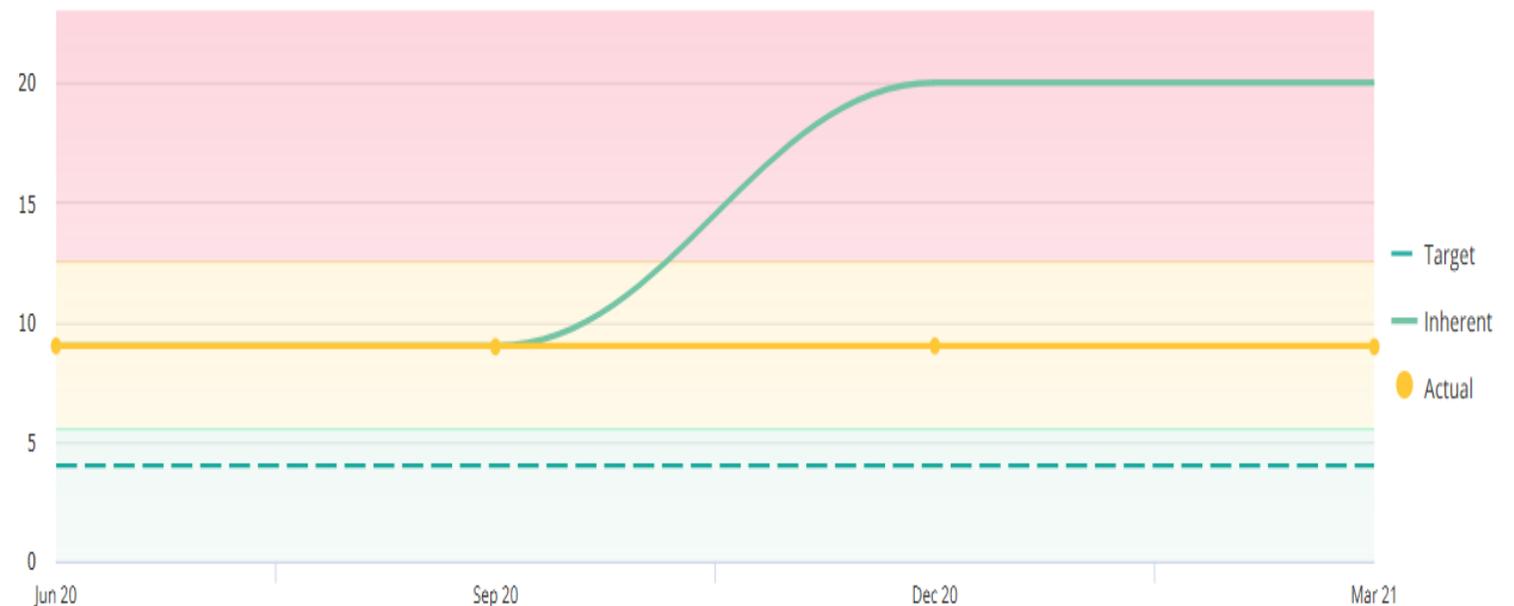
Risk 2: *Insufficient or lack of capable staff resources to deliver our services in an effective and efficient manner* **Risk Owner:** Assistant Director of HR & Organisational Development

Corporate Priority: *Ensuring the Council is fit for the future*

Risk Rating (Impact x Likelihood)
 Unmitigated 4 x 5
 Current Residual 3 x 3
 Appetite/Target 3 x 2

Potential Impact
Failure to meet demand. Statutory duties not met. Negative impact on staff motivation and stress related illness.

Current RAG rating **AMBER**



Current Actions/updates (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- Significant number of fundamental service reviews and management restructures in 2021
- Performance appraisals looking to achieve 100%
- Employee benefit programme
- HR and OD transformation plan in progress which aims to increase OD capacity to support achievement of a high performing, highly skilled and motivated workforce
- Access to pool of appropriately qualified temporary staff via agency contract (new contract starts from February 2021).
- Team Reading Programme established to support delivery of the People Strategy which aims to achieve a highly skilled and motivated workforce. Programme governance in place through monthly boards reporting progress to CMT
- Resourcing team established to improve the approach and success of permanent and all other types of recruitment. Time to fill (advert to start date) has reduced from around 100 days to an average of 67 days. Success rate of recruitment has increased from 50% to 75%.
- Improved HR management information is now available to managers following roll out of iTrent self-service modules. This enables more effective monitoring of turnover, absence trends etc so that any areas of concern can be identified and acted upon quickly

Risk 3: *Information created, accessed, handled, stored, protected and destroyed by the Council and its service areas is not managed in compliance with legislation or local policies. Council services do not fully understand or manage the risks such non-compliance involves therefore not making informed, risk-based decisions.*

Risk Owners: AD of Legal & Democratic services/
AD for Digital and IT

Corporate Priority: *Ensuring the Council is fit for the future*

Risk Rating (Impact x Likelihood)

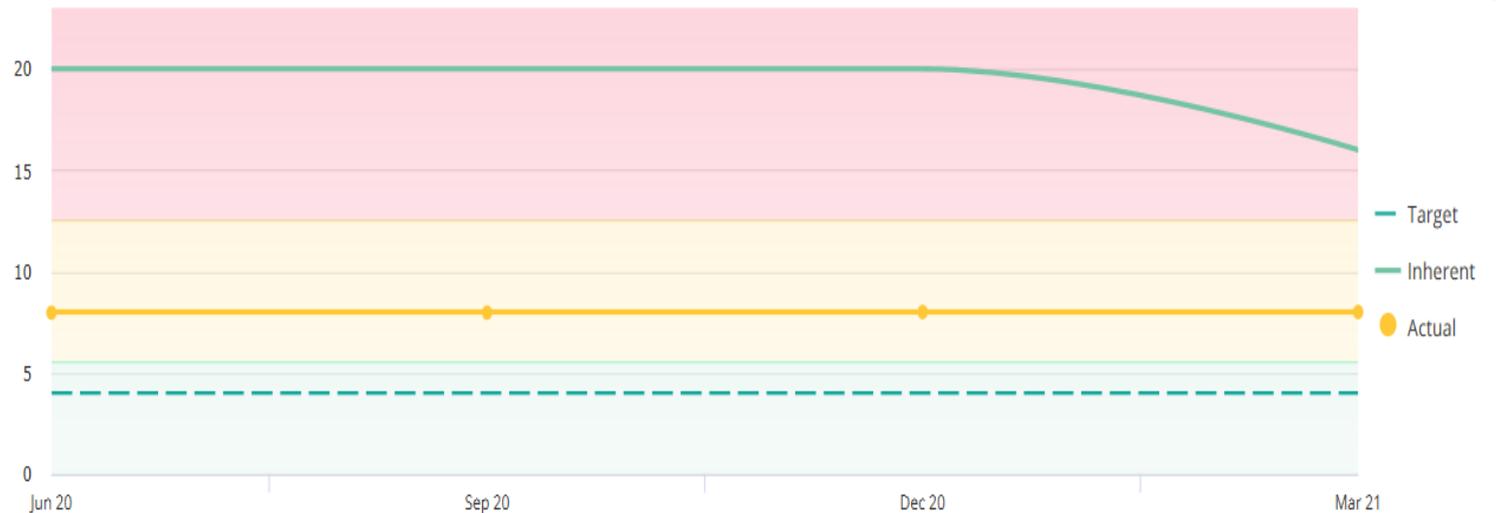
Unmitigated 5 x 4

Current Residual 4 x 2

Appetite/Target 3 x 2

Potential Impact

Fines/penalties, reputation damage, service failure. Wasted time and cost involved in responding to service failure.



Current RAG rating **AMBER**

Current Actions/updates *(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)*

- Ongoing corporate training programme for data protection, raising awareness with staff groups of the need to handle personal data securely and properly. Data Protection Training is mandatory for all staff. Ongoing
- GDPR e-learning module has been rolled out to staff and made mandatory for staff to complete. Face to Face Data Protection refresher training is available for staff as and when needed. Complete
- Information Governance Board (IGB) set up to oversee delivery of IG strategy and compliance - Complete
- Subject Access Request policy and Breach Management policy reviewed by IGB. Further training to be delivered to staff. In progress
- Privacy Notices have been updated for each service area and made available to service users. This are kept under review e.g. were updated for revised Covid operations. Ongoing
- Information Sharing Protocols have been centralised and will be reviewed by IGB.
- Teams have completed DPIA's documenting what personal data is being processing. These are to be reviewed as part of current IGB programme. Ongoing
- Strategic review of all IG strategy/functions/roles/action plan being reported through Policy and Audit and Governance. Ongoing
- Review of information governance taking place through IGB and overlaps with Smarter Working project (O365 benefits realisation) mapped - In progress
- The Council now has retention schedules for each directorate. All retention schedules have been updated and will be reviewed to through ongoing IGB programme to ensure they are being actioned. Further work through the IGB will ensure that the schedules are given greater visibility and to assess level of compliance. In progress
- Records of processing activities (ROPA) being further developed by DPO and will help to identify Information Asset Owners within Services. In progress

Risk 4: *The Council does not follow its own governance procedures leading to failure to deliver services and/or value for money and/or it can be challenged through a legal process*

Risk Owners: Assistant Director of Legal & Democratic services/ Director of Resources

Corporate Priority: *Ensuring the Council is fit for the future, Securing the economic success of Reading. Improving access to decent housing to meet local needs. Protecting and enhancing the lives of vulnerable adults and children, Keeping Reading’s environment clean, green and safe Promoting great education, leisure and cultural opportunities for people in Reading*

Risk Rating (Impact x Likelihood)

Unmitigated 5 x 4

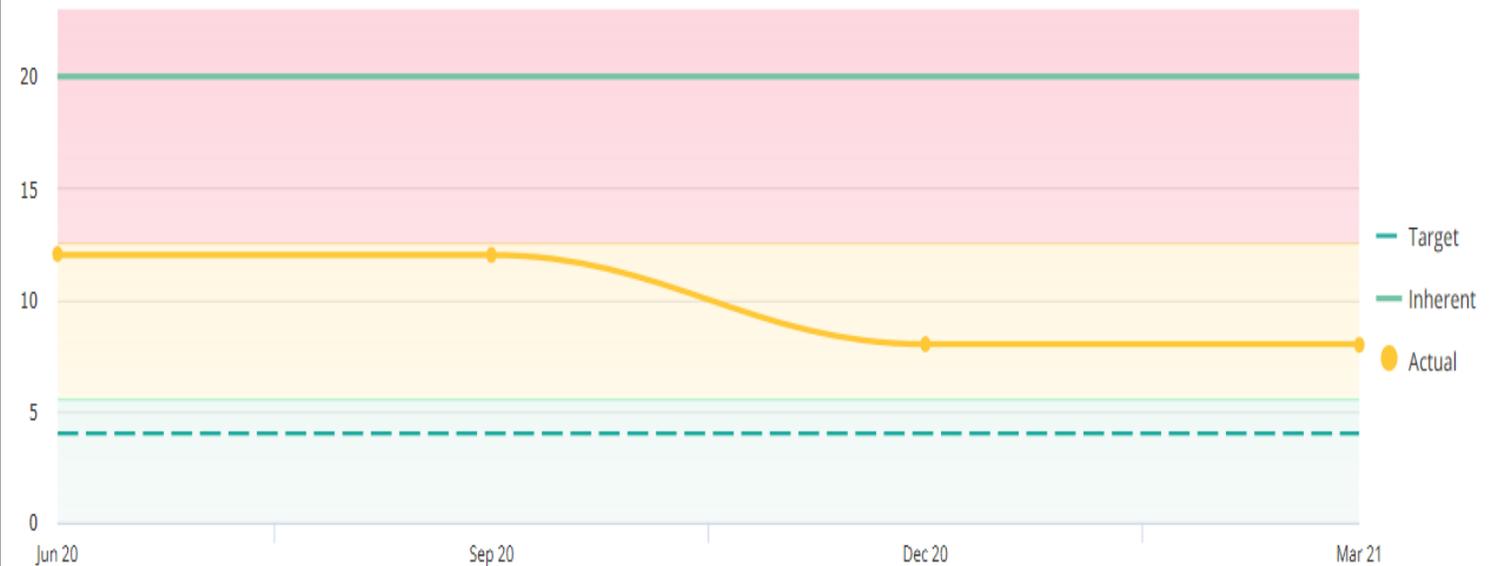
Current Residual 4 x 2

Appetite/Target 2 x 2

Potential Impact

Breach of governance procedures could lead to adverse Ombudsman, Ofsted, External Audit, Care Quality Commission opinions and/or Legal challenge from those who interact with the Council

Current RAG rating AMBER



Current Actions/updates (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- Follow up on Audit Recommendations to ensure that they are all dealt with fully so that systems, processes and compliance are improved. Recommendation tracker presented to A&G along with limited assurance audit reports in full.
- The induction programme for new members of staff includes guidance to certain key governance policies (including the Code of Conduct)
- Staff code of conduct issued with contracts of employment for all staff
- Strategic risk register to be kept up to date and reviewed promptly
- Ongoing review of HR policies through Personnel Committee have been scheduled and programmed for agreement
- Control of payments to employees better controlled through I Trent roll out
- The Council now has retention schedules for each directorate. All retention schedules have been updated and will be reviewed to ensure they are compliant with any future updates. The retention schedules are available to all staff and all directorates are expected to follow them to ensure compliance
- I Trent rolled out to all staff with expectation of self-serve culture to keep own personal data up to date
- Review of the Code of Corporate Governance has been commissioned to look at best practice policies, processes and procedures in the Council

Risk 5: Social care provider failure and market instability

Risk Owners: Assistant Director Commissioning, Transformation & Performance (DACHS)

Corporate Priority: *Ensuring the Council is fit for the future, Securing the economic success of Reading. Protecting and enhancing the lives of vulnerable adults and children.*

Risk Rating (Impact x Likelihood)

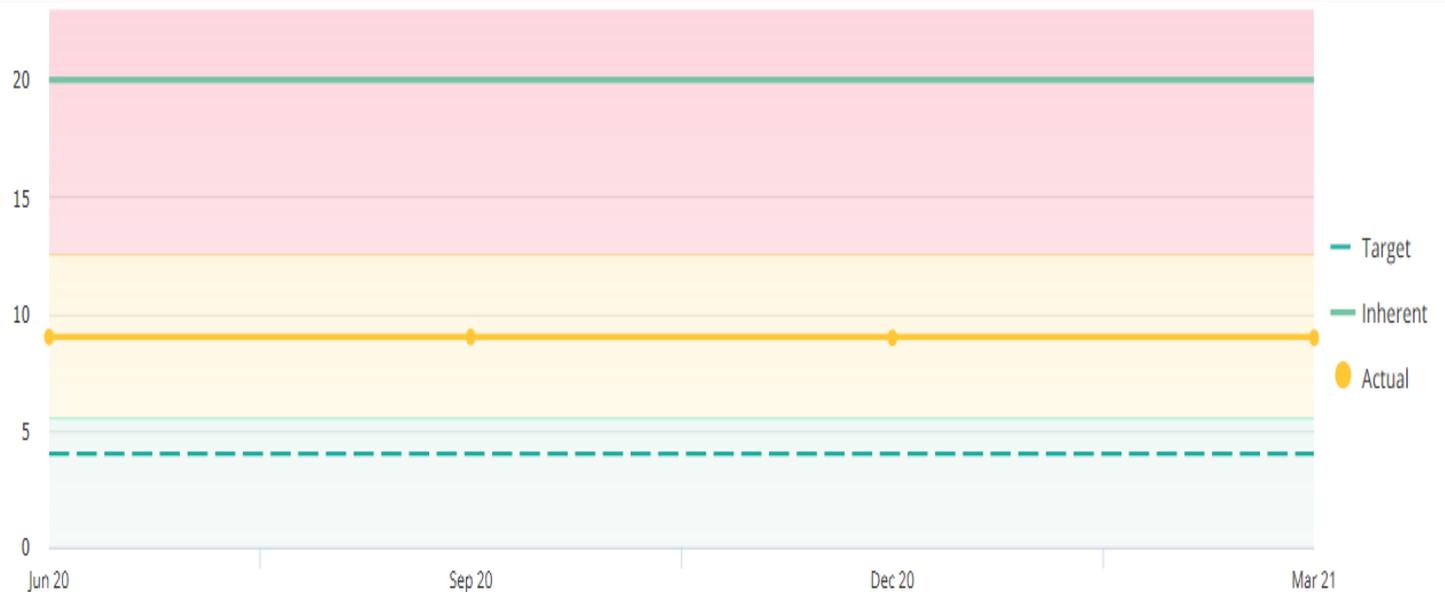
Unmitigated 5 x 4

Current Residual 3 x 3

Appetite/Target 2 x 2

Potential Impact

- Disruption to services.
- Failure to meet Care Act statutory duties
- Service users required to move due to service closures



Current RAG rating **AMBER**

Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- Sustainability of the marketplace is being reviewed through regular communications with providers alongside focused discussions in relation to Business Continuity plans.
- The extension of infection control funding alongside additional government funding streams for covid testing and workforce resilience are supporting financial sustainability of providers.
- Annual quality assessments have continued during the pandemic, identifying any immediate issues or potential risks.
- Targeted support is mobilized where specific sustainability issues arise

Risk 6: Insufficient vision and strategy for sustainable economic development and resilience leading to exposure to external shocks, a lack of investment in strategic infrastructure, a consequential decline in prosperity and an unequal distribution of economic opportunities in Reading and the wider sub-region.

Risk Owners: Executive Director for Economic Growth & Neighbourhood Services

Corporate Priority: *Securing the economic success of Reading*

Risk Rating (Impact x Likelihood)

Unmitigated 4 x 4

Current Residual 3 x 3

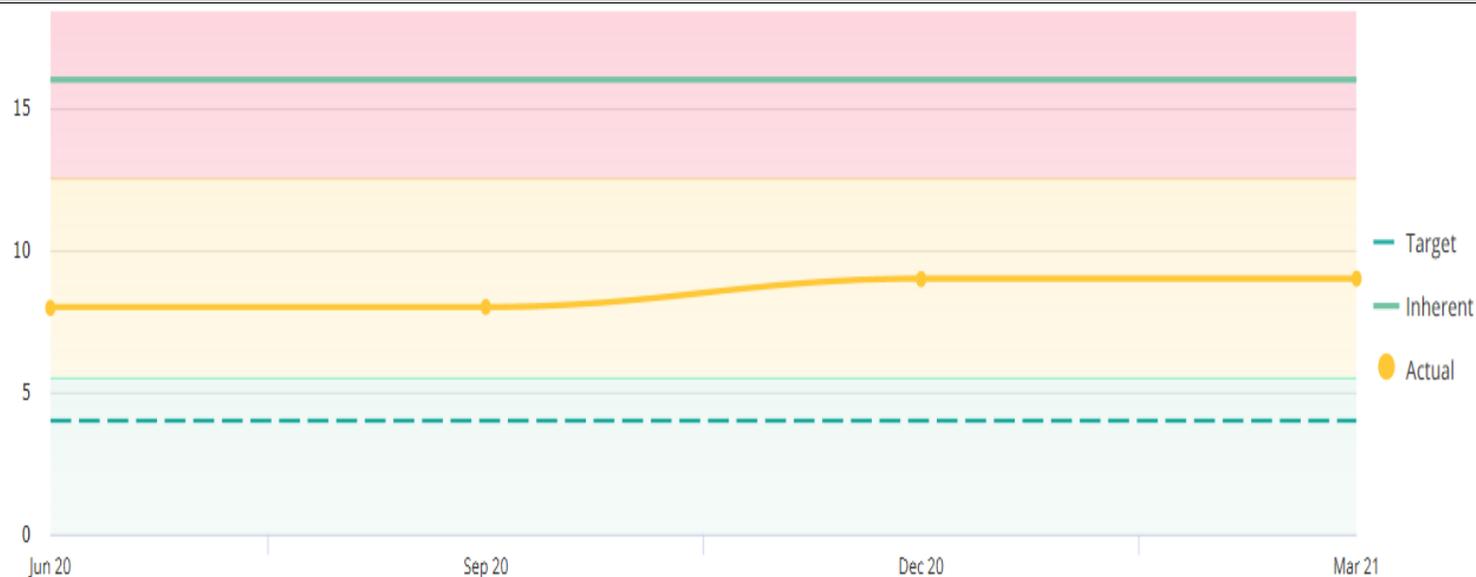
Appetite/Target 2 x 2

Potential Impact

Declining growth/recession in Reading will present less job opportunities and a likely decline or stagnating incomes/living standards.

Current RAG rating

AMBER



Current Actions/updates (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- The ongoing pandemic, and the national lockdowns and local restrictions arising from this, continue to suppress economic activity within Reading and place businesses and employment at risk.
- While the evidence suggests that Reading is relatively resilient and has the capacity to recover quickly, the longer these restrictions apply, the greater the risks to the economy and employment will be.
- The National Roadmap out of lockdown does however suggest that an end is in sight.
- The Council has sought to support the business community by promptly distributing financial support made available by government via local authorities, and to plan for the recovery and renewal of the local economy by working with our partners in Reading UK.
- To this end the Council endorsed the economic recovery strategy 'Powered by People', prepared by Reading UK, in September 2020, and is now working with other partners to implement the strategy.
- The Mar budget gave further details of national infrastructure funding streams and it will be important for Reading to pursue all of those for which we are eligible.

Risk 7: *The Council doesn't take adequate mitigation to reduce the risk of injury or death from incidents within Council residential accommodation and private high rise within the borough*

Risk Owners: Assistant Director for Housing & Communities

Corporate Priority: *Improving access to decent housing to meet local needs*

Risk Rating (Impact x Likelihood)

Unmitigated 5 x 4

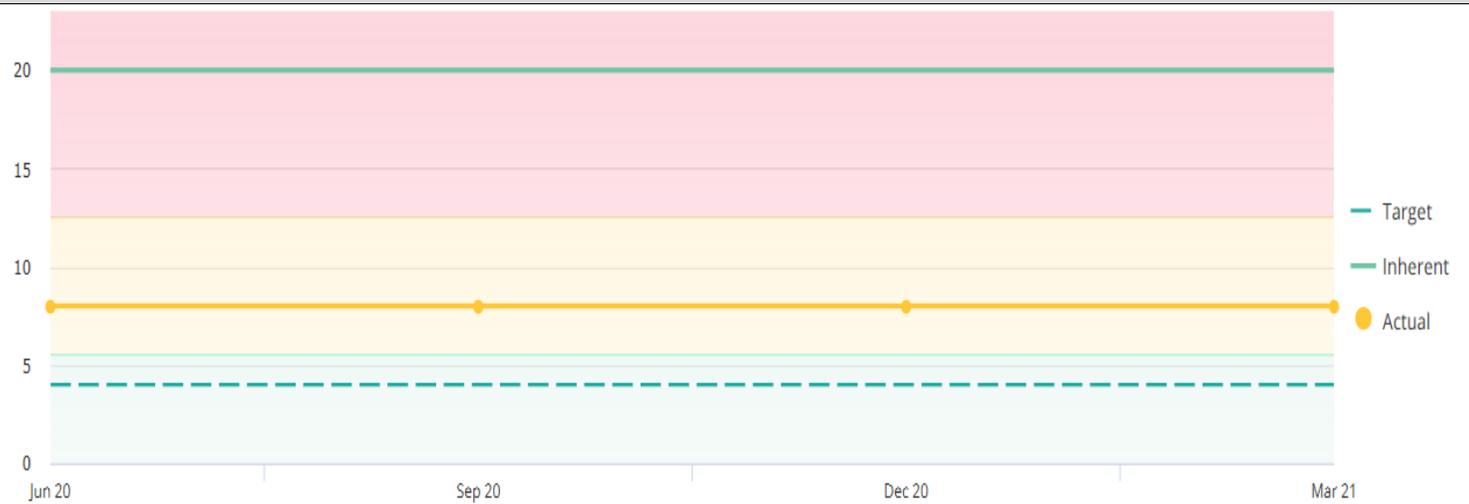
Current Residual 4 x 2

Appetite/target 4 x 1

Potential Impact

Death/Injury to individuals and/or non-compliance with relevant legislation

Current RAG rating AMBER



Current Actions *(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)*

- Fire Risk Assessments are up to date and any urgent actions have been completed.
- Fire protection works are proceeding as planned
- Rolling block inspections, fire alarm testing and emergency lighting tests are up to date and continue

Risk 8: Partnerships - Failure to develop and maintain key partner relationships results in failure to deliver key shared outcomes

Risk Owners: Assistant Director Corporate Improvement and Customer Service & Assistant Director Commissioning, Transformation & Performance - DACHS

Corporate Priority: *Securing the economic success of Reading. Improving access to decent housing to meet local needs. Protecting and enhancing the lives of vulnerable adults and children*

Risk Rating (Impact x Likelihood)

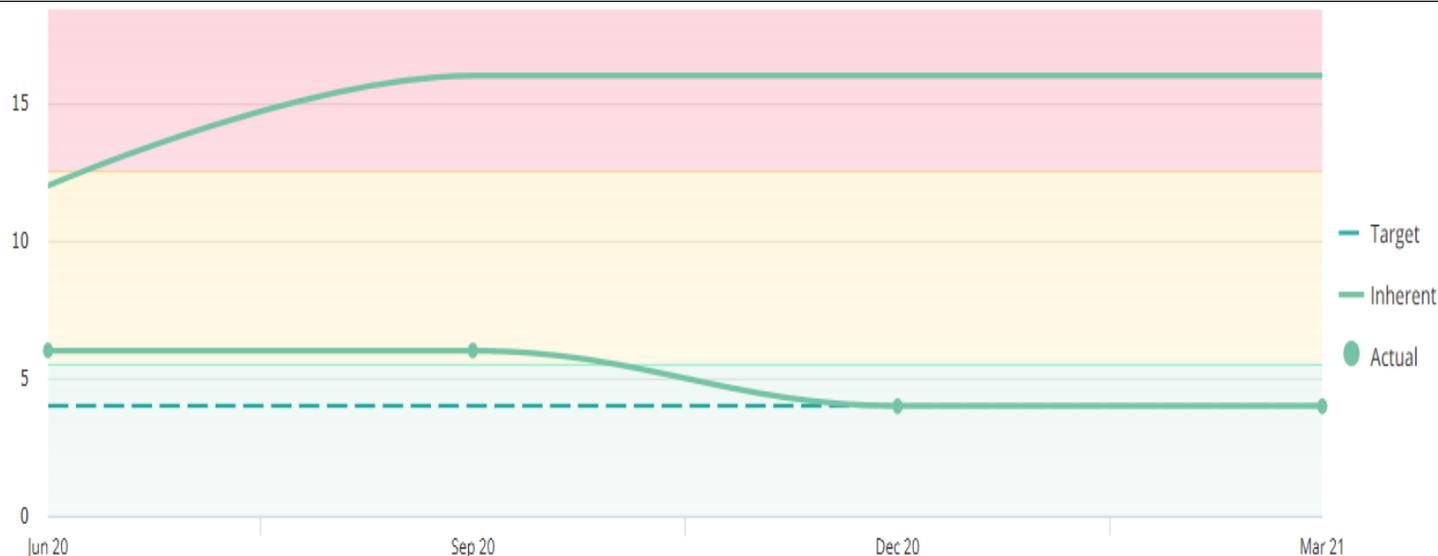
Unmitigated 4 x 4

Current Residual 2 x 2

Appetite 2 x 2

Potential Impact

Community needs not met Negative impact on community cohesion which could lead to extremism. Increased risk of failure of voluntary sector umbrella support



Current RAG rating GREEN

Current Actions/Updates (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- As part of the Councils C19 response and recovery a Social Impact Board has been set up to ensure partners, via VCS, CCG, NHS PH, are working together on a joint set of priorities.
- The Social Impact Board has met and agreed a programme plan which is on track.
- Work is now underway to review and maximise the newly invigorated relationship developed through the Pandemic with the VCS.

<p>Risk 9: BFfC - Failure of the new Children’s Company to improve service levels and financial overspend, results in poor performance and accelerated adverse financial impacts (as failure to improve overspend means the Council is unable to access the delivery fund grant)</p>		<p>Risk Owner: Assistant Director for Procurement & Contracts</p>																				
<p>Risk Rating (Impact x Likelihood)</p> <p>Unmitigated 4 x 4</p> <p>Current Residual 4 x 2</p> <p>Appetite 2 x 2</p> <p>Potential Impact</p> <p><i>Financial overspend, poor service provision and impacts on children</i></p>	<table border="1"> <caption>Risk Score Data</caption> <thead> <tr> <th>Date</th> <th>Actual Score</th> <th>Target Score</th> <th>Inherent Score</th> </tr> </thead> <tbody> <tr> <td>Jun 20</td> <td>8.0</td> <td>4.0</td> <td>16.0</td> </tr> <tr> <td>Sep 20</td> <td>7.8</td> <td>4.0</td> <td>16.0</td> </tr> <tr> <td>Dec 20</td> <td>7.6</td> <td>4.0</td> <td>16.0</td> </tr> <tr> <td>Mar 21</td> <td>7.5</td> <td>4.0</td> <td>16.0</td> </tr> </tbody> </table>		Date	Actual Score	Target Score	Inherent Score	Jun 20	8.0	4.0	16.0	Sep 20	7.8	4.0	16.0	Dec 20	7.6	4.0	16.0	Mar 21	7.5	4.0	16.0
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Current RAG rating	AMBER																					
<p>Current Actions/Update (<i>What we are currently doing about the risk - Causes Unmitigated Score to reduce to Residual</i>)</p> <ul style="list-style-type: none"> Brighter Futures for Children has seen an improvement in overall performance, as reflected in the move from being rated as 'Inadequate' to 'Requires Improvement to be Good' in the most recent ILACS inspection. There has still been a financial overspend in the last year albeit the recovery plan to address this is well progressed and on target to address the current year financial pressures. There remains a large programme of work to address both service improvement and overall Company transformation, with the impact of Covid-19 not yet fully clear and ongoing. The FY2021-22 Contract Sum has been agreed subject to member/ Council approval and an updated and revised Business Plan is due to be agreed in March 2021, which should help provide a firm base for further performance improvement. 																						

Risk 10: Adult Safeguarding - Risk of death harm or injury to vulnerable persons for whom we have a responsibility

Risk Owners: Executive Director of Social Care and Health

Corporate Priority: *Protecting and enhancing the lives of vulnerable adults and children*

Risk Rating (Impact x Likelihood)

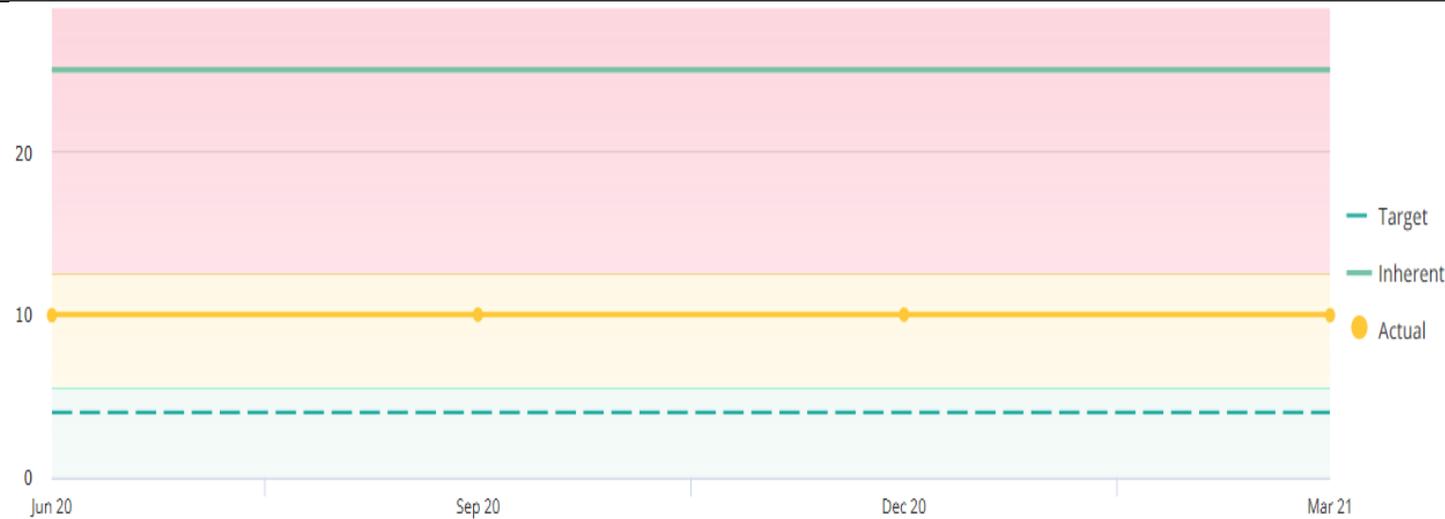
Unmitigated 5 x 5

Current Residual 5 x 2

Appetite/Target 2 x 2

Potential Impact: Death or injury. Loss of reputation. Fines/penalties. Insurance claims. Legal challenges

Current RAG rating	AMBER
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Current Actions/Update (*What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual*)

- A local Risk Enablement Panel (REP) is held for practitioners and managers to bring high risk cases for discussion and guidance.
- A new West Berkshire wide Multi-Agency Risk Management (MARM) process has just been launched. The purpose of the Multi Agency Risk Management Frame is to support the individual and staff to reach agreement and adopt strategies around risk decision and the management of those risks where they are manageable. This This includes escalation to multiagency panel if required.
- Oversight of Safeguarding Enquiries: The Safeguarding Manager now signs off all enquiry closures to ensure risks are mitigated and transferrable risks addressed at this key point in the safeguarding process.
- The interim safeguarding lead is working directly with the safeguarding team to re-clarify process and ensure that all recording is of high quality and captured within client record systems.
- New local procedure to be produced which standardises the process with regard to sharing outcomes of S42 enquiries with families. Also need to produce a template to share detail of high-risk cases with senior management.
- Monthly Safeguarding Managers meeting with Safeguarding lead and all TM and ATM to discuss practice, cases and management of safeguarding work across operational teams. Contracts team are also linked in to update on Provider concerns and share intelligence regarding pressures/ issues with providers.

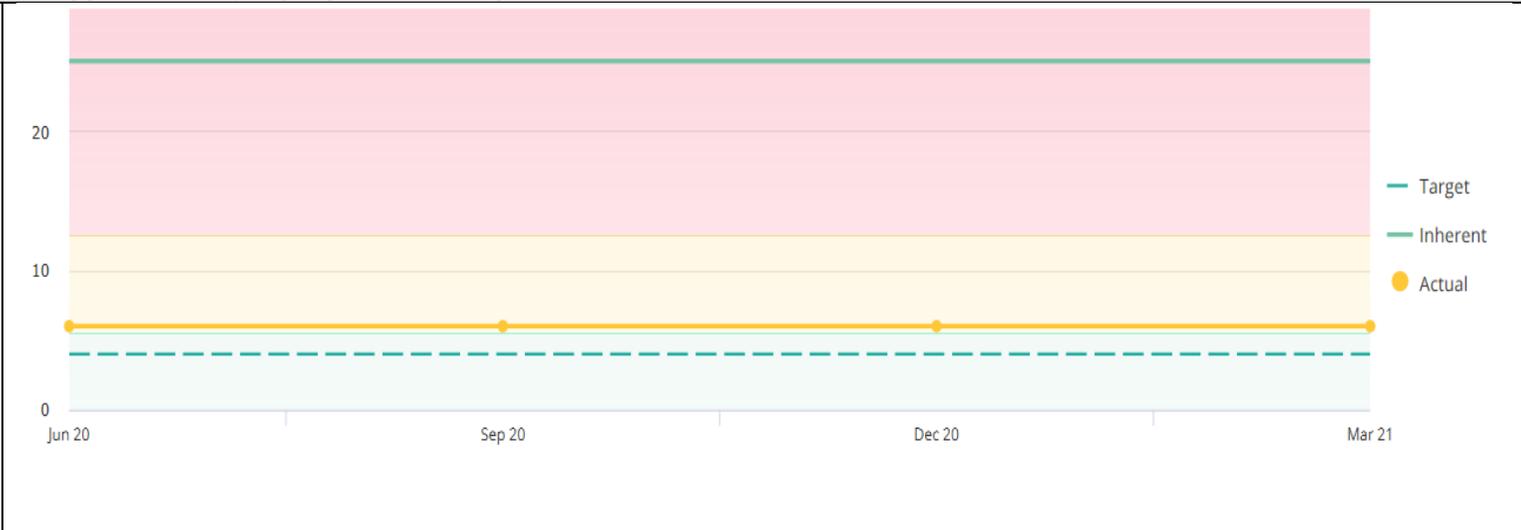
Risk 11: Response to Infectious diseases - *Failure of the Council to respond effectively to Covid-19* **Risk Owners:** Executive Director for Economic Growth & Neighbourhood Services

Corporate Priority: *Ensuring the Council is fit for the future, Securing the economic success of Reading. Improving access to decent housing to meet local needs. Protecting and enhancing the lives of vulnerable adults and children, Keeping Reading’s environment clean, green and safe* Promoting great education, leisure and cultural opportunities for people in Reading

Risk Rating (Impact x Likelihood)
 Unmitigated 5 x 5
 Current Residual 3 x 2
 Appetite 2 x 2

Potential Impact: Death or injury. Loss of reputation. Insurance claims. Legal challenges

Current RAG rating **AMBER**



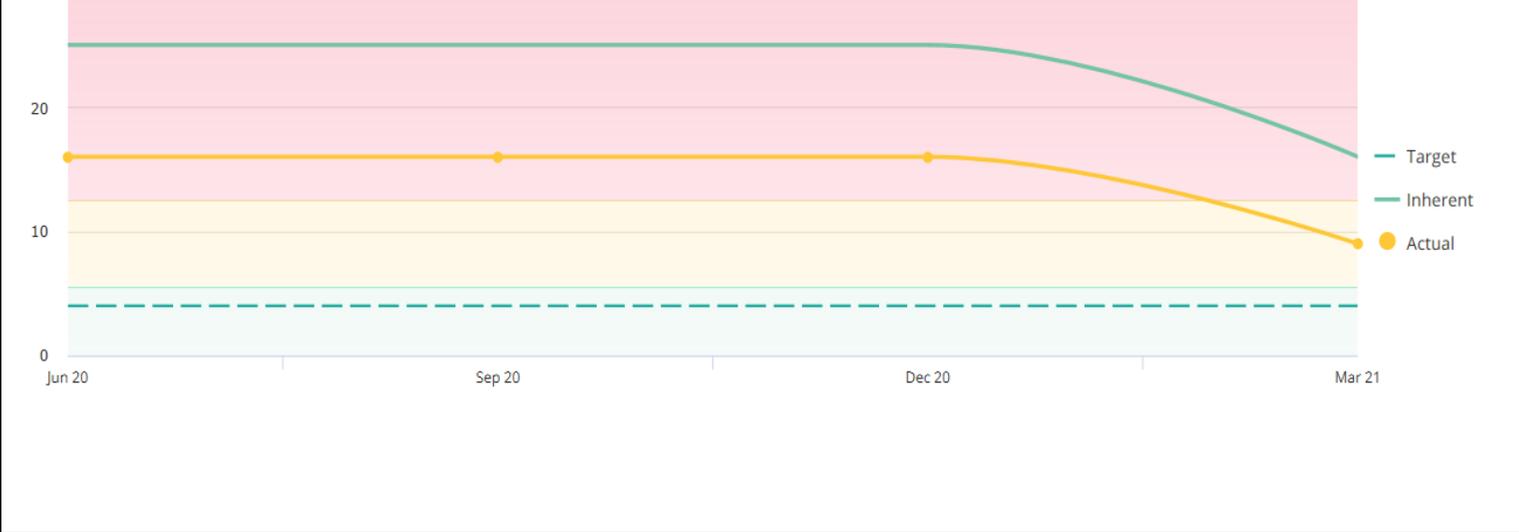
Current Actions/updates *(What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)*

- Emergency response structure established
- Thames Valley Local Resilience Forum being supported
- One Reading Community Hub remains in Operation to support vulnerable people specifically through lockdown. LA's are required to support Clinically Extremely Vulnerable residents, with support to access priority food shopping slots, or provide food parcels via Voluntary Sector Partners. The VCS partner network including CCG meets weekly to discuss emerging issues. Providing a range of support to tackle social isolation, practical support such as taxi services and mental and physical health support.
- Local test and trace system implemented via the Councils call centre
- Lateral Flow testing sites established at 2 locations in the borough with a third location currently being scoped.

Risk 12: Recovery from Infectious diseases - Failure of the Council to recover effectively to Covid-19 **Risk Owners: Director of Resources**

Corporate Priority: *Ensuring the Council is fit for the future, Securing the economic success of Reading. Improving access to decent housing to meet local needs. Protecting and enhancing the lives of vulnerable adults and children, Keeping Reading's environment clean, green and safe* *Promoting great education, leisure and cultural opportunities for people in Reading*

Risk Rating (Impact x Likelihood)
 Unmitigated 4 x 54
 Current Residual 3 x 3
 Appetite 2 x 2
Potential Impact: Death or injury. Loss of reputation. Insurance claims. Legal challenges
Current RAG rating **AMBER**



Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- The organizational recovery group has assessed services compliance with covid secure criteria and put into place control measures which mitigate any impacts.
- The other recovery groups supporting economic recovery and renewal and social impact continue to monitor changes in the governments approach to recovery including delivering grants and support services.
- The government has set out its roadmap for recovery which the council is responding to and supporting other services such as the NHS in the rollout of vaccinations.

Risk 13: Cyber-attack results in service disruption, data loss or damage, financial loss and/or reputational damage

Risk Owners: AD Legal & Democratic Services (as Senior Information Risk Owner) and Chief Digital & Information Officer

Corporate Priority: *Ensuring the Council is fit for the future, Securing the economic success of Reading. Improving access to decent housing to meet local needs. Protecting and enhancing the lives of vulnerable adults and children, Keeping Reading's environment clean, green and safe. Promoting great education, leisure and cultural opportunities for people in Reading*

Risk Rating (Impact x Likelihood)

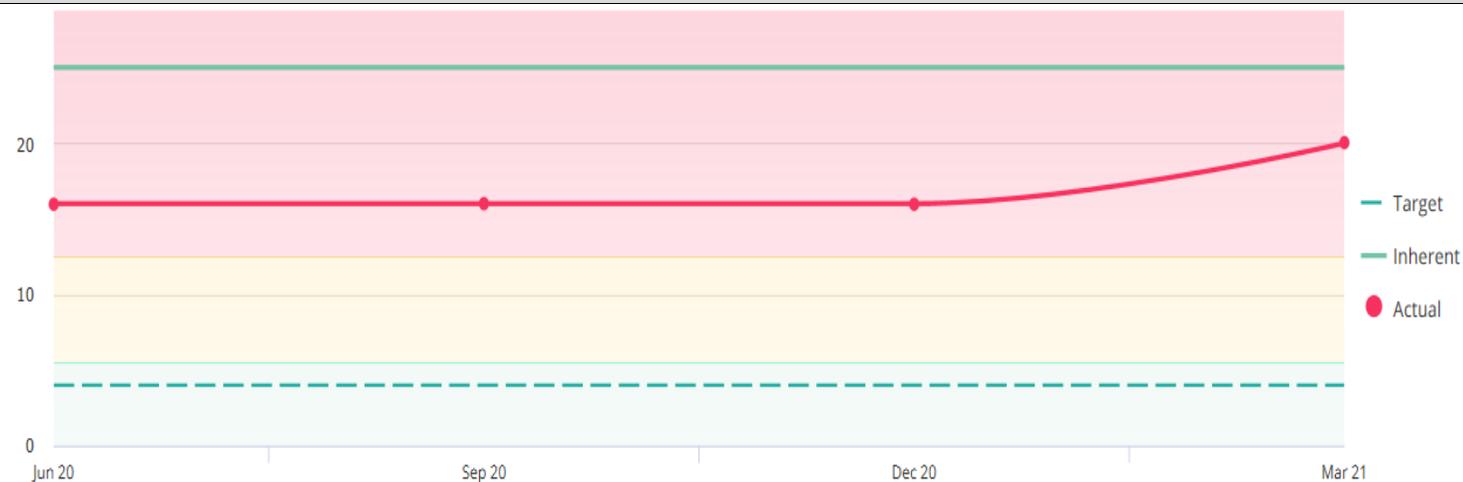
Unmitigated 5 x 5

Current Residual 5x4

Appetite 2x3

Potential Impact: Loss of service, loss of reputation, legal challenges, recovery costs

Current RAG rating RED



Current Actions (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- Current impact increased to 5 to reflect recent learning from incidents such as those experienced by Haringey and Redcar & Cleveland ransomware attack. The proposed contingency planning action would reduce this.
- Likelihood remains high. While all technical measures that can sensibly be taken prior to transition to the ICT Future Operating Model have been taken, training takeup amongst staff and members remains worryingly low despite ongoing communications.
- A phishing test undertaken in March indicated that training and communications had had some impact but that we still fell short of the target standard
- Our current ICT infrastructure incorporates security controls
- Security governance has been strengthened with the establishment of the Information Governance Board, which will review policy and strategy relating to cyber security, and also monitor reports of security incidents to identify corrective action
- AD Legal & Democratic Services has been appointed as cyber security champion for CMT, and a similar role will be played in Council by the Lead Member for Corporate & Customer Services
- An independent review of cyber security has been undertaken by ContextIS, its conclusions informing both some of the actions already taken and those planned

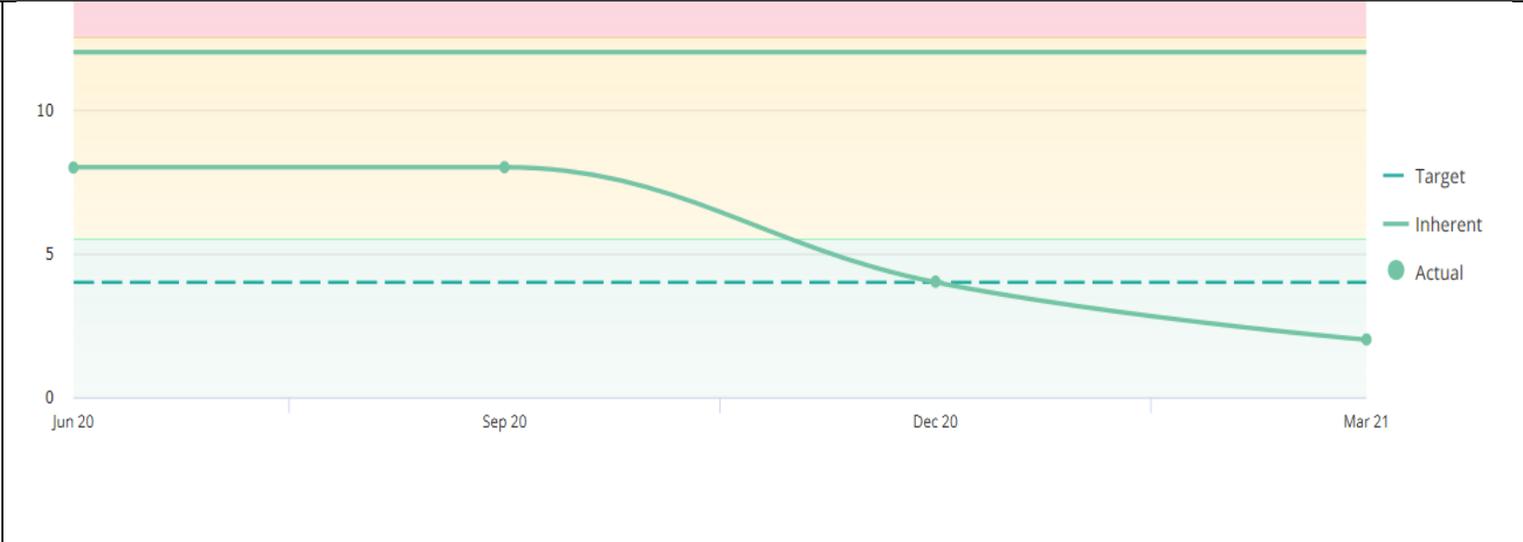
Risk 14: Delay in implementation of ICT Future Operating Model causes disruption in service or additional cost Risk Owners: Chief Digital & Information Officer

Corporate Priority: *Ensuring the Council is fit for the future*

Risk Rating (Impact x Likelihood)
 Unmitigated 4 x 3
 Current Residual 2 x 1
 Appetite 2 x 2

Potential Impact: Death or injury. Loss of reputation. Insurance claims. Legal challenges

Current RAG rating GREEN



Current Actions/updates (What we are currently doing about the risk- Causes Unmitigated Score to reduce to Residual)

- All providers have been appointed.
- Transition is in progress and on target; there are contingency plans in place for any delays.
- The TUPE process has caused delay to the formation of the final internal organisation, but interim arrangements are being put in place to mitigate this.

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20th April 2021		
TITLE:	IMPLEMENTATION OF THE FINANCE IMPROVEMENT PROGRAMME - PROGRESS UPDATE		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER SERVICES
SERVICE:	FINANCE	WARDS:	BOROUGHWIDE
LEAD OFFICER:	CHRIS TIDSWELL	TEL:	07825 190321
JOB TITLE:	PROGRAMME LEAD	E-MAIL:	chris.tidswell@cipfa.org

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Audit and Governance Committee agreed at its meeting in October 2020 that progress against the Finance Improvement Programme should be reported on a regular basis to the Committee.
- 1.2 This report provides an update on progress of the Programme workstreams and their deliverables against the Plan since the last meeting in January this year.

2. RECOMMENDED ACTION

- 2.1 To note progress of the Finance Improvement Programme

3. INTRODUCTION AND BACKGROUND

- 3.1 The Finance Improvement Programme has two key phases: Phase I responds to the historic and current issues identified to ensure a sound foundation and 'getting the basics' right. The second phase, (Phase II), will concentrate on embedding Phase I delivery and developing the financial management culture and governance framework across the Council. A number of Phase I workstreams are currently drawing to a close.
- 3.2 The Programme is led and overseen by the Finance Transformation Board chaired by the Deputy Chief Executive and meets fortnightly. The Board receives updates and reports ensuring appropriate challenge and stewardship, the Board monitors progress of delivery against the Project Plan and signs off key deliverables.
- 3.3 There are six workstreams in Phase I. These are:
 - Accounts payable
 - Accounts receivable
 - Chart of accounts
 - Reconciliations
 - Final accounts
 - Finance system (general ledger and associated modules)

- 3.4 Each workstream has a number of deliverables which also includes relevant 'Audit Tracker' recommendations to help ensure progress on implementation.

4. PROGRAMME UPDATE - PLAN AND DELIVERABLES

- 4.1 Progress against the Phase I plan since the last Committee has been good with a number of deliverables being achieved. As a number of phase 1 workstreams are nearing completion the deliverables worked on during the last quarter have in the main centred around those which have proved more challenging to implement. Capacity has remained an issue as a consequence of resources being directed towards closure of accounts and the impact of staff vacancies. Encouragingly resources gaps have been resolved in a number of areas which has assisted in progressing key areas of activity. Supplier issues around accounts payable which had delayed some activities have now been resolved.

The Finance Transformation Board continue to oversee the Programme and monitor and challenge delivery timelines where appropriate.

Three of the workstream are in their final stages, Accounts Payable, Accounts Receivable and Chart of Accounts. Residual implementation activity is expected to be completed by the 30th of April for Accounts Payable and Chart of Accounts and 1st of May for Accounts Receivable. Once concluded, monitoring arrangements will be introduced to ensure compliance with the revised arrangements going forward, the final deliverable tasks.

As indicated in the report presented at the last Audit and Governance Committee the following workstream has a longer timeline:

- The Finance System Procurement - scheduled for completion December 2021.

- 4.2 Phase II of the transformation programme (developing corporate financial management governance and the overarching financial management environment) will only commence once Phase I workstreams are complete and will be aligned to the implementation of the new finance system. This will both ensure that the opportunities and benefits of the new system are realised and that the necessary development of the organisational approach to financial management and governance takes place and is embedded.
- 4.3 Audit tracker recommendations continue to be included within individual workstream deliverables where appropriate and are managed as part of the overall Plan. Progress is being made with implementation. There are a total of 43 (previously 60) recommendations within the tracker covered by the Finance Improvement Programme. These are rated as; Red 1 (5), Amber 22 (24), and Green 20 (31).

5. WORKSTREAM UPDATES

The following section highlights each workstream's terms of reference and progress against the Plan. Each workstream has a table indicating a RAG rating for its deliverables and Audit Tracker recommendations. For reference the previously reported numbers are shown in brackets.

5.1 Accounts Payable (AP)

Terms of reference

To review and modernise the Accounts Payable process from start to finish using the technology available to the full ensuring it is fit for purpose and addresses historic issues. To improve the Supplier Database and increase efficiency within AP with the increased use of the Supplier Portal and access to the web centre.

Final delivery date (revised): 30 April 2021

The accounts payable workstream has 10 specific deliverables.

Completed	In progress	Not Started
8 (5)	2 (5)	0 (0)
Commentary		
<ul style="list-style-type: none"> • There are two remaining tasks outstanding: • Reconciliations of AP system for RBC and BFfC business units which will be included as part of the final accounts and reconciliation workstream. • Develop compliance monitoring and reporting arrangements which will commence at the end of April. 		

- The Audit Recommendations Tracker has 27 (34) recommendations relating to Accounts Payable (12 relating to Purchase Cards were added in December 2020).
- Of the 27 recommendations included in the tracker ratings are: **10(13) Green, 16 (16) Amber and 1(5) Red.**

5.2 Account Receivable (AR)

Terms of reference

To review, develop and implement actions to ensure an efficient and effective debt management service that ensures compliance and is delivered using the most appropriate technology.

Final delivery date: (revised): 4 May 2021

The Accounts Receivable workstream has 12 specific deliverables.

Completed	In progress	Not Started
5(5)	3(2)	4(5)
Commentary		
<ul style="list-style-type: none"> • In progress deliverables are, firstly the move of AR processing from Academy to Oracle Fusion to improve processing efficiency is now underway with suppliers engaged to introduce changes due to supplier issues the go live date is now scheduled for the 4th of May. • Secondly adoption of the Debt Management Strategy approved by Policy Committee. This is now with eth Corporate Management Team for implementation and discussions on resolving historic debt issues. • This relates to developing an SLA which will be put in place once the migration above is completed. • The four deliverables not started are all linked to the migration of AR processing to the Oracle Fusion system and have a sequential commencement. • These relate to refining team roles, delivery of user guides, training and developing the compliance monitoring and reporting arrangements. • Following implementation of these the new operational arrangements will go live and completion is set for the end of May. 		

- The Audit Recommendations Tracker has 4 recommendations relating to Accounts Receivable.
- Of the 4 (6) recommendations included in the tracker ratings are: **Amber 4(4)** and **Green 0 (2)**.

5.3 Chart of Accounts

Terms of reference

To review and rationalise the Chart of Accounts in line with best practice to aid financial information reporting for all users and to develop a governance process to manage amendments moving forwards, with the involvement of all key stakeholders.

Final delivery date (revised): 30 April 2021

The Chart of accounts workstream has 11 specific deliverables.

Completed	In progress	Not Started
8(7)	3(4)	0 (0)
Commentary		
<ul style="list-style-type: none"> • The remaining tasks which will be completed by the end of April 2021 relate to the final closing of a small number of codes (subjective and objective) which will complete the revision to the chart of accounts. • Following this, the process for monitoring and compliance will be put in place. 		

- Following completion of the above it has been agreed that an additional deliverable will be transferred to this workstream from Reconciliations namely the review and rationalisation of holding accounts which is underway and will be completed by Mid-April. All old holding codes that can be closed have been closed and new ones will only be used with appropriate authorisation.
- The Audit Recommendations Tracker has 2 (3) recommendations relating to the Chart of Accounts.
- Of the 2 recommendations included in the tracker, ratings are: **Amber 1(2)** and **Green 1(1)**.

5.4 Reconciliations and final accounts

Original Terms of reference

To review and rationalise all Control, Holding and Suspense codes to ensure that they facilitate efficient and effective working practice, and to develop a scheduled review process to ensure that they are reconciled at appropriate intervals. To also review and refine the Final Accounts process to ensure that the closedown process is efficient and effective and delivers an accurate compliant set of accounts in accordance with statutory deadlines.

Revised approach

As indicated at the January Audit and Governance Committee the Chief Accountant reviewed work to date on the reconciliations workstream and prepared a joint plan.

The plan covers the closedown of 2018/19, 2019/20 and 2020/21 and as a consequence all reconciliation processes and issues will be addressed simultaneously.

An update on the closure of accounts, including changes and impact of the improvements to the bank reconciliation routine and the rationalisation of holding accounts is the subject of a separate paper to this Committee.

- The Audit Recommendations Tracker now has 10 (14) recommendations relating to reconciliations and final accounts.
- Of the 10 recommendations included in the tracker ratings are: **Amber 1(2)** and **Green 9 (12)**.

5.5 Financial system procurement

Terms of reference

To determine the required finance system outcomes from stakeholders and produce an options-based business case. To lead the re-procurement of the finance system and subsequent implementation within the required governance framework.

Final delivery date and go live date: 2 December 2021.

The finance system workstream has 4 specific deliverables. These deliverables are key milestones in the system re-procurement.

Completed	In progress	Not Started
1(0)	1(2)	2 (2)
Commentary		
<ul style="list-style-type: none"> • The governance and approval process for procurement have been completed. • The formal procurement process is currently well underway and the preferred bidder will be identified by the 23rd of April. • The remaining activities not started relate to the implementation and go-live of the finance system. 		

- There are no recommendations in the Audit Tracker.

6. CONTRIBUTION TO STRATEGIC AIMS

- 6.1 The Finance Improvement Programme has been designed and developed to build a strong financial management and governance foundation, with the aspiring direction of a fit for the future, exemplar financial management and governance environment in Reading.

7. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 7.1 None arising from this report.

8. COMMUNITY ENGAGEMENT AND INFORMATION

8.1 Not applicable to this report.

9. EQUALITY IMPACT ASSESSMENT

9.1 Not applicable to this report.

10. LEGAL IMPLICATIONS

10.1 Not applicable to this report.

11. FINANCIAL IMPLICATIONS

11.1 There are no direct financial implications arising from this report. However, the implementation of the Finance Improvement Programme will streamline processes, reduce closure of accounts timelines and costs, and increase the capacity and value added by the Finance Team.

12. BACKGROUND PAPERS

12.1 Not applicable to this report.

READING BOROUGH COUNCIL

REPORT BY DEPUTY CHIEF EXECUTIVE

TO:	AUDIT AND GOVERNANCE COMMITTEE		
DATE:	20 APRIL 2021		
TITLE:	INFORMATION GOVERNANCE QUARTERLY UPDATE		
LEAD COUNCILLOR:	CLLR ELLIE EMBERSON	PORTFOLIO:	CORPORATE AND CONSUMER
SERVICE:		WARDS:	ALL
LEAD OFFICER:	MICHAEL GRAHAM	TEL:	
JOB TITLE:	ASSISTANT DIRECTOR LEGAL AND DEMOCRATIC SERVICES	E-MAIL:	michael.graham@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report outlines the actions in progress to improve the Council's policies, systems and processes for better Information Governance.
- 1.2 In the last two years, the Committee has received a number of limited assurance reports in relation to information governance and work is ongoing to address the underlying issues in the following areas:
 - Freedom of Information
 - Data Transparency
 - Records Management

2. RECOMMENDED ACTION

Audit and Governance Committee is asked:

- 2.1 To note the progress to date and future actions outlined in this report.
- 2.2 To identify matters of interest for future reports.

3. POLICY CONTEXT

- 3.1 The Council's new Corporate Plan (2021) has established three themes for the year 2021/22. These themes are:
 - Healthy Environment
 - Thriving Communities
 - Inclusive Economy
- 3.2 These themes are underpinned by "Our Foundations" explaining the ways we work at the Council:
 - People first
 - Digital transformation

- Building self-reliance
 - Getting the best value
 - Collaborating with others
- 3.3 Full details of the Council’s Corporate Plan and the projects which will deliver these priorities are published on the [Council’s website](#). These priorities and the Corporate Plan demonstrate how the Council meets its legal obligation to be efficient, effective and economical.
- 3.4 Data is playing an increasing role in designing, delivering and transforming public services to improve outcomes for customers and drive efficiencies within current financial constraints.
- 3.5 The Local Government Association describe the value of data to public services as facilitating:
- The design of services around user needs
 - The engagement and empowerment of citizens to build their communities
 - Efficiencies and public service transformation
 - Economic and social growth
 - Greater transparency and accountability
- 3.6 Effective information governance is a key requirement for the Council which has duties to be both open and transparent whilst at the same time protecting the confidential information it holds about people and businesses. How it collects, uses, stores, shares and destroys personal data is governed by the Data Protection Act. The Council also has to comply with the Freedom of Information Act, the Environmental Information Regulations and the Access to Information Act in relation to its records. Compliance is monitored by the Information Commissioner who has wide ranging powers including the ability to impose considerable financial penalties for breaches of the Data Protection Act.

4. UPDATE

Restructure

- 4.1 Following an Internal Audit report to this Committee in Sept 2019 which outlined limited assurance in answering Freedom of Information (FOI) requests a restructure took place in Spring 2020 which brought together the Customer Relations Team and those staff from Legal working on Information Governance issues. This brought the oversight of all FOIs, Subject Access Requests, complaints, MP letters and Ombudsman matters together allowing for better management and oversight. The new team was operational from 22 June 2020. A Customer Relations Team Leader was recruited in December 2020 providing additional capacity to the Customer Relations and Information Governance Manager to address some of the longer-term actions which are identified in the draft Information Management Strategy. This handover of tasks is going well. Recruitment is also under way for an Information Governance Team Leader as the current postholder has gained a promotion elsewhere. Recruitment for an IG apprentice is underway to support the work of the team.

FOI cases

- 4.2 A new case management system for FOIs went live in March 2021. Training has been provided to officers and the initial signs are that the system is working well with few teething troubles. The new system allows us to develop a bank of frequently asked queries which can be published on the Council’s website which should help divert queries from officers where these have already been requested and answered. This aspect of the service will need some time to develop as customers’ requests are fulfilled

and logged through the new system. Gradually, the history of previously asked questions will build-up over time. There is no indication at this stage of when that function will stop duplication of work. The FOI function is now centrally managed through the Customer Relations Team, with all requests and answers being channelled via the team. This should help to positively improve response times for FOIs.

- 4.3 FOIs, Complaints, Responses to MP and Cllr enquiries continue to be monitored weekly by CMT which ensures good organisational oversight and stresses the importance the Council gives to these matters. Encouraging improvements have been noted since Christmas with fewer matters going over the relevant timescale for response.
- 4.4 An Annual Report showing the performance in all such information requests (FOIs, Subject Access Requests, Complaints, Ombudsman queries, Cllr enquiries) will be instigated for the next meeting of the Committee and report performance for 2020/21.

Information Governance Board

- 4.5 The Board has recently reviewed the Council's approach to information management in the context of business continuity seeking to draw lessons learned from the pandemic in 2020. Work is under way to review the advice to managers on planning for business continuity events, ensuring suitable access to essential information systems etc.
- 4.6 The Board has also overseen a planned phishing exercise to test the ability of staff and councillors to spot possible cyber-attacks, scams, fraud etc. It is not appropriate for security reasons to detail all the lessons learned in a public report. However, Councillors should be aware that it is part of our ongoing strategy to repeat such tests and to continue to promote the training for councillors and staff which is in place and has been well received.

Information Management Strategy

- 4.7 As previously advised, the IG Board is currently preparing an Information Management Strategy and Action Plan which outlines the Council's proposed approach to information management and governance. It is envisaged that this Strategy will be informed by a technical review which has now been commissioned to look at the Council's Information Governance function. After a number of different organisations were approached, Leicester City Council has been selected to undertake this review which starts in April and will report before the summer. An update will be provided for your next meeting. The Strategy is likely to be finalised at Policy Committee by September 2021 after the technical review has reported.

Other Board Actions

- 4.8 The Board has received a revised Information Security Policy and updated ICT policies. These will be reviewed during this next quarter.
- 4.9 The Board, meeting monthly, also reviews Cyber Security Incidents and possible breaches of the Data Protection Act which may need to be reported to the Information Commissioner. Where any subsequent actions are identified then these are monitored. There is nothing of note to report to members.
- 4.10 The Board approved the re-provision of the existing Cyber Security training which is currently rolled out for all staff and members through Learning Pool, the Council's e-learning package. The Board is monitoring the uptake of this training and its effectiveness. As a result of the recent phishing exercise (mentioned above) staff have again been reminded to complete the training online.
- 4.11 As members may recollect at your January meeting, 6 (13%) councillors and 606 (29%) officers had completed their Cyber Security Training online. The current figures, as of

the date of dispatch, 24 (52%) councillors have completed their cyber security training and 699 (33%) officers have completed their training. The continued support of the Audit Committee members and Group Leaders in helping to close the residual gap is appreciated. Actions are in hand to improve the take-up of the training by staff. This includes better monitoring of training take-up through the Council's HR system to give managers increased visibility of who has done the required training.

- 4.12 The Board has overseen the Council's re-accreditation to the NHS IG Toolkit. This is a Department of Health (DH) Policy delivery vehicle that the Health and Social Care Information Centre (HSCIC) maintain. It draws together the legal rules and central guidance set out by Department of Health and presents them in a single standard as a set of information governance requirements. Organisations are required to carry out self-assessments of their compliance against these IG requirements before they are allowed to access NHS data. The Council signed up to comply with the Tool-Kit by July 2021 and compliance was achieved in March 2021.

Next Steps

- 4.13 The focus in the next quarter will be to complete the technical review which has been commissioned as mentioned above. The review is proceeding along the same lines as an ICO consensual audit and will be a useful benchmark. We have the additional benefit of the long operational experience of the staff at Leicester City Council who have undertaken training for many other local authorities in FOI, data protection etc. This should also provide us with practical guidance for any recommended improvements, based on their previous experience with other councils.
- 4.14 Although the Strategy is in development, I will consider ways in which a report against progress (action plan) can be provided for future meetings.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The purpose of Information Governance is cross-cutting and relevant to all Services of the Council and to all of our public facing services which collect and retain data about the public. The role of Information Governance contributes to the Corporate Priority foundation of "Getting the best value".

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Council declared a Climate Emergency at its meeting on 26 February 2019 (Minute 48 refers).
- 6.2 There is nothing within this report which is of relevance for the Council's strategic priority of Climate Change.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 7.2 It is not anticipated that there will be public consultation on the Information Management Strategy or Action Plan. It will however be in the public domain at Policy Committee and this Committee, and I anticipate members will wish to receive regular updates at this Committee. This will ensure that progress in this field is visible to residents.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

8.2 An Equality Impact Assessment (EIA) is not relevant to this report. All citizens have rights to information and there is no evidence that any section of the community is disadvantaged in accessing those rights under the current service provision. There is no reason to think that any section of society will be adversely affected by the roll-out of better Information Governance and an Information Management Strategy within the Council.

9. LEGAL IMPLICATIONS

9.1 The Council is required to comply with a number of information governance regulations including the Data Protection Act and the Freedom of Information Act. Effective governance, policies and practices are essential to minimising the risk of data protection breaches and to help ensure the appropriate handling of information requests. Failure to do so could result in regulatory action being taken against the Council.

10. FINANCIAL IMPLICATIONS

10.1 There are no direct financial implications arising from this report.

11. BACKGROUND PAPERS

11.1 There are none

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Agenda Item 9

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF FINANCE

TO: AUDIT & GOVERNANCE COMMITTEE

DATE: 20th APRIL 2021

TITLE: CLOSING FINANCIAL ACCOUNTS UPDATE

**LEAD
COUNCILLOR:**

**COUNCILLOR:
EMBERSON**

**PORTFOLIO: CORPORATE
& CONSUMER SERVICES**

SERVICE:

FINANCE

WARDS: BOROUGHWIDE

LEAD OFFICER:

ANNETTE TRIGG

TEL:

JOB TITLE:

CHIEF ACCOUNTANT

E-MAIL: annette.trigg@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report updates the Committee on progress with the completion of the Council's Final Accounts for 2018/19 and 2019/20.
- 1.2. The draft 2018/19 Accounts were handed over to EY in February 2020. These were updated in November 2020 for the revised brought forward 2017/18 balances although the Audit of these Accounts commenced in September 2020.
- 1.3. Officers have almost completed the 2019/20 accounts but have agreed with EY to focus on prioritising and resolving the 2018/19 outstanding queries and getting these signed off before passing them to EY. This will mean that any changes as a result of the 2018/19 audit can be updated and included in the brought forward balances from 2018/19 to save more audit time.

2. RECOMMENDED ACTION

That Audit & Governance Committee note:

- 2.1. To note the progress made in relation to the Audit of the 2018/19 Accounts.
- 2.2. To note the progress being made in closing the 2019/20 Accounts.

3. BACKGROUND AND PROCESS

2018/19 Accounts

- 3.1. The audit has been substantially progressed and most of the areas are under EY internal review. Officers are working with EY to answer the remaining outstanding and follow up queries arising on the 2018/19 Accounts. As in 2017/18 the number of queries is significantly higher than would be received during the course of a routine Audit, a result of the qualification of the 2016/17 and 2017/18 accounts and the ensuing reduction in the Council's materiality level.
- 3.2. With regards to the areas of qualification, EY have confirmed that the 2018/19 opening balances of short-term creditors and pensions liability will be qualified, which flows from the prior year qualifications of the closing balances of 2017/18 accounts. EY are not in a position to confirm the outcome of the audit until the internal reviews have been completed up to partner level.
- 3.3. Officers have had to overcome a number of challenges to get to this stage as a result of Covid 19, including a number of staffing changes. It is anticipated that the Audit work will be completed by the end of April 2021 however this will be subject to the completion of the EY internal quality assurance reviews which are ongoing and expected to be completed in May.

2019/20 Accounts

- 3.4. Much of the work had been completed on the 2019/20 accounts, but it was agreed with EY to prioritise finalising the 2018/19 accounts and bringing forward updated balances from 2018/19 before passing them for Audit.
- 3.5. The changes relating to the 2018-19 audit will need to be reflected in the draft Statement of Accounts for 2019/20 which we are aiming to complete alongside the Statement of Accounts for 2020/21 by July 2021.
- 3.6. EY have advised that the earliest date the audit can start for the 2019/20 Statement of Accounts will be 1 August 2021, this is due to EY having a full programme of NHS and other Local Authority audits to complete between April and July. EY have also advised that they will look to cover aspects of the 2020/21 accounts alongside the audit of the 2019/20 accounts which will result in greater efficiency. The aim is to have both 2019/20 and 2020/21 Statement of Accounts signed off by 31 December 2021.

2020/21 Accounts

- 3.7. Preparation of the 2020/21 Accounts has commenced and work to finalise the 2018/19 audit and 2019/20 Accounts will be completed alongside this.

4. The Accounts and Audit (Amendments) Regulations 2021

- 4.1. The Accounts and Audit (amendment) Regulations 2021 came into force on 31 March 2021. The regulations amend the date for publication of the draft accounts from 1 June to the 1 August and the date for publication of the final accounts from the 31 July to 30 September for the next 2 accounting years, 2020/21 and 2021/22.
- 4.2. The regulations also include a new requirement for all local authorities to post a notice if they fail to publish their draft accounts by the deadline. The notice must state the reasons why it has not been possible to commence the period for the exercise of public rights. The draft accounts must be published as soon as reasonably practicable thereafter.

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1. The production of annual accounts results in the publication of accurate, transparent financial information which gives a true and fair view of Reading Borough Council's economic performance and financial stability.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1. None arising from this report.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1. Both the 2017/18 and 2018/19 Accounts have been made available for public inspection as required under Part Five of the Accounts and Audit Regulations 2015.
- 7.2. The inspection period for the 2019/20 Accounts is expected to commence shortly after the draft accounts are finalised in 2021.

8. EQUALITY IMPACT ASSESSMENT

- 8.1. Not applicable

9. LEGAL IMPLICATIONS

- 9.1. Part Five of the Accounts and Audit Regulations 2015 requires authorities to allow the public to inspect the accounts for a single period of 30 working days and stipulates that must include the first 10 working days of June of the financial year immediately following financial year. The Council were unable to comply with this requirement in respect of both the 2017/18 and the 2018/19 Accounts as they were not ready for inspection.
- 9.2. The inspection period for the 2019/20 Accounts is expected to commence shortly after the draft accounts are finalised.

10. FINANCIAL IMPLICATIONS

10.1. The audit fees for 2018/19 will be above the scale fee but EY have not provided an estimate at this stage.

11. BACKGROUND PAPERS

11.1. None

READING BOROUGH COUNCIL REPORT

BY DEPUTY CHIEF EXECUTIVE

TO:	AUDIT & GOVERNANCE COMMITTEE		
DATE:	20th APRIL 2021		
TITLE:	IMPLEMENTATION OF AUDIT RECOMMENDATIONS TRACKER		
LEAD COUNCILLOR:	COUNCILLOR EMBERSON	PORTFOLIO:	CORPORATE & CONSUMER SERVICES
SERVICE:	AUDIT	WARDS:	BOROUGHWIDE
LEAD OFFICER:	JACQUELINE YATES	TEL:	x74710
JOB TITLE:	DEPUTY CHIEF EXECUTIVE	E-MAIL:	Jackie.Yates@reading.gov.uk

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 The outcomes of all internal and external audit reports are reported to this Committee.
- 1.2 The April 2018 Audit and Governance Committee agreed that, to provide a greater focus on the importance of implementation of agreed audit recommendations, an implementation tracker report would be reported to all future meetings of this Committee.
- 1.3 Appendix 1 attached sets out all audit recommendations, the status of each recommendation, the officer responsible for implementation and progress with delivery.

2. RECOMMENDED ACTION

- 2.1 The Committee are asked to consider the report.

Appendix 1 - Implementation of Audit Recommendations Tracker - March 2021.

3. POLICY CONTEXT

- 3.1 This report supports the Council's objective of ensuring that the Council is fit for the future.

4. THE PROPOSAL

- 4.1 A summary of Internal Audit recommendations and updated management responses since the last Committee are provided in Appendix 1 attached. For continuity, and ease of monitoring, a column has been added for a unique tracker recommendation number.

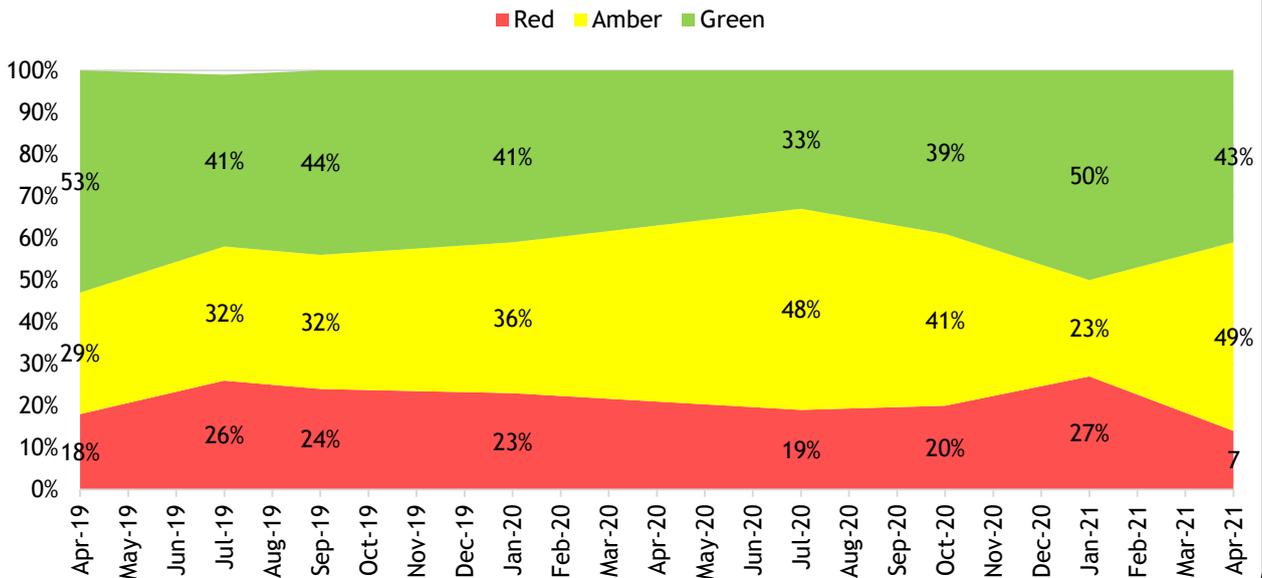
- 4.2 17 new recommendations have been added to the report since the last meeting in October. 33 completed recommendations have been removed.
- 4.3 Prior to reporting to Committee, officers responsible for implementing the specific recommendations are asked to update the 'Audit implementation tracker'. Each recommendation is marked with a percentage complete which correlates to a red/amber/green rating depending on the percentage of completeness. Up to 25% complete is marked red, between 26% and 75% complete is amber and over 75% complete is green. However, any recommendations that are less than 50% complete but have exceeded their agreed completion date are also marked red.
- 4.4 Where there is a lack of progress with implementation, e.g. successive missing of implementation dates etc., the Director/Assistant Director and responsible officer (if they are different) can be asked to attend a meeting of the Committee to explain the difficulties with implementation and the steps they are taking to address them.
- 4.5 There are 122 Internal Audit recommendations on the tracker attached at Appendix 1.
- 4.6 Of those rated red, 1 relates to new recommendations added to the tracker since the last report.
- 4.7 The status of the recommendations detailed in Appendix 1 is as follows:

Status	Percentage	Number
Complete	16%	20
Green	27%	33
Amber	49%	60
Red	7%	9

RAG Status	Audit & Governance Meetings				Trend
	July 20	Oct 20	Jan 21	April 21	
Green	33%	39%	50%	43%	decrease
Amber	48%	41%	23%	49%	increase
Red	19%	20%	27%	7%	decrease

The graph overleaf shows trends in status for recommendations presented to Audit & Governance meetings over the period from March 19 - March 21. There has been a 7% decrease in those rated green, a 26% increase in those which are amber, and 20% decrease in the proportion rated red.

Audit Tracker RAG status trends Apr 19 - Apr 21



5. CONTRIBUTION TO STRATEGIC AIMS

5.1 The proposals contained in the report support the Council’s Corporate Plan priority of “Ensuring the Council is Fit for the Future” and therefore remains financially sustainable to deliver its service priorities.

6. COMMUNITY ENGAGEMENT AND INFORMATION

6.1. Audit plans and the implementation of recommendations tracker will continue to be a reported to this Committee.

7. ENVIRONMENTAL IMPACT

7.1 The Council declared a Climate Emergency at its meeting on 26 February 2019. There are no specific environmental and climate implications to report in relation to the recommendations set out in this report.

8. EQUALITY IMPACT ASSESSMENT

8.1 The equality duty is relevant to the implementation of Audit recommendations. Specific recommendations are subject to consultation and equality impact assessments where required and are progressed as appropriate.

9. LEGAL IMPLICATIONS

9.1 The Council has a duty under the Accounts and Audit Regulations to ensure it has in place a financial control framework which is fit for purpose. It also has a duty to ensure Value for Money in the provision of services.

10. FINANCIAL IMPLICATIONS

10.1 Whilst there are no specific financial implications arising directly from this report, the timely implementation of audit recommendations is critical in strengthening

the Council's internal control and governance arrangements.

- 10.2 The Council's Chief Internal Auditor's reports have over several years repeatedly reported that audit recommendations made in previous audits have not been implemented. This does not represent value for money from either an audit or wider organisational perspective.
- 10.3 Poor systems of internal control and financial governance potentially leave the Council exposed to loss and will result in higher external audit costs due to the lack of assurance they provide, and the consequential higher testing thresholds required by the Council's external auditors.
- 10.4 Whilst there are still recommendations that are RAG rated red, there has been positive engagement with the arrangements and significant improvement since implementing the new tracking and reporting process and the number of red recommendations has reduced year on year

11. BACKGROUND PAPERS

- 11.1 Internal Audit Reports presented to Audit and Governance Committee, Chief Internal Auditors Annual Reports.

Count	Unique Tracker Rec No.	Dir	Audit Title	Recommendation	Rec Yr.	Original Audit Completion Date	1st Follow-up Date	Responsible Officer	Responsible Officer Latest Update	Updated on (date)	Status (% Complete)	Overall Status	Improvement Programme Workstream
1	1 16/17	DoR	Bank rec & control reconciliations	<p>1. A corporate approach for producing reconciliations, evidencing balances and for monitoring the completion status, issues and their resolution needs to be produced and agreed.</p> <p>2. Greater staff/resource resilience is required to ensure the reconciliations are completed on a timely basis throughout the year.</p> <p>3. Departments should be required to provide a reconciliation position statement each month.</p> <p>4. Response will be addressed in rec 5 2017-18 action plan</p> <p>5. In conjunction with recommendation 3, reconciliation needs to be brought up to date.</p> <p>6. The completion and review of the bank reconciliation status MUST be a monthly key priority.</p>	16/17	09/02/2017	4-Oct-17	Annette Trigg - Chief Accountant	Recommendations 1 - 5 are being addressed through the production and implementation of a corporate approach for producing reconciliations, which is a key strand of the Finance Improvement Programme. . Bank reconciliations are now up to date, and are completed, reviewed and authorised by the 21st of each month. Emphasis has been placed on ensuring that the timeliness of monthly bank recs does not slip and on refining / improving the reconciliation process.	07 April 2021	76 or more	Green	Rec
2	2 16/17	DoR	Bank rec & control reconciliations	<p>Following implementation of recommendation 1 of last years action plan, business process documents should be written for each reconciliation process to include:</p> <ul style="list-style-type: none"> • Purpose of the procedure (impact on council) • Clearly define the outcome of the process • Name the process in accordance with naming conventions • Define the start and end of the process • Outline who does what and responsibilities - not person specific but role specific • Tools to complete the process, Systems, printing, marking etc. • Exceptions - if process goes wrong, system down etc. • Individual steps to get from start to finish • Reports used etc. • What to do when completed - balanced and unbalanced, actions, financial levels, responsibilities and authority • Review and sign off by the Assistant Director of Finance • Reporting framework • Evidence • Storage & protection 	16/17	09/02/2017	4-Oct-17	Annette Trigg - Chief Accountant / Wai Lok Technical Lead	The Technical Accounting team have introduced new procedures which ensured that appropriate bank reconciliations were in place - with all reconciliations now being completed, verified and signed off by the 21st of each month. The other control account reconciliations are being addressed by the Finance Improvement Programme. A review of all Control, Holding and Suspense has been completed and a number of holding codes are in the process of being closed to facilitate efficient and effective working practice and a scheduled review process for the remaining control and suspense accounts will be implemented to ensure that they are reconciled at appropriate intervals.	07 April 2021	76 or more	Green	Rec
3	3 18/19	DoR	Creditors/AP	Operational issues identified should be addressed in new procedure manual to avoid reoccurrence.	18/19	01/05/2018	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager / Jennifer Bruce - Financial Systems Manager / Ranbir Heyre - Senior Project Manager	24 sets of operational procedure notes have been prepared and are now in place. The procedures comprise a template for all activities undertaken by the AP / AR teams, ensuring that previously encountered operational issues do not reoccur. These have been reviewed by Internal audit and comments made have been incorporated into the documents. The procedures have been returned to internal audit for a final review.	07 April 2021	76 or more	Green	AP	
4	4 16/17	DoR	Creditors/AP	Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. This would include identifying the business interfaces and expectations around processing, time taken volumes of business for areas like Mosaic payments or expenditure limits on cost centre codes etc.	16/17	25/03/2017	1-May-18	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager / Ranbir Heyre - Senior Project Manager	24 sets of operational procedure notes have been produced. The procedures comprise a template for all activities undertaken by the AP / AR teams, ensuring that previously encountered operational issues do not reoccur. This is being addressed as an integral element of the AP / AR Transformation project.	07 April 2021	76 or more	Green	AP

5	5 16/17	DoR	Creditors/AP	Need to clearly identify the strategic contribution of AP to the authority and what is required to make AP business process(es) effective for efficient use of AP for the council.	16/17	23/03/2017	1-May-18	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager	AP has completed the supplier data cleanse work, reducing the number of active supplier sites from 15,808 to 8,550. Foster Carers and Social Care Direct Payment clients have been identified and now have their own Supplier Type to improve the reporting. Suppliers will be further classified in Fusion by Business Classification and Pro-class code, which should reduce the amount of new suppliers created. We encourage suppliers to send invoices straight to the Fusion Webcenter, as part of this we are in the process of setting up a new enquiries only e-mail box advising suppliers that all invoices should be directed to the Fusion Webcenter. Work within the AP section has been reallocated in order to stop any single points of failure and improve the knowledge within the section. 24 Process guides have been completed.	07 April 2021	76 or more	Green	AP
6	8 17/18	DoR	Debtors	It is further suggested that the role and work undertaken by Legal Services in the recovery of unpaid items is reviewed and re-evaluated to ensure it remains appropriate and fit for purpose. Once it is clear what is agreed it is recommended that this is defined in an SLA between Legal Services and Income & Assessment.	17/18	05/06/2017	7-Feb-18	Andy Jehan - Exchequer Manager	A Service Level Agreement (SLA) with legal is still being developed to clarify the role of legal in the recovery of unpaid debt. Regular monthly meetings between legal services and income and assessment are underway to finalise the arrangements which will be completed inline with the move of AR to Fusion due by the end of April.	08 April 2021	51 to 75	Amber	AR
7	10 17/18	DoR	General Ledger	There needs to be consistent control over data entry from feeder systems that standardises and controls data input to reduce the need for journals to amend miscoded items. The number of Oracle Fusion codes needs to be reviewed with a view to identifying key codes and removing redundant or unused codes.	17/18	06/04/2017	31-May-18	Annette Trigg - Chief Accountant / Stuart Donnelly - Financial Planning & Strategy manager	Daily reports produced and sent to owners of feeder systems for checking that totals loaded correctly. Subjective and objective codes and structures have been reviewed as part of the finance improvement programme to ensure better alignment with the SERCOP subjective analysis and to meet reporting requirements going forwards. Objective codes have been reviewed and if appropriate re-named, closed and any budget and actuals transferred to an alternative code; overall there has been a net reduction in the number of cost centres of approximately 40%. Approximately 180 subjective codes have been closed. A new process for requesting new codes, requiring appropriate approval has been implemented.	07 April 2021	76 or more	Green	CoA
8	12 18/19	DoR	General Ledger	The number of codes that are being used for one off transactions needs to be reviewed to ensure that this is the most efficient way to record financial information.	18/19	04/06/2018		Annette Trigg - Chief Accountant / Stuart Donnelly - Financial Planning & Strategy manager	Subjective and objective codes and structures have been reviewed as part of the finance improvement programme to ensure better alignment with the SERCOP subjective analysis and to meet reporting requirements going forwards. Objective codes have been reviewed and if appropriate re-named, closed and any budget and actuals transferred to an alternative code; overall there has been a net reduction in the number of cost centres of approximately 40%. Approximately 180 subjective codes have been closed. Holding and suspense accounts are also under review. A new process for requesting new codes, requiring appropriate approval has been implemented.	08 April 2021	51 to 75	Amber	CoA
9	15 16/17	DoR	Information Governance and Data Protection	All staff identified as being key to a properly managed information governance process should have their roles and responsibilities reflected in their job descriptions.	16/17	07/10/2016	9-Apr-18	Michael Graham - Assistant Director of Legal & Democratic Services	This is to be actioned by way of a Project commissioned by the Information Governance Board. Project timeline yet to be finalised.	01 April 2021	25 or less	Red	
10	16 16/17	DoR	Information Governance and Data Protection	Information Asset Owners (IAO) need to be formally appointed for each system that processes personal data with responsibility for ensuring that it operates within the policies and procedures governing information security and data protection including ensuring access to data is only by authorised persons.	16/17	07/10/2016	9-Apr-18	Michael Graham - Assistant Director of Legal & Democratic Services	IAO guide drafted and taken to CMT on 30.04.2019. The report set out that the role of IAO sits with Assistant Directors unless delegated. Data Protection Officer is currently developing the ROPA spreadsheet for each directorate which will document IOA's. This work is proceeding well as part and linking with the Smarter Working project. PID approved for Information Governance project at the Information Governance Board which will result in greater ownership of information assets.	01 April 2021	51 to 75	Amber	
11	18 16/17	DACHS	Mosaic Fusion Year end reconciliation audit	There should be clearly documented policies and procedures for the year end reconciliation and associated accruals process. These should be available to all relevant individuals and reviewed and updated as necessary on a regular basis to reflect current practice.	16/17	17/10/2016	01-Nov-17	Neil Sinclair Strategic Business Partner - DACHS	Notes are currently being prepared by the DACHS Finance team and will be signed off by the Strategic Business Partner. Due to staff vacancies this has been delayed. No Change from 11/1/21 due to capacity pressure of closure work for prior years	29/3/21	76 or more	Green	

12	19/17/18	DACHS	Public Health	The recharge of central establishment costs to the public health grant should be done in a timely fashion and in such a way as those costs are transparent and commensurate with the resources employed by the authority to administer the grant monies.	17/18	29/09/2017		David Munday Consultant in Public Health	The recharge model for 20/21 is currently being finalised within Finance and the journals for these charges will be put through in line with the year-end timetable	31 March 2021	76 or more	Green	
13	22/16/17	DOR	Use of Cash Vouchers & Cash Accounts	Documented procedures should be produced to:- a) stipulate the purpose of petty cash accounts e.g. what is considered to be appropriate expenditure, and what is not b) specify the recording, reconciliation and reporting requirements including the transfer of details on to Oracle Fusion c) define the control requirements for the safeguarding of cash and vouchers.	16/17	02/11/2016	14-Jul-17	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager / Ranbir Heyre - Senior Project Manager	12 petty cash/voucher floats now closed. Remaining RBC petty cash/voucher schemes to be closed in the coming months. Review to be undertaken to ensure that adequate controls and procedures are in place regarding usage of cash by the Deputies team. This will be incorporated within the end-to-end Finance Transformation Project.	07 April 2021	76 or more	Green	AP
14	23/16/17	DOR	Use of Cash Vouchers & Cash Accounts	Controls need to be introduced within the APT to confirm the completeness and accuracy of the floats in circulation and to ensure that petty cash claims are appropriately authorised. This should involve:- a) Conducting an annual review to ensure the records are correct and up to date. b) Introducing a system for recording the issue, transfer and return of floats. Where floats are transferred between officers a copy of the transfer note must be forwarded to the APT. c) Introducing a check control whereby the APT confirms the accuracy of the float balance and of the authorisation details each time a claim is made.	16/17	02/11/2016	14-Jul-17	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager	12 petty cash/voucher floats now closed. Write off will be required as starting balances not recorded on all floats, all floats have also been processed on the post office account with limited information. New accounts to be set up in Fusion for any remaining floats and a balance agreed with teams. Review to be undertaken to ensure that adequate controls and procedures are in place regarding usage of cash by the Deputies team. This will be incorporated within the end-to-end Finance Transformation Project.	07 April 2021	51 to 75	Amber	AP
15	24/16/17	DEGNS	Waste Operations	Trade waste contracts should contain accurate details of the number of bins and frequency of collection. This should agree with records in Flare. Care needs to be taken to ensure that charges made for trade waste as a minimum cover the costs of providing the service.	16/17	12/12/2016	24-May-17	Michelle Crick - Waste Services Manager/ David Moore - Neighbourhood Services Manager	All elements are completed except missed bins will go fully live after we roll out the food waste changes in May and bin deliveries which have been delayed due to COVID which caused the delay to the food waste service introduction and development of the whitespace system for food parcel deliveries. Trade Waste is now live on Whitespace, bin weighing is complete and standard practice	08 January 2021	76 or more	Green	
16	25/18/19	DoR	Additional Payments	There should be a clear policy for each type of allowance and additional payment. These should be reviewed on a regular basis and updated as necessary. All additional payments should be made in accordance with the relevant policy and be consistent across teams, departments and directorates and adhered to in every instance. Policies and procedures should be publicised and promoted to relevant staff and managers and be available on Iris.	18/19	31/03/2019		Shella Smith - AD of HR and Organisational Development	A review of all employment policies is already underway but had to be delayed due to Covid. The revised policies will need to be consulted on or negotiated with the recognised trade unions (as appropriate) and approved by Personnel Committee. This review will be linked with a wider review of terms and conditions so it is likely to be autumn 2021 when all policies covering and allowances are reviewed and agreed.	15 March 2021	51 to 75	Amber	
17	26/18/19	DoR / DEGNS	Network Security (ICT)	Full visibility of the transport sections ICT needs to be established to ensure that a consistent corporate standard for network security is applied	18/19	18/10/2018		Martin Chalmers - Chief Digital & Information Officer Cris Butler - Strategic Transport Programme Manager	It has been ascertained that the transport network is isolated from the corporate network, with contracts in place with external system providers who cover penetration testing of that network separately. Audit have now confirmed the transport systems do not pose a risk to the corporate network - hence the high completion percentage. We decided to keep this action open until we have confirmed how Transport ICT will link in with the ICT Future Operating Model. Further work is needed to establish this: 1) Future direction of Transport ICT will be a dimension of the Digital Transformation Strategy scheduled for signoff by Policy Committee in Q1 21-22. 2) Work is needed to establish how transport communications should be linked in with the new Network tower. Transition to that tower from Northgate will be by 1 April 2021, but the intent is to examine Transport issues after that transition is complete, to avoid distraction from the Northgate transition and to have the benefit of the strategic context from (1). So target date for closure is end Q1 21-22.	24 March 2021	76 or more	Green	Digital Futures

18	31 18/19	DEGNS	Integrated Transport Grant 17/18	Corporate Finance in conjunction with Services should ensure the accounts for funds received under the auspice of a grant determination are produced for certification on a timely basis.	18/19	07/11/2018	Annette Trigg, Chief Accountant	The Finance team review all DEGNS grants and work with relevant individuals within the service to ensure that where they require an audit that the process is monitored closely and managed. The 18/19 relevant grants were signed off.	07 April 2021	76 or more	Green
19	34 18/19	CRO	Employee Gifts, Hospitality and Declarations of Interest	To fully demonstrate commitment to the Nolan Principles it is recommended that an annual declaration of returns is completed by all staff members for individual Gifts, Hospitality or new Declarations of Interest forms. Furthermore, as per CMT's mandate in November 2017, it should be determined whether specific service areas should be targeted to ensure full and complete declarations are completed regularly. The Head of HR and Organisational Development will need how best to achieve this i.e. by using NetConsent or potentially via i-Trent.	18/19	18/12/2018	Michael Graham, AD of Legal and Democratic Services Shella Smith, Head of HR and Organisational Development	It is hoped that the process can be automated through iTrent but due to other system priorities it is unlikely this could be done until later in 2021. In the meantime, a reminder will be sent to staff to ensure that gifts and hospitality offers and declarations of interest are properly recorded within directorate registers.	15 March 2021	51 to 75	Amber
20	35 18/19	CRO	Employee Gifts, Hospitality and Declarations of Interest	It is recommended that all offers of gifts and hospitality and declarations of interests are recorded on a corporate system (potentially on i-Trent when the facility becomes available) and for a summary report on reported activity to be reported by the Head of HR and Organisational Development to CMT each year.	18/19	18/12/2018	Shella Smith, AD of HR and Organisational Development	This is the same as 36 18/19. It is hoped that the process can be automated through iTrent but due to other system priorities it is unlikely this could be done until later in 2021.	15 March 2021	51 to 75	Amber
21	36 18/19	CRO	Employee Gifts, Hospitality and Declarations of Interest	It is recommended that the option potentially being considered to use i-Trent to record all declarations of interests, gifts and hospitality is supported by Audit and should be progressed as soon as is practicable.	18/19	18/12/2018	Shella Smith, AD of HR and Organisational Development	This is the same as 36 18/19. It is hoped that the process can be automated through iTrent but due to other system priorities it is unlikely this could be done until later in 2021.	15 March 2021	51 to 75	Amber
22	37 18/19	DEGNS	Commercial leases	Consideration should be given to bringing together (centralising) the management and administration of (non-housing) properties under one team. This could include acquisition, disposal as well as lease and income management. Any such proposal would have to be financially viable and appropriately resourced.	18/19	05/12/2018	Charan Dhillon Assistant Director, Property & Asset Management	Some consideration has been given to centralising the property management function. This could be achieved by implementing a Corporate Landlord Model and there is some acceptance to such an approach. The work will be taken forward as part of 'the Workforce Review' which will aim to implement an Assets & Property structure that is fit for future purpose.	09 April 2021	26 to 50	Amber
23	38 18/19	DEGNS	Commercial leases	There is a need for a corporate integrated property asset system that is fully compliant with accounting requirements. This is something we would encourage, in order to reduce staff time spent managing the spreadsheet and ensure greater accuracy in (financial) reporting.	18/19	05/12/2018	Charan Dhillon Assistant Director, Property & Asset Management Assistant Director of Finance	As part of the service review, the AD is looking at requirements across the service and is recommencing this project following longterm sick. Discussions are taking place with CIPFA and providers of the existing Property/FM software to assess capabilities.	09 April 2021	51 to 75	Amber

24	39 18/19	DoR	Debtors - follow up review	<p><i>New recommendation</i></p> <p>The procedures and processes for managing and monitoring sundry debt need to be strengthened to actively reduce and prevent the current level of debt. The following areas should be considered:-</p> <ul style="list-style-type: none"> * distribution of aged debtors report should be specific to the service. * all services should promote payment at the point of supply of service etc. * arrears should be analysed to identify services and reasons for arrears so that a targeted approach can be instigated. * services should be required to provide an account of the reasons for their arrears alongside the reasons for their budget variance status as part of the regular budget monitoring process/es. 	18/19	29/01/2019	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager	New processes and procedures for managing the sundry debts are to be introduced when Accounts Receivable move to Oracle Fusion. This will generate specific reports to services which will enable the collection teams to be more efficient. New processes are in place with regards to ASC debt and its collection. This will be addressed as part of the end-to-end AR transformation project. Go live scheduled for May 2021.	07 April 2021	51 to 75	Amber	AR
25	41 18/19	DoR	Business Rates	The Control Team should set out as policy a requirement to retain evidence of authorisation and review in a location that will be accessible in the event of staff change.	18/19	16/05/2019	Samantha Wills, Recovery & Control Team Leader	Having reviewed the original audit report, this recommendation is in reference to the EOY processes we undertake to create new bills for CTAX & NNDR. Historically the total debit raise for both areas would have been emailed to the Head Of Finance, however this hasn't been a requirement since Alan Cross left the authority. We do however provide upon request to Accountancy details of the debit raise for cashflow forecasting.	09-Apr-21	Complete	Green	
26	42 18/19	DoR	Business Rates	The Control Team should consider the feasibility of obtaining the data underlying the RBC Academy Balance Report and the VOA Schedule of Alterations Report in order to periodically review the data for potential errors and/or inconsistency.	18/19	16/05/2019	Samantha Wills, Recovery & Control Team Leader	The Valuation Office Agency in December 2020 have created a process to allow for a full download of all NNDR rateable values for the purposes of reconciliation and a batch job created by Capita to identify any variance. We need to review the system procedures for this process with a view to undertaking after our end of year processes which the team will need to prioritise. We anticipate a completion date of May 2021. We do however on a weekly basis reconcile the VOA changes and overall totals to the Academy System. To date we have obtained the data required from the VOA and are now reviewing the manuals to undertake the exercise.	09-Apr-21	26 to 50	Amber	
27	43 18/19	DoR	Business Rates	The Property Inspector should consider the feasibility of obtaining the data underlying the RBC Band Analysis Report and the VOA Banding Totals Report in order to periodically review the data for potential errors and/or inconsistency.	18/19	16/05/2019	Samantha Wills, Recovery & Control Team Leader	We are reviewing the feasibility of full Valuation Office Agency (VOA) /RBC reconciliation (there is no standard reporting unlike NNDR), there was an aim to have this completed by June 2020 if not too resource intensive, however due to Covid and a number of other factors that have greatly impacted the team's resource, this will also be scheduled for completion by May 2021. We do however on a weekly basis reconcile the VOA changes and overall totals to the Academy System. We have contacted the VOA to determine if a full listing can be supplied, once a response is received, we will then look to write a bespoke report to cross reference against the system.	09-Apr-21	26 to 50	Amber	
28	44 18/19	DoR	Business Rates	The Control Team should update the procedure documents for the performance of daily and monthly reconciliations in order to set out how the reconciliations will be verified and the requirement to retain evidence of review in a location that will be accessible in the event of staff change.	18/19	16/05/2019	Samantha Wills, Recovery & Control Team Leader	Procedures have been reviewed to ensure they are up to date and contain the elements highlighted in the audit report. The Council Tax reconciliation process has undergone a review by the System Control Team Manager. The completion of the monthly reconciliations continued to be hampered by the ongoing Civica problems which cause imbalances, this should now be resolved following resolution of the issue in March 2021. The team will be ensuring that reconciliations will be issued to Finance by the 3rd week of the following month. They will summarise where imbalances are still to be reconciled if they have not been able to resolve by the deadline submission to finance but these should be far fewer now that Civica issues resolved. Processes have been implemented from April 21 for the systems control manager to review progress of the reconciliations with each member of staff ahead of submission to finance, with a view to ensuring we achieve the target and are able to complete this recommendation.	09-Apr-21	76 or more	Green	
29	46 18/19	DoR	AP Creditors	Issues around the supplier portal need to be resolved and the audit trail to supporting documentation reinstated .	18/19	05/04/2019	Annette Trigg - Chief Accountant / Andrew Jehan - Exchequer Manager / Kate Graefe - AD Procurement	The use of supplier portal falls under the AP Transformation project. The supplier cleanse and supplier categorisation for suppliers we have contracts with (370) has been completed. The use of the supplier portal is being reviewed by the Procurement team.	07 April 2021	51 to 75	Amber	AP
30	48 18/19	DoR	Data Storage	RBC urgently needs to establish proper governance processes in respect of data creation and storage as it is currently at a high risk of breaching GDPR requirements in respect of only storing data needed for processing.	18/19	05/04/2019	Michael Graham, SIRO Assistant Director for Legal & Democratic Services Martin Chalmers Chief Digital & Information Officer	The Information Governance Group has been assembled involving Legal, Audit, Corporate Improvement, Digital Transformation & Digital to take this forward. There are two ongoing projects which will review data creation, storage, retention and deletion. The first is the Smarter Working project (to realise the benefits of O365) and the second is the project to implement the Information Management Strategy. Both projects are working on records of processing activities (ROPA) which document the governance issues referred to. Good progress is being made. It is hoped to finish this work by the summer.	01 April 2021	51 to 75	Amber	

31	49 18/19	DoR	Data Storage	A corporate programme to address the creation and storage of data needs to be created to ensure that going forward data is stored in a structured manner that facilitates easy recovery and reduces the cost of storage. The objective should be to remove, where possible, all "personal" data storage and integrate data creation and storage with business operations. Data that needs storing should be kept in corporate storage spaces that encourage a structured approach which can be managed by date or subject according to statutory requirements.	18/19	05/04/2019		Michael Graham, SIRO Assistant Director for Legal & Democratic Services Martin Chalmers Chief Digital & Information Officer	A Formal ISO27001 Information Governance Gap Analysis has been run with IT Governance and those findings and recommendations will help inform further remedial action. An officer action group has been assembled involving Legal, Audit, Corporate Improvement, Digital Transformation & Digital to take this forwards. The Microsoft Office 365 project is looking at the implications of data migration to the cloud, and will seek to put in place controls that manage data migrated on-going. See also action above which is relevant to this. Progress is ongoing.	01 April 2021	51 to 75	Amber	
32	50 18/19	DoR	Data Storage	Existing data that is being stored needs review with an ambition of deleting all non essential data before transitioning to Office 365 and cloud based operation.	18/19	05/04/2019		Michael Graham, SIRO Assistant Director for Legal & Democratic Services Martin Chalmers Chief Digital & Information Officer	See above. Action is ongoing.	01 April 2021	51 to 75	Amber	
33	51 18/19	DoR	Data Storage	A decision needs to be taken regarding the future of the Mailmeter product. Microsoft will have products available that will match what it does for email access so an option review needs to establish whether to retain the software.	18/19	05/04/2019		Michael Graham- Assistant Director of Legal & Democratic Services	A corporate instruction has been given to cull Mailmeter data to 3 years. In order to do this an additional Waterford's Product has been purchased (ComplyKey) and installed on an upgraded server needed. This will manage the GDPR Data Protection Risk associated with held email, and then its future can be determined as part of the O365 Microsoft Strategy.	01 April 2021	26 to 50	Amber	
34	55 18/19	DACHS	Direct Payments - follow up	It is recommended that alternative monitoring strategies are considered. For example DPB service users could be split into different review periods, with those with the longest outstanding reviews allocated to the first review periods with reminder letters being sent 2 months prior to the review month so that the supporting documents are received the month before, giving the PBST sufficient time to ensure the required documents are received on time for the review to be carried out. The PBST should establish a target by which the backlog of reviews should be cleared within a certain date and then creating a set routine for the team and service users in the future. It is also recommended that PBST performance is monitored by senior management and included as part of the DMT's regular review of	18/19	02/04/2019		Stephen Saunders, Principal Personal Budget Support Officer	A Proportional Monitoring Scorecard has been developed and implemented in Mosaic. Significant progress has been made on the backlog, though work required from the team as part of the Covid-19 response has meant that progress has slowed in 2020/21. Performance statistics for the team have been developed and are recorded weekly. 69 cases are up to date (increase from 58 in Jan'21), 44 cases are less than 3 months overdue (decrease from 60 in Jan'21) and 251 cases are more than 3 months overdue (increase from 232 in Jan'21). Progress has been made though with the very longest overdue cases, with overdue cases from 2019 reducing from 126 in April 2020 to 52 in March 2021. The number of people receiving their Direct Payment through a pre-paid card or managed bank account has increased to 92% (increase from 90% in Jan'21).	31 March 2021	51 to 75	Amber	
35	57 18/19	DoR	Payroll	The Technical Accountant should set out detailed written guidance notes setting out how the Payroll to GL reconciliation should be produced and agreed. This should include: - Assigning roles, responsibilities and accountability. - Define the scope, purpose and reporting framework for reconciliations. - Approve the accounting approach and the format of the reconciliation templates used e.g. layout, calculations, descriptions, headings, referencing etc. - Define the framework for monitoring the completion status, technical issues, reporting of misbalances and their resolution.	18/19	26/06/2019		Wai Lok, Technical Lead	Monthly reconciliations between payroll and GL have been produced and agreed. Guidance notes are in progress and updated reconciliation templates will be included as part of the improvement programme.	09 April 2021	76 or more	Green	REC
36	59 19/20	DoR	Freedom of Information	The existing guidance should be communicated effectively, but before doing so the guidance should be reviewed, updated and approved.	19/20	22/08/2019		Michael Graham, AD Legal & Democratic Services	The existing guidance for FOI's for staff has been updated and is on the intranet. Further advice and guidance was issued to staff to use the new case management module in March 2021.	01 April 2021	Complete	Green	
37	60 19/20	DoR	Freedom of Information	Procedures should sufficiently document all steps and processes to be followed and include service standards and performance targets based on statutory requirements. Sufficient time should be built into the process to quality assure the adequacy/completeness of responses. Procedures should also detail the escalation process, both for no response to information by services and for internal reviews and ICO appeals.	19/20	22/08/2019		Michael Graham, AD Legal & Democratic Services	Processes for FOI workflows were reviewed and implemented for the new case management system which went live in March 2021.	01 April 2021	Complete	Green	

38	61 19/20	DoR	Freedom of Information	All staff should have access to procedures and be trained to comply with them. New and existing staff should be required to complete training and periodic refresher courses on all aspects of Freedom of Information, approved procedures etc.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	Training for staff involved in Freedom of Information requests has been delivered. The effectiveness and coverage of this training to be reviewed at a forthcoming Information Governance Board. Training was delivered for the new case management module in March 2021. Ongoing refresher training will be implemented through the IGB.	01 April 2021	76 or more	Green
39	63 19/20	DoR	Freedom of Information	Consideration should be given to using commercial software which tracks requests and warns of approaching deadlines, monitors performance and makes previously disclosed information available on our website, so that the wider public not just the requester can use it.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services Isabel Edgar Briancon AD Corporate Improvement & Customer Services	FOI Module implementation completed March 2021.	01 April 2021	Complete	Green
40	64 19/20	DoR	Freedom of Information	We should ensure that online request forms, including emails, automatically send the requester an acknowledgement that includes the text of the request and its date of submission.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	FOI Module implementation completed March 2021.	01 April 2021	Complete	Green
41	65 19/20	DoR	Freedom of Information	Performance standards (e.g. target set for 95% of responses to be completed within 20 days) on FOI response times should be detailed in the Corporate and Service Plans, with performance reported on a quarterly basis to CMT.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	Service plans do not include performance standards for 2020/21. This will be reviewed for the next year. Information about departmental performance is however submitted to CMT on a regular basis. Further visibility will be given through the Firmstep and InPhase reporting functionality.	01 April 2021	51 to 75	Amber
42	66 19/20	DoR	Freedom of Information	Monthly reports should be produced for DMT's detailing activities and statistics on the number of requests etc. Targets not met are identified and the reasons investigated and appropriate remedial action taken on a timely basis.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	Weekly reports for CMT are produced on any outstanding FOI requests, complaints etc.	01 April 2021	Complete	Green
43	67 19/20	DoR	Freedom of Information	Annual performance reporting should include, but not be limited to: <ul style="list-style-type: none"> • Number of requests each year • Percentage of requests responded to on time • Number received during the quarter • Timelessness of issuing a substantive response • The rates of disclosure of requested information • The numbers of exemptions applied when withholding information • The outcome of internal reviews and external appeals. 	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	A feature of the Firmstep FOI module will allow to produce such reports. At the current time all requests and internal reviews are logged and recorded if responded to on time. Quarterly report data to be wrapped into Annual summary. The Firmstep solution will also be configured to link in with InPhase., work on this is on-going.	01 April 2021	76 or more	Green
44	68 19/20	DoR	Freedom of Information	The Council's Monitoring Officer (or nominated officer) should monitor the progress of all requests to verify that they are processed in accordance with specified timescales (performance indicators).	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	A report on outstanding FOI's is produced to ED's and CMT on a weekly basis. InPhase will give live view of outstanding FOIs once the link to Firmstep and InPhase has been tested.	01 April 2021	76 or more	Green
45	69 19/20	DoR	Freedom of Information	The existing Publication Scheme should be reviewed to ensure it complies with the ICO's model publication scheme. The scheme should also ensure that the contents of all publications comply with statutory regulations and guidelines in relation to the information published, advice on accessing additional information etc. The Publication Scheme should be reviewed on an annual basis and include as much information as possible.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services Isabel Edgar Briancon, Assistant Director for Corporate Improvement and	A multi-disciplinary officer working group has been established to lead development of the council's Information Governance Strategy. This work included review of the publication scheme as per this audit recommendation. The new FOI solution will provide customers with the ability to search and access previous enquiries. Required actions for a review of the publication scheme will be considered at a forthcoming Information Governance Board.	11 January 2021	51 to 75	Amber

46	70 19/20	DoR	Freedom of Information	The Council should (a) explain the FOI complaints process on the website, making it clear that the right of appeal to the ICO is normally only available once internal review has been completed (unless the complaint is about a significant delay) and (b) state their target time for completing internal review.	19/20	22/08/2019	Michael Graham, AD Legal & Democratic Services	All responses outline right of appeal procedure. Information on website has been reviewed. This action is complete.	01 April 2021	Complete	Green
47	71 19/20	DoR	Cemeteries and Crematorium	It is recommended that the service's policies and procedures are reviewed on a regular basis and approved by the Head of Service.	19/20	29/07/2019	Diane Willshire, Registration & Bereavement Services Manager Brenda Ellis, Bereavement Services Operations Manager	A review of policies is underway and being collated. Recent work has focussed on policies relating to faith burials in the new area of the cemetery. A process and schedule will be introduced once the review is complete to ensure all policies and procedures are kept up to date going forward.	22/03/21	51 to 75	Amber
48	72 19/20	DoR	Cemeteries and Crematorium	The Registration & Bereavement Service Manager should in conjunction with RBC's Parks & Open Spaces Manager ensure compliance with RBC's own Contract Procedure Rules so that an up to date agreement or contract is put in place for the grounds maintenance and digging of graves service.	19/20	29/07/2019	Andy Gillespie, Parks & Open Spaces Manager Diane Willshire, Registration & Bereavement Services Manager	The Parks and Open Spaces and Streetcare FSR has included a review of the grave digging function and a detailed costing exercise will be carried out in Summer 2021 to establish the costs involved in bringing the service in-house before a decision is made whether to tender the works.	08 April 2021	26 to 50	Amber
49	73 19/20	DoR	Cemeteries and Crematorium	It is recommended that the Bereavement Service Operations Manager establishes a policy to support the internal control check framework detailing the different internal monitoring procedures and ensuring work is carried out according to the service's policies and guidelines.	19/20	29/07/2019	Brenda Ellis, Bereavement Services Operations Manager	A basic review has occurred of the procedures and amends made where there have been changes to processes though I believe Di is looking to complete a full review as part of the service review for the customer excellence requirements.	22nd March 2021	76 or more	Green
50	74 19/20	DACHS	Eligibility Risk and Review Group	The ERRG should: (a) Send periodic reminders to staff regarding its policies, procedures and expectations with respect to the recording of information within Mosaic. (b) Periodically review information held within Mosaic to ensure that records are completed correctly.	19/20	21/08/2019	Seona Douglas - Director of DACHS	The process is now embedded in practice and supported through Mosaic. The PBST are not permitted to arrange any packages that have not been approved through ERRG with the exception of Conversation 2 emergency packages of care which are permitted to remove immediate risk.	23 March 2021	76 or more	Green
51	76 19/20	Cross cutting	Secure Communication	There are reporting solutions available from Third Parties that will check and report correct compliance with the standard against listed domain names. Some authorities are using this approach to trigger further email processes or "force domain TLS" between correctly configured organisations for additional security. Until the Standard has been universally correctly implemented across the Public Sector, this further intervention is all that will ensure email is protected appropriately. This will need further work and investigation by the Council's ICT Partner Northgate Public Services limited, and should	19/20	01.04.20	Martin Chalmers - Chief Digital & Information Officer	NPS has been making checks against email domains in use to force TLS where sensible to increase security. However further activity to act when non-compliant Email destination domains are chosen to force separate secure email processes has not been possible in the remaining time with Northgate as transition work to the Future Operation Model new IT suppliers has however been prioritised over other Project Work. The future approach to this issue will be reviewed as part of an overall review of our security plans in Q1 21-22	24 March 2021	26 to 50	Amber
52	77 19/20	DEGN S	Food hygiene inspections	The Food and Safety Team should carry out interventions at all food hygiene establishments in the area, at a frequency which is not less than that determined under the intervention rating scheme set out in the FLCoP (Food Law Code of Practice).	19/20	25.9.19	Aoife Gallagher, Principal Environmental Health Officer	The Food Standards Agency confirmed that we are to continue with the prioritisation of premises due for inspection until the 31st of March 2021. This confirms that it is expected that some premises due for inspection will not be inspected within their CoP timeframe as it stands. We continue to inspect premises as per the prioritisation exercise we have completed and as per the resources we have in place. These resources are currently limited due to unfilled posts and more responsibilities for the response to the Covid-19 pandemic.	14 January 2021	51 to 75	Amber

53	80 19/20	DoR	Sundry debtors	<p>The operating, accounting, control systems and the resources for managing and monitoring debt across the council should be fully appraised by Finance to ensure this is carried out in an effective, efficient and secure way. This should include ensuring: -</p> <ul style="list-style-type: none"> • Information is complete and accurate • Controlled end to end processing • Matching of payment and suspense account management • The accounting framework allows specific and timely analysis • There are proper audit trails in place to secure supporting documentations • There are proper checks and balances in place for monitoring and reporting upon compliance and the, status of workflow. 	19/20	12/03/2020	Annette Trigg	<p>The policy, procedures and governance of reading's debt monitoring and management are all currently being updated as a result of the impending move from Academy to Oracle. A single point of invoice of production has been created to ensure that all information required to successfully recover a debt is provided at the point of invoice creation, i.e. legal entity, contact details, evidence of service/contract etc.. The system in which debt is raised is in the process of migration to Oracle due May 21, to allow for better control and monitoring and improved analysis and compliance with the Corporate Debt Recovery Policy</p>	09 April 2021	51 to 75	Amber	AR
54	81 19/20	DoR	Sundry debtors	<p>The governance framework for monitoring compliance, the status of debt and respective risks should be reviewed and reaffirmed by senior management to ensure it is appropriate and remains fit for purpose. This should include: -</p> <ul style="list-style-type: none"> • The separate identification and control of non-commercial and commercial debt • Review and confirmation of the legal recovery processes operational resources, mechanism and responsibilities for monitoring, reporting and recovering debt 	19/20	12/03/2020	Annette Trigg	<p>A debt board has been set up, to ensure robust governance. The Corporate debt policy has been updated, a review and update of the reporting and the recovery process and procedures is in hand.</p>	09 April 2021	51 to 75	Amber	AR
55	82 19/20	DoR	Accounts payable	<p>There should be a full procedure manual for the Accounts Payable operation.</p>	19/20	03/04/2020	Annette Trigg	<p>This is complete. Full procedure manuals for the Accounts Payable operation has been written and reviewed as part of the Finance Improvement Programme. Audit recommendations have been updated and the revised procedures have recently been returned for final review.</p>	07 April 2021	Complete	Green	AP
56	83 19/20	DoR	Accounts payable	<p>Documented processes for all areas of operation linked to clearly defined roles and responsibilities for members of staff. This would include identifying the business interfaces and expectations around processing, time taken volumes of business for areas like Mosaic payments or expenditure limits on cost centre codes etc.</p>	19/20	03/04/2020	Annette Trigg	<p>Process guides have been written for all procedures and staff roles and responsibilities have been documented.</p>	07 April 2021	Complete	Green	AP
57	84 19/20	DoR	Accounts payable	<p>Staffing levels and business processes need re-examining in the light of the issues highlighted with the current operation of the supplier's portal.</p>	19/20	03/04/2020	Annette Trigg	<p>The Finance Improvement Programme, which should reach conclusion by 31st March 2021, has a specific workstream addressing Accounts payable. An element of the workstream directly addresses business processes and staffing levels</p>	07 April 2021	51 to 75	Amber	AP
58	87 19/20	DoR	Accounts payable	<p>As part of the need for the business process documentation identified in recommendations 2 and 3 there needs to be a review of the supplier portal and the failure to achieve self-accreditation by suppliers which is perpetuating the situation addressed by recommendation 5.</p>	19/20	03/04/2020	Kate Grafe	<p>This is being addressed as a part of the Finance Improvement Programme and the responsibility for the supplier portal has now transferred to the Procurement Team who will review the use the of portal.</p>	09 April 2021	51 to 75	Amber	AP

59	88 19/20	DoR	Accounts payable	Action needs to be taken corporately to identify potential issues that are causing delays to processing invoices. The issue is wider than the AP function particularly in areas using the Mosaic system for Adults and Children's Care.	19/20	03/04/2020	Annette Trigg (Chief Accountant) Andrew Jehan (Exchequer Manager)	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes.	07 April 2021	51 to 75	Amber	AP
60	89 19/20	DoR	Accounts payable	Action need to be taken to identify purchase orders where invoices are outstanding in Mosaic that cut across the period between the formation of BFFC.	19/20	03/04/2020	Annette Trigg (Chief Accountant) Andrew Jehan (Exchequer Manager)	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes.	07 April 2021	51 to 75	Amber	AP
61	90 19/20	DoR	Accounts payable	Management action is required corporately to address the issues around purchase orders still being raised after the invoice has been received.	19/20	03/04/2020	Annette Trigg (Chief Accountant) Andrew Jehan (Exchequer Manager)	This is being Addressed as a part of the Finance Improvement Programme, which is reviewing end-to-end processes.	07 April 2021	51 to 75	Amber	AP
62	91 19/20	DoR	Accounts payable	The current process for electronic invoice processing needs a review to establish if there are efficiencies to be made by sending invoice emails directly to Oracle for processing.	19/20	03/04/2020	Annette Trigg (Chief Accountant) Andrew Jehan (Exchequer Manager)	A new e-mail box has been set up for enquiries only and the current AP inbox which was still receiving invoices will be closed. Suppliers will be advised to send all invoices direct to the Fusion Webcenter.	07 April 2021	51 to 75	Amber	AP
63	93 19/20	DoR	Accounts payable	The Oracle scanning process needs to be reviewed to establish why there is such a high failure rate in scanning and whether other operational processes could be followed to reduce the need for holds and checking.	19/20	03/04/2020	AD Finance	One of the main issue with the current scanning process is that the system uses supplier address as the first reference, as the cleanse of suppliers has been completed the failure rate has been reduced. In the 21/22 the way Purchase Orders are raised will be investigated to establish if this causes issues. It is intended to eliminate the use of the Accounts Payable inbox as a post office and this should see more original documents being received by the webcenter improving the failure rate.	09 April 2021	76 or more	Green	AP
64	94 19/20	DoR	Accounts payable	The council should publish a public report on whether it is meeting its targets with the reasons why targets are not being met.	19/20	03/04/2020	Annette Trigg (Chief Accountant) Andrew Jehan (Exchequer Manager)	KPI's are currently produced to show Payment Date vs Invoice Date and Payment Date vs Invoice Creation Date, although this report is for internal RBC use only. The KPIs are in the process of being reviewed and these will be reported to Senior Management and payment performance will be published alongside the Transparency report.	07 April 2021	51 to 75	Amber	AP
65	99 19/20	DoR	Bank & Cash reconciliations	All reconciliations should be provided for authorisation and approval as soon as practicable. Where delays are found to occur in the authorisation and approval of reconciliations the process should be reviewed in order to determine whether alternative arrangements can be made to ensure prompt action.	19/20	16/06/2020	Annette Trigg, Chief Accountant	All bank and cash reconciliations are now up to date, and are produced, verified and authorised by the 21st of each month	07 April 2021	76 or more	Green	REC

66	100 19/20	DoR	Bank & Cash reconciliations	Reconciliation templates should be completed fully to record: a) The printed name of the officer that has prepared the reconciliation b) The signature of the officer that has prepared the reconciliation c) The date on which the reconciliation has been prepared d) The printed name of the officer that has check the reconciliation, if different to the approver e) The signature of the officer that has prepared the reconciliation, if different to the approver f) The date on which the reconciliation has been checked g) The printed name of the officer that has approved the reconciliation h) The signature of the officer that has approved the reconciliation i) The date on which the reconciliation has been approved	19/20	16/06/2020	Annette Trigg, Chief Accountant	These are prepared and being used	9th April 2021	76 or more	Green	REC
67	101 19/20	DoR	Bank & Cash reconciliations	• The decision not to implement the control designed by the previous Chief Accountant whereby completion of control account reconciliations would be monitored to ensure they are timely, completed satisfactorily and reviewed should be revisited. In the absence of a centrally held list of reconciliation to evidence the monitoring undertaken and to enable any issues or delays to be identified or addressed, it should be determined whether the current arrangements provide a satisfactory alternative	19/20	16/06/2020	Annette Trigg Chief Accountant	All recommendations currently being reviewed and actions implemented under the Reconciliations strand of the Finance Improvement Programme	07 April 2021	51 to 75	Amber	REC
68	102 19/20	DoR	DBS checks	It is recommended that the Council's policies, systems and procedures governing DBS systems are routinely reviewed and updated where necessary and agreed by the appropriate manager(s). As the principal point of DBS check across RBC, it is further recommended that HR liaises with other services who carry out DBS checks, namely Regulatory Services and the PBS team, to ensure these services also follow these policies.	19/20	02/03/2020	Ben Morgan, Resourcing Manager	All DBS checks are facilitated by Human Resources.	31 March 2021	Complete	Green	
69	104 19/20	DoR	DBS checks	Guidance should specifically require managers to ensure that all staff, whether permanent, agency or temporary, are appropriately DBS checked if the relevant criteria are met, even if this is for a limited period.	19/20	30/06/2020	Ben Morgan, Resourcing Manager	Incorporated into new Safer Recruitment Guidance, published to the intranet	31 March 2021	Complete	Green	
70	105 20/21	DEGNS	Rent Guarantee Scheme	It is recommended that all housing related systems establish consistent naming conventions that will allow for easy data verification across systems, followed by a data cleansing operation to update current records to the new standard.	20/21	11/08/20	Housing system project team - Project manager Johnnie Stanley	OHMs migration project started, the project is addressing how to align the naming convention to GIS/Gazeteer. This is being explored through data mapping exercises.	31/3/21	25 or less	Red	
71	107 20/21	DEGNS	Rent Guarantee Scheme	A review of the Council's duties and legal responsibilities for housing needs and homelessness should be considered to see if / how these impact / contradict the tenancy agreement and regulations of the RGS scheme. It is also recommended the service should establish if a different debt treatment regime is applicable and legal for properties on this scheme, and if so, then implement this.	20/21	11/08/20	Emma Tytel, DGS Team Leader	We are still awaiting Government guidelines as the stated intention is to extend pre-action protocol to the private sector. Once guidelines have been published we will compare these to our existing practice, which mirror that used for Council-owned properties, and make amendments as required.	08 January 2021	51 to 75	Amber	
72	110 20/21	DoR	Intercompany transfers	Financial Procedures should be updated to reflect the standards and requirements for conducting intercompany accounting and the relationship with the financial coding structure. For example, there should there be common standards for substantiating and approving transfers whether these relate to intercompany transactions or not, a procedure detailing the use of the group account use etc.	20/21	15/07/20	Annette Trigg, Chief Accountant Andy Jehan, Financial Systems Accountant	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented, although for a transfer to be made the approval of the receiving business is required first. The preventative use of CHAPS / Swiftpay is already in place. Starting in April 2021 intercompany transfers will be completed by an Accounts Payable Assistant and Authorised by the Exchequer Manager/AP Senior	08 April 2021	76 or more	Green	

73	111 20/21	DoR	Intercompany transfers	The routines and methodology for scheduling and paying the contract and SLA payments to BFFC should be standardised, processing actions confirmed and then reconciled on a monthly basis so that differences or any anomalies can be investigated in a timely way.	20/21	15/07/20	Kate Graefe (AD Procurement & Contracts) & Finance	Monthly reconciliations between payroll and GL have been produced and agreed. Guidance notes are in progress and will be included as part of the improvement programme. KG to confirm with finance percentage complete prior to closure.	09 April 2021	76 or more	Green
74	112 20/21	DoR	Intercompany transfers	The reason for the payment anomalies and queries highlighted in the report should be investigated to help inform the review of the intercompany transfer procedure.	20/21	15/07/20	Annette Trigg, Chief Accountant Andy Jehan, Financial Systems Accountant	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented, although for a transfer to be made the approval of the receiving business is required first. The preventative use of CHAPS / Swiftpay is already in place. Starting in April 2021 intercompany transfers will be completed by an Accounts Payable Assistant and Authorised by the Exchequer Manager/AP Senior	08 April 2021	76 or more	Green
75	113 20/21	DoR	Intercompany transfers	The procedures for making and retaining the approvals for intercompany transfers for 2020/21 should be reviewed, and the email authorisations for 2019/20 should be placed on the Finance service drive, as advised by the Senior Accounts Payable Officer.	20/21	15/07/20	Annette Trigg, Chief Accountant Andy Jehan, Financial Systems Accountant	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. The procedures for making and retaining the approvals for intercompany transfers have been reviewed and the authorisations are now attached to all payments.	07 April 2021	76 or more	Green
76	114 20/21	DoR	Intercompany transfers	The procedures for reconciling and monitoring the receipt of SLA income should be urgently reviewed and updated to ensure any payment deviations/variation to the contract sum are highlighted on a timely basis for investigation. This should include: - •The preventative use of CHAPS/SwiftPay •The payment status and variation approvals should become a standard agenda item as part of any regular management contract review procedure. •Procedures governing budgetary control.	20/21	15/07/20	Annette Trigg (Chief Accountant) Andy Jehan (Financial Systems Accountant) Kate Graefe (AD Procurement & Contracts) / Stuart Donnelly (Financial Planning & Strategy Manager)	Intercompany accounting and related regulations & procedures are a dedicated sub-strand of the Reconciliations strand of the Finance Improvement Programme. As such, common standards for substantiating and approving transfers are in course of being devised and implemented. The fixed element of the contract is processed and paid on a regular monthly schedule via an inter company transfer. The preventative use of CHAPS / Swiftpay is already in place. Further work to document the process in relation to variable aspects is currently underway.	06 April 2021	76 or more	Green
77	115 20/21	DEGNS	Stores Contract	A copy of the sealed contract should be located, and a copy should be forwarded to Housing in order they can ensure that they are working from and using the correct version.	20/21	03/08/20	Mike Carpenter, Housing Projects Team Manager	This is now just awaiting printing and will be available shortly. This will then be scanned	09 April 2021	76 or more	Green
78	116 20/21	DEGNS	Stores Contract	For reconciliation purposes, although Travis Perkins provides Housing with a listing of all invoicing data and credit notes to support the consolidated invoice, we recommend TP is approached to request that it provides a detailed report of all stores issue and return transactions from the 'point of sale' onwards. Confirmation of the return policy specification within the contract and definition of faulty goods also needs to be clarified and confirmed.	20/21	03/08/20	Mike Carpenter, Housing Projects Team Manager	This is a known weakness, and we are working with Travis to resolve it, with a view to tracking materials electronically. Ultimately the cost of providing a solution to the problem may not be economically viable to track the small number of returns. A returns form is now available for staff to complete when they return a product and returns will be tracked from this. The returns policy specification will be identified and clarified as part of the contract review process.	09 April 2021	51 to 75	Amber
79	118 20/21	DEGNS	Stores Contract	A report on the opportunities and disadvantages of the Housing Contract should be produced periodically for corporate consideration.	20/21	03/08/20	Jane Bloomfield, Quality & Business Assurance Manager	We propose to do this on an annual basis going forward, but with due consideration of the contract end date which is April 2022, propose to undertake a benchmarking exercise to understand how competitive the current charges are to start the review. A formal report on the opportunities and disadvantages will be produced for April 2021 05/01/21 - The benchmarking exercise has now been completed (by Cirrus Purchasing) and indicates that the contract is providing good value for money). This will be used to discuss the findings with Travis Perkins and inform the contract review. 31/03/21 - Due to other pressures (COVID and Client/Contractor split) it is not possible to produce the report for April now. This has been revised to the end of May 2021 and will contain recommendations for the way forward with this contract.	09 April 2021	51 to 75	Amber
80	121 20/21	DEGNS	Education and Skills Funding Agency - eligibility verification	Systems need to be improved to ensure official documents presented by learners to obtain ESFA funding are authentic, and that any independent verifications carried out by New Directions College with third parties/agencies are recorded and evidenced where appropriate e.g. passports, driving license, birth certificates etc.	20/21	25/08/20	Lisa Potter (Assistant Principal, New Directions College)	Enrolments are being carried out digital with documents being scanned and emailed to the College. Discussions about independent verifications have been delayed due to impact of Covid 19 on our day to day operations. Providing restrictions are lifted by Easter then discussions can begin in time for implementation in the next academic year 2021-22	9th March 2021	Complete	Green
81	123 20/21	DEGNS	Education and Skills Funding Agency - eligibility verification	Certified controls need to be established to ensure all information entered or scanned onto the Education Management System is complete and accurate.	20/21	25/08/20	Lisa Potter (Assistant Principal, New Directions College)	2020 -21 enrolments are all being logged on a central tracker and checks are being carried out to ensure that the digital documents that have been submitted by learners match the keyed information on our MIS system. This work will continue for the rest of this academic year until full implementation of our new MIS system has been completed - currently on track for April 2021 go live.	8th April 2021	Complete	Green

82	124 20/21	Cross direct orate	Transparency Code	Procedures for ensuring full compliance with the Transparency Code need to be reviewed and brought up to date. Where any gaps are identified these should be established. Procedures should include and address: • Management ownership and responsibility for coordinating the collation, checking and monitoring of information and for responding to queries resulting from information published under the terms of the Code. • Information should be appropriately labelled, be able to be easily located and accessible under a common section or directory of the Council's website. • Posted information should be monitored and kept up to date to ensure the data requirements are met and that publication of information is in accordance with the Code's timeframe requirements. • The protocol for publishing historical information from previous years needs to be agreed so that this is appropriately applied on a consistent basis.	20/21	01/10/20	Michael Graham, Assistant Director of Legal and Democratic Services	Actions to address this have been agreed at Information Governance Board.	01 April 2021	26 to 50	Amber
83	125 20/21	Cross direct orate	Transparency Code	The Council needs to be more proactive and visible in its commitment to being open and transparent. For example, although a copy of the Transparency Code 2015 is available via government website, the Council should confirm its policy and approach for complying with the code.	20/21	01/10/20	Michael Graham, Assistant Director of Legal and Democratic Services	Actions to address this have been agreed at Information Governance Board.	01 April 2021	26 to 50	Amber
84	126 20/21	DEGN S	Staff Vehicle Documentation (Grey Fleet)	The existing draft grey fleet policy needs to be reviewed and updated if necessary and then formally and appropriately approved, launched and then made widely available across the Council. It also needs to be included within the new starters' induction process. The policy should clearly detail the roles and responsibilities of managers, the Transport and Fleet Manager and HR, as well as be explicit as to what should be recorded, by whom and where, with consideration given to taking a more risk-based approach. In light of any changes to how, what and where checks are recorded, roles and responsibilities may need to be reviewed and updated, as appropriate. There also needs to be a documented and agreed process for all relevant staff, up to and including the Chief Executive if appropriate, to undergo grey fleet checks and to ensure all grey fleet mileage claims are reviewed and authorised.	20/21	02/10/20	Kevin Green, Transport and Fleet Manager/Teresa Kaine, HR Services Manager	TK:The grey fleet policy has been reviewed and agreed with the trade unions and goes to Personnel Committee for approval on 17 March. Once approved, the policy will be formally launched and training for employees and managers will be provided.	17 March 2021	Complete	Green
85	137 20/21	DEGN S	Licensing	When processing Charity Collection applications, charity authorisation should be sought from an appropriate person and Audit suggests authorisation should come from a Charity Trustee or equivalent.	20/21	02/12/20	Catherine Lewis, Acting Regulatory Service Manager	This is requested on the application and checked by an officer to confirm appropriate paperwork submitted and signed - a permit is not given if the appropriate signature is not on the application.	9th April 2021	Complete	Green
86	138 20/21	DEGN S	Licensing	Given the vulnerability of school transport users, discretionary decisions to allow vehicles to continue to operate when they are in excess of the upper age limit should be well documented, to ensure it aligns with licensing objectives.	20/21	02/12/20	Clyde Masson, Principal Licensing Officer	We are reviewing out specifications and conditions in respect of School Transport vehicle Licensing to reflect the changes in the industry which include the age of vehicles licensed. We are still reviewing our conditions in respect of all areas of taxi / private hire and private hire (school transport) licencing and are still looking to complete by July 2021	29/03/2021	25 or less	Red
87	139 20/21	DEGN S	Licensing	To maximise the effectiveness of the available enforcement resource, premises enforcement should be formalised by way of a documented risk assessment of type, location and individual premises. Consideration should be given to issuing self-assessment forms to low risk licence holders.	20/21	02/12/20	Catherine Lewis, Acting Regulatory Services Manager,	Officers are currently working on producing a self assessment inspection form to be completed by licence holders which will provide a risk level to aid determination whether an officer inspection is required. A self assessment inspection form has been drafted and sent to a sample of the licensed premises within the borough as a trial 15/03/2021	9th April 2021	26 to 50	Amber
88	140 20/21	DEGN S	CIL 15% Local Projects	It is recommended that policies and procedures governing CIL, including the 15% aspect, are periodically reviewed and updated to ensure these reflect both the latest local and legislative requirements and that these are updated on the website.	20/21	07/12/20	Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below. A revised protocol for allocation of CIL funds was agreed at Policy Committee in February 2021, which particularly sets out procedures for consulting on and allocating 15% local CIL funds. This involves consulting on local priorities every 3-4 years, and the first such consultation started on 19th February and will run to 16th April. Results will be reported to Policy Committee by June.	26 March 2021	26 to 50	Amber
89	141 20/21	DEGN S	CIL 15% Local Projects	The discrete roles and responsibilities of Planning staff and other staff responsible for the delivery of 15% Local CIL schemes need to be reviewed, understood and adopted by all parties. It is recommended that these are reviewed, documented, approved and then adopted. These should include reference to the work of other services used in the delivery of such schemes, i.e. Legal Services. In particular these should concisely address and include responsibility for: • roles and activities of the different services and officers involved • the early capture and recording of the purpose and cost of schemes • the coordination and monitoring of schemes • the timely delivery and reporting of schemes. These guidelines should also define the role(s) of each project officer in respect of their responsibilities for 15% CIL schemes and their commitment to work with and to respond to other officers' enquiries as necessary. Once documented, these roles and responsibilities should be agreed and authorised as appropriate by the CIL Working Group(s) and then copied to 15% CIL scheme managers.	20/21	07/12/20	Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the review mentioned in 140, the process and procedures associated with the delivery of the 15% CIL local schemes is being reviewed to define each of the relevant officers roles within the delivery process of projects funded via the 15% CIL funds. This is linked to 142 below.	26 March 2021	25 or less	Red

90	142 20/21	DEGN S	CIL 15% Local Projects	It is recommended that simple, clear terms of reference are established for both the Officer and Member 15% Working groups and that these are periodically reviewed and updated, if necessary. In particular the terms should specify the purpose and frequency of meetings and composition of membership.	20/21	07/12/20	Andrew Edwards, Assistant Director of Environmental & Commercial Services / James Crosby Assistant Director of Planning, Transport & Regulatory Services	Terms of reference for the CIL Officer 15% group completed and include composition of members, purpose of group and frequency of meetings. Group meeting regularly.	9th April 2021	76 or more	Green	
91	143 20/21	DEGN S	CIL 15% Local Projects	In order to ensure that the required outcomes are clearly defined at the earliest stage possible, it is recommended that a simple Project Initiation Document (PID) is completed and agreed for each 15% CIL scheme and a copy held by the Infrastructure Monitoring Officer. This should include the following suggested details and inform the regular monitoring by the respective officer / Member working groups: a) The purpose for each scheme or project and a brief narrative or overview b) Details of the Member approval process c) Details of assigned responsible officer(s) and their roles d) Budget and scope of the scheme (details of what is to be achieved) e) Any potential risks or obstacles f) Start / finish target dates g) Any reporting milestones.	20/21	07/12/20	Neal Gascoine, CIL Officer	As part of the process/document review being undertaken in 140/141 a PID will be designed and will form part of the roles responsibilities defined to relevant officers and each individuals input defined to confirm relevant elements are captured and recorded. This will be part of the new process to be agreed at Policy Committee in February.	08 January 2021	25 or less	Red	
92	144 20/21	DEGN S	CIL 15% Local Projects	Issues around accurate financial reporting and the Infrastructure Monitoring Officer having the necessary reporting or access to Oracle Fusion need to be resolved, in order to be able to provide required financial accountability and reporting of 15% local area CIL funded schemes. It is recommended this is followed up with the support of the Assistant Director of Environmental & Commercial Services.	20/21	07/12/20	Andrew Edwards, Assistant Director of Environmental & Commercial Services	A series of meetings has been held between Capital Finance colleagues, Infrastructure Monitoring officer and AD E&CS to work towards providing more accurate financial reporting for CIL 15% projects and also to allow the Infrastructure Monitoring Officer greater access to the information needed.	9th April 2021	51 to 75	Amber	
93	145 20/21	DEGN S	CIL 15% Local Projects	It is explicitly recommended that in the Infrastructure Monitoring Officer experiences either poor or no assistance from the managers of the 15% CIL schemes that this should be reported to the Planning Manager and /or Deputy Director of Planning, Transport & Regulatory Services for their intervention, support and follow up.	20/21	07/12/20	Mark Worringham, Planning Policy Manager / Neal Gascoine, CIL Officer	As part of the process/document review being undertaken in 140/141 clear escalation routes are to be defined to confirm the relevant support needed for reporting.	26 March 2021	25 or less	Red	
94	146 20/21	DoR	Purchasing cards	An exercise should be carried out to ensure all the appropriate agreements are held and that these are relevant to the current service i.e. an agreement is held for all new budget holders with existing VPC in the service. A periodic exception report should be produced to monitor the completeness of these records.	20/21	09/12/20	Andrew Jehan (Exchequer Manager) / Annette Trigg (Chief Accountant)	A review of all current card holders and the associated agreements has been carried out. Some work still needs to ensure that all cardholders have the cardholder agreement and the budget holder agreement	08 April 2021	76 or more	Green	VPC
95	147 20/21	DoR	Purchasing cards	In conjunction with recommendation 3, an up to date list officers should be maintained to validate both approval of the business case and authorisations of expenditure. We also recommend that a statement of satisfaction should added to the authorisation template confirming that they are satisfied that all the necessary checks have been undertaken.	20/21	09/12/20	Andrew Jehan (Exchequer Manager) / Annette Trigg (Chief Accountant)	A list of officers has been created for approval of business case and authorisation of transaction log. The firmstep form for confirmation statement for completeness has been added for cardholder and budget holder agreements needs to be review and tweaked.	08 April 2021	51 to 75	Amber	VPC
96	148 20/21	DoR	Purchasing cards	In conjunction with recommendations 3 & 4, there should be an annual/periodic revision of the business case and merchant categories for the cards in circulation to ensure these remain appropriate and relevant to service needs. Special consideration needs to be given to those cards which are used in interaction with the requirements from Emergency Planning.	20/21	09/12/20	Andrew Jehan (Exchequer Manager / Annette Trigg (Chief Accountant)/ Department Budget Managers	A list of officers has been created for approval of business case and authorisation of transaction log. The firmstep form for confirmation statement for completeness has been added for cardholder and budget holder agreements needs to be review and tweaked.	09 April 2021	26 to 50	Amber	VPC
97	149 20/21	DoR	Purchasing cards	Bank confirmations on the set up of spend limits and expenditure categories should be placed on file to substantiate the applications of those authorised.	20/21	09/12/20	Andrew Jehan (Exchequer Manager)	Spend limits & categories logged against each card holder.	09 April 2021	51 to 75	Amber	VPC
98	150 20/21	DoR	Purchasing cards	Procedures should be established to highlight the cancellation requirements of VPC due to staff leaving or changing role. This should coincide with the usage monitoring controls to identify those cards which are not being used because the cardholder has left the employ of the Council.	20/21	09/12/20	Andrew Jehan (Exchequer Manager)	Work now started and review required.	09 April 2021	51 to 75	Amber	VPC
99	151 20/21	DoR	Purchasing cards	Corporate monitoring systems should be established to highlight VPC Holder and Budget Holder areas of non-compliance. An exception report should be produced on a periodic basis for management for continuous improvement purposes. This should include highlighting for management attention: - · Claims which have not been authorised at all or in appropriately. · Expenditure which has occurred after the cardholder has left the employ of the Council. · Material expenditure which isn't supported by a VAT compliant receipt or invoice. · Material expenditure which exceeds the general-purpose value of £500 in accordance with the VPC policy. Any extraordinary expenditure which could give rise to concern i.e. of public interest or HMRC taxation risks.	20/21	09/12/20	Andrew Jehan (Exchequer Manager / Annette Trigg (Chief Accountant)	New processes and procedures introduced and Card Holders and Budget Holders will be advised of transgressions. RBC will apoted a three strikes and you are out policy with cards being withdrawn.	09 April 2021	51 to 75	Amber	VPC

100	152 20/21	DoR	Purchasing cards	A reconciliation between the Fusion system total, the claim total and the Lloyds bank statement should be carried out on a regular basis. This reconciliation should be appropriately substantiated and certified.	20/21	09/12/20	Wai Lok (Technical Accountant) / Annette Trigg (Chief Accountant)	The Technical Accountant to make arrangements with the Accounts Payable team and ensure the reconciliation is carried out monthly. The target date for completion is end of April 2021.	07 April 2021	26 to 50	Amber	
101	153 20/21	DoR	Purchasing cards	In conjunction with recommendation 8, the Visa Purchasing Cards should be monitored to ensure it is not being used to circumnavigate the local purchase order policy and procedures. Areas of concern should be raised with the card holder and budget holder.	20/21	09/12/20	Andrew Jehan (Exchequer Manager)	All purchases will be retrospectively reviewed by an Accounts Payable Processing Assistant at the time of submission to ensure that they are applicable for Visa Purchasing Cards use. VPC payments over £500 will be subject to a further check by the AP Senior or Exchequer Manager and areas of concern will be raised with the card holders and budget holders and cards may be withdrawn if being used to circumnavigate the purchase order policy.	08 April 2021	51 to 75	Amber	VPC
102	154 20/21	DoR	Purchasing cards	In conjunction with recommendation 8, the Visa Purchasing Cards expenditure categories and respective providers should be monitored to ensure purchases are not being made outside an existing corporate contract, or to ascertaining if there would be a benefit to developing a contract. Prevention controls should be applied to re-enforce the protocols of use in the Visa Purchasing Cards Rules. Appropriate consideration should be given to the different uses by the general services and those purchased for emergency planning.	20/21	09/12/20	Kate Graefe (AD of Procurement & Contracts)	It is the intention of Procurement & Contracts to commission an external tail-spend analysis across the Council, which would include Purchase Card spend data, to determine whether spend should or could otherwise be routed through a corporate contract or more cost-effective arrangement. Such analysis and work will be shared with Finance to determine if refinement of Purchase Card controls and/or policy is required. This is dependent on funding for the analysis work.	26 March 2021	25 or less	Red	
103	155 20/21	DoR	Purchasing cards	Receipts and invoices should be obtained and attached for all purchases as proof of purchase to substantiate the charge on the bank statement and to support the correct recovery of VAT.	20/21	09/12/20	Andrew Jehan (Exchequer Manager) / Annette Trigg (Chief Accountant)	Currently all the receipts are checked for VAT and when not received, they are requested	08 April 2021	76 or more	Green	VPC
104	156 20/21	DoR	Purchasing cards	Because of the failure to ensure all emails are retained, we strongly recommend that the claim form is physically certified by the VPC card holder and VPC approver. In conjunction with recommendation 5, the VPC Administrator should ensure the claim is certified by the correct officer.	20/21	09/12/20	Andrew Jehan (Exchequer Manager)	From January 2021, the returns of the monthly transaction logs has been started using Firmstep. Firmstep permits electronic authorisation and this can be kept on the file. Statement of completeness	08 April 2021	76 or more	Green	VPC
105	157 20/21	DoR	Purchasing cards	The Council should review the operational platform for managing and accounting for VPC expenditure e.g. an integrated management system that manages the authorisations, records and payments in conjunction with existing/future accounts payable and contract requirements.	20/21	09/12/20	Annette Trigg (Chief Accountant)	Consideration will be given to this recommendation as part of the implementation of a new finance system, however it is important to note that this area may be a lower priority when considering finance systems functionality compared with other essential system requirements. The process changes and agreed actions included in this report will result in improved processes and will reduce the financial risks for this area of expenditure.	07 April 2021	25 or less	Red	
106	158 20/21	Cross direct orate	Records Management & Document Retention	The revised policy needs to be reviewed in conjunction with ICO guidelines (to ensure all areas are covered or reference made to relevant associated policies and legislation). It also needs to clearly define roles and responsibilities, include Council systems and records for obsolete teams, link to the Council's corporate plan, and take an integrated approach to records, regardless of their format. The policy then needs to be formally approved, made available to all staff and included as part of induction for new starters, with regular reviews conducted to ensure compliance. The policy also needs to be fully supported by senior management, with regular updates on progress against the policy provided to them. Where responsibility is delegated to teams and services, there needs to be appropriate local policies/guidelines in place.	21/22	15/01/21	Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand.	01 April 2021	26 to 50	Amber	

107	159 20/21	Cross direct orate	Records Management & Document Retention	<p>There needs to be clearly defined links between the Information Governance team, Modern Records and individuals responsible for records management and document retention across the Council. All staff need to be aware of this and consideration also given to documenting this role in relevant job descriptions.</p> <p>Consideration needs to be given to reviewing and rationalising records management risks at corporate and directorate level, distinguishing between strategic risks (reflected at corporate level) and operational risks (reflected at service/team level).</p>	21/22	15/01/21		Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand.	01 April 2021	26 to 50	Amber
108	160 20/21	Cross direct orate	Records Management & Document Retention	<p>There should be a centralised register, detailing records held across the Council, their format, location and responsible officer.</p> <p>Consideration also needs to be given to clearly documenting and addressing risks associated to records.</p> <p>Data Protection Impact Assessments (DPIAs) need to be reviewed and updated as necessary to reflect any changes to processes. Where processes have changed (as a result of coronavirus or for other reasons), any associated risks need to be identified and addressed (for example issuing guidance to, and ensuring adherence of, panel members now meeting remotely, on the need for timely, secure destruction of personal sensitive information).</p> <p>Risks relating to records remaining useable need to be identified and appropriate controls put in place.</p>	21/22	15/01/21		Michael Graham, Assistant Director of Legal and Democratic Services	Actions have been identified and are in hand.	01 April 2021	26 to 50	Amber
109	161 20/21	Cross direct orate	Records Management & Document Retention	<p>There should be a clear understanding regarding roles and responsibilities in relation to old and closed records and action required at the end of retention periods, including for those held in the Modern Records Office and Mosaic.</p> <p>Where possible, retention periods for records should be set on document management systems so that records are automatically destroyed once the end of this period is reached.</p>	21/22	15/01/21		Nayana George, Customer Relations & Information Governance Manager	Actions have been identified and are in hand.	01 April 2021	26 to 50	Amber
110	162 20/21	Cross direct orate	Records Management & Document Retention	The revised records management policy needs to include reference to information sharing protocols and/or reference to the relevant documentation and where this is addressed.	21/22	15/01/21		Nayana George, Customer Relations & Information Governance Manager	Actions have been identified and are in hand.	01 April 2021	26 to 50	Amber
111	163 20/21	DEGN S	Car Parks (off street)	Working papers and analysis that are produced and used as a part of the tariff setting process should be retained and made available for future use.	21/22	11/02/21		Simon Beasley, Network and Parking Services Manager	A guide has been written defining the process to be undertaken when reviewing the tariffs for On and Off street car parks.	30 March 2021	Complete	Green
112	164 20/21	DEGN S	Car Parks (off street)	<p>Procedure notes should be set out for each reconciliation that set out in detail:</p> <ul style="list-style-type: none"> • The frequency with which reconciliations should be completed. • The format and working papers that are required to be retained. • The process of completing the reconciliation. • The standards required in maintaining an audit trail and working papers. 	21/22	11/02/21		<p>Simon Beasley Network and Parking Services Manager</p> <p>Paul Allcock Assistant Car Parks Manager</p> <p>Elizabeth Robertson Civil Enforcement Manager</p>	<p>Procedure notes should be set out for each reconciliation that set out in detail: Partially written</p> <ul style="list-style-type: none"> • The frequency with which reconciliations should be completed. Whilst the target will be weekly, due to delays in banking deposits and Oracle, Fortnightly. • The format and working papers that are required to be retained. Not sure what this means. Reconciliations will be shown on the relevant spreadsheets. Numbers will agree to each data source. • The process of completing the reconciliation. Data entry from system reports reconciled with cash collection reports and Oracle 	12 April 2021	51 to 75	Amber

113	165 20/21	DEGN S	Car Parks (off street)	In conjunction with the Finance Business Partner a reconciliation template should be set out that sufficiently performs the task required and working papers to support the reconciliation should be maintained in an agreed upon fashion. Items to be addressed in the reconciliations should include but not be limited to the following: a) The printed name of the officer that has prepared the reconciliation b) The signature of the officer that has prepared the reconciliation c) The date on which the reconciliation has been prepared d) The printed name of the officer that has check the reconciliation, if different to the approver e) The signature of the officer that has prepared the reconciliation, if different to the approver f) The date on which the reconciliation has been checked g) The printed name of the officer that has approved the reconciliation h) The signature of the officer that has approved the reconciliation i) The date on which the approving officer has reviewed the document j) A record of the unreconciled items for the period and commentary with respect to their cause and treatment. h) Information recorded within the reconciliation should be sufficient to demonstrate that systems reconcile and links to source data should be included.	21/22	11/02/21	Omo Okuonghae Finance Business Partner Paul Allcock Assistant Car Parks Manager Janet Ofili Car Park Administration Officer	All future spreadsheets (21/22) recording the income from Pay & Display and Off Street car parks will have a reconciliation sheet detailing the data entry staff member and the approving officer together with dates and notes.	30 March 2021	76 or more	Green
114	166 20/21	RES	Additional Payments (follow up)	All additional payments should have a start and end date recorded on the payroll system. Regular reports should be run to monitor those additional payments that are coming up to be ceased to assess whether these need to continue and should be done promptly.	21/22	20/01/21	Teresa Kaine, HR Services Manager	This is in progress. There are 6 monthly payroll reports distributed to HR staff members to discuss with managers (these are: overtime, acting up, first aid, honorariums, market supplements and standby). Their distribution needs to be reviewed to ensure they are going to the correct people each month and that they are always acted upon. The process will be documented within the HR and OD Admin Hub and circulated to relevant staff members in HR and OD to ensure that the correct approach is always followed in future.	31 March 2021	51 to 75	Amber
115	167 20/21	RES	Additional Payments (follow up)	A set of standard system reports designed to monitor additional payments and overtime should be written, a template saved and available to all applicable staff to allow for consistent like for like reporting.	21/22	20/01/21	Teresa Kaine, HR Services Manager Sharon Brown, Payroll and Pensions Manager	This is in progress. There are 6 monthly payroll reports distributed to HR staff members to discuss with managers (these are: overtime, acting up, first aid, honorariums, market supplements and standby). Their distribution needs to be reviewed to ensure they are going to the correct people each month and that they are always acted upon. The process will be documented within the HR and OD Admin Hub and circulated to relevant staff members in HR and OD to ensure that the correct approach is always followed in future.	31 March 2021	51 to 75	Amber
116	168 20/21	RES	Additional Payments (follow up)	A copy of each market supplement testing exercise result(s), justifying the additional payment or ceasing its continuation, should be held on the individual officer's HR file, be clearly named and referenced. Likewise supporting documentation for honorarium and acting up payments should be attached promptly to the file. This should also show the selection process used or reason why there was no selection process in this instance.	21/22	20/01/21	Teresa Kaine, HR Services Manager	This is in progress. The reports documenting payments are being reviewed and appropriate action taken. A process is being drafted to ensure honorarium and acting up payments are reviewed and filed appropriately.	31 March 2021	26 to 50	Amber
117	169 20/21	RES	Additional Payments (follow up)	Consideration should be given to review and rationalising the number of pay elements used and to reduce/rationalise them to make accounting and reporting easier and less complex.	21/22	20/01/21	Sharon Brown, Payroll and Pensions Manager Teresa Kaine HR Services Manager	This is in progress. We are working with Midland HR (iTrent providers) to consider whether pay elements can be reduced.	31 March 2021	51 to 75	Amber
118	170 20/21	RES	Additional Payments (follow up)	The review and approval of additional payment policies should be reinstated. All reviewed policies should be dated and available on the intranet.	21/22	20/01/21	Teresa Kaine, HR Services Manager	This will be picked up as aprt of the terms and conditions review and policies will be agreed subsequent to this.	31 March 2021	25 or less	Red
119	171 20/21	DEGN S	Penalty Charge Notice (PCN) Debt	Reconciliation procedures need to be established to ensure 3Sixty and Fusion are balanced to ensure accurate budget reporting. Because Fusion only records PCN receipts, it is important to confirm the accounting and reporting requirements for debt and those balances to be written off in Fusion.	21/22	16/02/21	Omo Okuonghae Finance Officer Elizabeth Robertson Civil Enforcement Manager	Reports have been finalised and sent to Audit to check	01 April 2021	Complete	Green

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