

WAVERLEY BOROUGH COUNCIL

AUDIT COMMITTEE

5 NOVEMBER 2018

Title:

PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS

[Wards Affected: ALL]

Summary and purpose:

To inform the Audit Committee of Senior Management's progress in implementing the recommendations raised by Internal Audit following a review in their service areas. This report will enable the Committee to consider what action is required in respect of those that are overdue or appear likely to be implemented later than the target date.

How this report relates to the Council's Corporate Priorities:

Internal Audit work contributes to the safeguarding of assets against loss and waste and for identifying other value or money issues.

Financial Implications:

Internal audit work helps management in achieving good value for money and, individual recommendations may have value for money implications.

Legal Implications:

There are no direct legal implications, although good governance is strengthened by attention to the matters raised in audit recommendations.

Introduction

1. This report provides the Audit Committee with the latest position regarding the implementation of Internal Audit recommendations.
2. Annexe 1 provides the current position on recommendations due for completion at the end of the month after the date of the Audit Committee.
3. Annexe 2 details the Head of Service request for change of implementation due dates.

Conclusion

4. Recommendations relate to the control environment and hence the overall governance and risk management of the Council, and it is important that agreed actions are completed within timeframes agreed with the relevant Head of Service.

Recommendation

It is recommended that the Committee:

1. considers the information contained in Annexe 1 and, following discussion at the Audit Committee meeting, identifies any action it wishes to be taken.
2. considers the Head of Service(s) justification for a change in the due date for the recommendations listed in Annexe 2 and agree an appropriate implementation date(s).

Background Papers

There are no background papers (as defined by Section 100D (5) of the Local Government Act 1972) relating to this report.

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ANNEXE 1

Audit Recommendations overdue or due within the end of the month after the AC



Generated on: 25 October 2018

Action Status	
	Cancelled
	Overdue; Neglected
	Unassigned; Check Progress
	Not Started; In Progress; Assigned
	Completed

Head of Service Vickers, Peter

Action Code & Description	IA19/02.011 Anti Money Laundering Training	There are Anti Money Laundering forms in place and declarations in additional forms, as well as checks by the Fraud Investigation Officer. The Fraud Investigation Officer has attended Induction sessions, where he introduces new staff to Fraud Awareness. However, without formal anti-money laundering training for current staff involved in high risk areas, there is a risk that they do not have sufficient understanding of anti-money laundering practices.	Exit Meeting Date	02-Aug-2018
			Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy		
Agreed Action		The Council will investigate how best to raise awareness of Anti-Money Laundering, e.g. training, particularly for key staff (Housing, etc.).		
Status		Check Progress	Progress	0%
			Head of Service	Hugh Wagstaff; Peter Vickers
All Notes	IA19/02.011 Anti Money Laundering Training: Vicki is picking this up and revising the overall policy against the detailed statutory update you provided, Vicki has agreed to draft an explanatory note of what is required by each area of the council potentially affected/at risk. This will be rolled out alongside the adoption of the revised ML policy. This policy will take a little while to complete so will be going to the Jan/Feb audit committee. The action will be completed by 31st March 2019 and a request for an extension has been made in ANNEXE 2.			19-Oct-2018

Head of Service Wagstaff, Hugh

		Through our review of the procedural documents, we identified several differences between the documented processes and the actual controls/processes in place . there is mention of Tenancy and Estates coordinators, which are no longer in place . the Housing Customer Services team now issue the RTB1 pack	Exit Meeting Date	02-Aug-2018
			Due Date	31-Oct-2018

		<ul style="list-style-type: none"> . there is not an email to Head of Housing Operations for confirmation of when the RTB3 will be ready . the Head of Housing Operations does not sign and return the RTB3 . documentation is sent to Legal through a legal memo template . eligibility criteria are out of date <p>It is important that the policies and procedures reflect actual operational processes, to ensure that new staff are appropriately trained, and that management can either take assurance over the area or challenge and change the processes where necessary.</p>		
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Audit Report Code and Description	IA19/02 Right to Buy
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Agreed Action	The procedures will be reviewed and updated, to both reflect actual operational processes and ensure that required processes are documented to facilitate compliance to support the timeframes in the government targets.
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Status		Check Progress	Progress	20%	Head of Service	Hugh Wagstaff
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All Notes	<p>We've completed six actions but request an extension to 30 November for a further three</p> <ul style="list-style-type: none"> • IA 19/02.001 Procedures • IA 19/02.005 Update and check discounts • IA 19/02.006 Effective percentages in line with the Orchard action. <p>To fully update the procedure we need to establish functionality, develop and test orchard with new actions.</p> <p>I have a page turn user guide review meeting scheduled for 29 October to add new actions from the recommendations and current practice and an Orchard process and functionality review meeting on 7 November. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.</p>	23-Oct-2018
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	Identified areas for updating. Second meeting arranged 29 October for turn page review of user guide to update with current practice and incorporate audit recommendations.	23-Oct-2018
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	Procedure review meeting arranged for 16 October 2018 to update processes and ensure compliance	09-Oct-2018
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Action Code & Description	IA19/02.002 Key stages input to Orchard	<p>The purpose of the user guide was to train individuals in the new right to buy process, in order to utilise the RTB module fully on Orchard and move away from the current spreadsheets.</p> <p>However, we found that the Homeownership Manager still utilises her own spreadsheet for tracking the progress of applications and does not fully utilise Orchard to record the stage of each application.</p> <p>Where the central system is not used, there is reduced business resilience and a greater risk of key tasks not being completed. In addition, as all five of our sample had delayed RTB2 notices, and four out of five also had delayed RTB3 notices, there is a risk of people successfully applying for a reduction in the sale price due to a delay, therefore causing a reduction in council income.</p>	Exit Meeting Date	02-Aug-2018
			Due Date	30-Nov-2018

Audit Report Code and Description	IA19/02 Right to Buy
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Agreed Action	Orchard will be further used for noting completion of key stages and key dates
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		relating to delays in processing the application (e.g. interview invite, surveyor request, etc.) This will be monitored, through a periodic review of in progress applications, to ensure timely processing of applications. When considering the process for monitoring applications the line management arrangements for the Homeownership Manager (RTB Officer) should be reviewed.				
Status		In Progress	Progress	20%	Head of Service	Hugh Wagstaff
All Notes	Identified areas for review. Second review meeting arranged 7 November to work through Orchard process and request updates/ actions to reflect process and audit recommendations.					23-Oct-2018
	Review meeting arranged 16 October 2018					09-Oct-2018
Action Code & Description	IA19/02.005 Upload and checking of discounts				Exit Meeting Date	02-Aug-2018
					Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy				
Agreed Action		A process will be developed to manage the upload and checking of RTB discounts on the Orchard system.				
Status		Check Progress	Progress	50%	Head of Service	Hugh Wagstaff
All Notes	Agreed process to request annual discount update to Orchard through IT service desk and for line manager to check/sign off. To be added to user guide on 29 October review. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.					23-Oct-2018
	Discounts updated within Orchard. review meeting 16 October to develop process to manage discounts on Orchard.					09-Oct-2018
Action Code & Description	IA19/02.006 Effective Percentages				Exit Meeting Date	02-Aug-2018
					Due Date	31-Oct-2018
Audit Report Code and Description		IA19/02 Right to Buy				
Agreed Action		The Council will investigate whether Orchard can calculate the effective percentage, otherwise a spreadsheet will be created to calculate the actual and effective discount values and percentages.				
Status		Check Progress	Progress	20%	Head of Service	Hugh Wagstaff
All Notes	Identified aim to centralise information. Second meeting arranged 7 November to further review functionality of Orchard. Therefore a request for an extension to 30 November 2018 has been made in ANNEXE 2.					23-Oct-2018
	Review meeting booked 16 October to consider functionality of Orchard.					09-Oct-2018

ANNEXE 2

Internal Audit Recommendations presented to the Audit Committee for status change of Due Date on Covalent

Report Ref/ recommendation/s Ref	Title	Recommendation	Head of Service written justification/ Reason for change in implementation date	Responsible officer
IA19/02.001 IA19/02.005 IA19/02.006	Right to Buy	Recommendations as details above. <ul style="list-style-type: none">• IA 19/02.001 Procedures• IA 19/02.005 Update and check discounts• IA 19/02.006 Effective percentages in line with the Orchard action.	To fully update the procedures we need to establish functionality, develop and test orchard with new actions re <ul style="list-style-type: none">• IA 19/02.005 Update and check discounts• IA 19/02.006 Effective percentages in line with the Orchard action. A page turn user guide review meeting is scheduled for 29 October to add new actions from the recommendations and current practice and an Orchard process and functionality review meeting on 7 November. Revised Due Date requested - 30 November 2018.	Head of Housing Operations – Hugh Wagstaff

IA19/02.011	Anti Money Laundering Training re Right to Buy	<p>There are Anti Money Laundering forms in place and declarations in additional forms, as well as checks by the Fraud Investigation Officer. The Fraud Investigation Officer has attended Induction sessions, where he introduces new staff to Fraud Awareness. However, without formal anti-money laundering training for current staff involved in high risk areas, there is a risk that they do not have sufficient understanding of anti-money laundering practices.</p>	<p>Anti Money Laundering Training: Vicki is picking this up and revising the overall policy against the detailed statutory update you provided, Vicki has agreed to draft a explanatory note of what is require by each are of the council potentially affected/at risk. This will be rolled out alongside the adoption of the revised ML policy. This policy will take a little while to complete so will be going to the Jan/Feb audit committee. The action will be completed by 31st March 2019.</p> <p>Revised due date Requested – 31st March 2019.</p>	<p>Head of Finance – Peter Vickers</p>
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