

**WAVERLEY BOROUGH COUNCIL**  
**AUDIT COMMITTEE – 15 SEPTEMBER 2015**

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**Title:**

**PROGRESS ON THE IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS**

**[Wards Affected: All]**

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**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.

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**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.

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**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 a month after the Audit Committee date.
  3. Annexe 2 details the request for change of implementation due date.
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## **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 identifies any action it wishes to be taken; and
  2. approve the proposed changes in implementation dates in Annexe 2.
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## **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 next month

Generated on: 02 September 2015


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

### Head of Service Vickers, Peter

<b>Action Code &amp; Description</b>	IA15/14.001 Report from Revenues	Investigate if a report can be run from Revenues, Benefits and Rents which would identify where customer's bank details have been amended. A review should then be carried on a monthly basis (or an alternative cycle relevant for the department) for the list of customers where bank details have been amended; ensuring that requesting documentation has been retained as evidence, that the amendment was processed correctly and that the documentation has been verified.	<b>Exit Meeting Date</b>	14-Jan-2015
			<b>Due Date</b>	30-Sep-2015
<b>Audit Report Code and Description</b>		IA15/14 Payments		
<b>Agreed Action</b>				
<b>Status</b>		In Progress	<b>Progress</b>	51%
			<b>Head of Service</b>	Peter Vickers
<b>All Notes</b>	Benefits Manager is contacting the Civica Supplier and peer authorities to establish feasibility or alternative mitigation of the risk.			13-Aug-2015


<b>Action Code &amp; Description</b>	IA15/14.005 Approval of purchases	a) It should be formally recorded which staff can raise and approve purchase orders to support the embedded authorisation limits within the purchase order system. b) The Council should consider whether Purchase Order documentation and contract information should be held centrally or a on a department's network which is open to Finance so the Finance staff are able to access the information when needed	<b>Exit Meeting Date</b>	14-Jan-2015
			<b>Due Date</b>	30-Sep-2015
<b>Audit Report Code and Description</b>		IA15/14 Payments		
<b>Agreed Action</b>				
<b>Status</b>		In Progress	<b>Progress</b>	0%
			<b>Head of Service</b>	Peter Vickers
<b>All Notes</b>	This is a project that will be developed by the vacant Financial Services Manager once in			13-Aug-2015

	post, recruitment is underway and expectation is to have an incumbent by end of November. This will be a corporate project to review the requirement and specification of a corporate purchase order system, at the moment there are various customs and practices across the services. Finance do not rely upon the information in these bespoke systems for accurate and commitment information at present. Financial control and authorisation over invoice validation and payment is contained within the Agresso finance system.	
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<b>Action Code &amp; Description</b>	IA15/14.007 Audit Trail	a) The Council should record start and end dates on the authoriser list of when staff had authorisation responsibility so there is an audit trail / history of which staff had authorisation access and when. b) An annual review should be completed ensuring the manual authoriser list correctly reflects the authorisers and their limits on the system. Or it should be investigated if this information could be pulled from the Finance system.	<b>Exit Meeting Date</b>	14-Jan-2015
			<b>Due Date</b>	30-Sep-2015
<b>Audit Report Code and Description</b>		IA15/14 Payments		
<b>Agreed Action</b>		Those on Orchard already have levels set.		
<b>Status</b>		In Progress	<b>Progress</b>	50%
<b>Head of Service</b>				Peter Vickers
<b>All Notes</b>	<p>The current authorisation list is a manual folder. Effective authorisation of invoice payment is done within the Agresso finance ledger workflow system, this locks down specific people to specific service areas. Authority limits are built into the system to ensure escalation to next authorisation level is automatic for expenditure above threshold levels. The accountants will be circulating lists extracted from the authorisation workflow for verification during the next three months budget setting and monitoring to review with Heads of Service and managers.</p> <p>The original version of the authorisation list will have start and end dates on lists. The workflow system is maintained on an ongoing basis through managers interacting with the authorisation process, This always requires a minimum of two people. The originator and their manager or manager nominated substitute.</p>			13-Aug-2015


**Head of Service Wagstaff, Hugh**


<b>Action Code &amp; Description</b>	IA14/11.001 Contract contents, policies and procedures	<p>Clear understanding of the content of the Structural works contract (Lot10) with Mears should be cascaded to those involved in the process, with a management decision being made whether the contract needs reviewing and performance measures being achieved.</p> <p>Clear policies for undertaking Structural Works and procedures need to be developed, held centrally, and their location cascaded to those involved in the activities. This will assist in ensuring that consistency is applied throughout the service and limit the risk of deviation particularly if the surveyors are to deal with structural works rather than a key individual Project Manager.</p> <p>This should include a procedure note with a flowchart of processes be drawn up and agreed with the contractor Agents to ensure clarity and compliance with Contract Procedural Rules, cascading this to all members of staff involved in the management or administration of Structural Repairs Works.</p>	<b>Exit Meeting Date</b>	11-Feb-2015
			<b>Due Date</b>	01-Sep-2015, may require extension to 30/09/2015 if not completed by Audit Committee date on 15/09/2015.

<b>Audit Report Code and Description</b>		IA14/11 Structural Works				
<b>Agreed Action</b>		Agreed, this will be implemented.				
<b>Status</b>		In Progress	<b>Progress</b>	30%	<b>Head of Service</b>	Hugh Wagstaff
<b>All Notes</b>	The initial part of this recommendation has been addressed with the VFM Group who will complete this task. Senior manager will discuss and complete a flowchart of the activity re policies and procedures on structural works.					20-Aug-2015
	Property Services Manager scoping work required.					05-Aug-2015

<b>Action Code &amp; Description</b>	IA15/03.001 Interface between Orchard and Keystone	Ideally a process of automated integration and interface between Orchard and Keystone would provide better data management that would ensure renewal and replacement of property elements within Orchard are captured more systematically by the Keystone Stock Condition Database. Alternatively a single data platform for the management of housing repairs and stock condition may provide a more effective and efficient solution to the handling of such data although the costs and risks for such a proposal would need to be fully explored.	<b>Exit Meeting Date</b>	29-Aug-2014
			<b>Due Date</b>	03-Aug-2015

<b>Audit Report Code and Description</b>		IA15/03 Housing Keystone Asset Management Database				
<b>Agreed Action</b>		Project Leaders and the Clerk of works will be responsible for updating Keystone when works are completed. To automate the interface between Orchard and Keystone will be to be implemented. A feasibility study will be undertaken a budget will be sought if the project is thought to be viable.				
<b>Status</b>		Overdue	<b>Progress</b>	85%	<b>Head of Service</b>	Hugh Wagstaff
<b>All Notes</b>	Account Manager confirmed on 19/08/2015 that the License will be provided in the next week to enable progress to be made.					20-Aug-2015
	Property attributes identified for interface and process designed. Awaiting license from Orchard to enable transfer of data.					05-Aug-2015
	This project has been delayed due to IT resource availability. The development work is now due to be completed before end-May 2015 and the testing and implementation completed during July 2015.					20-May-2015
	Process to implement an interface between the Orchard database and Keystone to be implemented as part of the Planned works project. The data extracts have been provided from each system to allow the match between a completed job and a Keystone update – i.e. a Kitchen replacement job will update the keystone data relating to the age of the kitchen. The surveyor responsible for each process area has been responsible for defining the match between Orchard and Keystone in each case. This element of the project is in progress and to be implemented by end April 2015 (allowing for team holidays for testing).					23-Mar-2015

<b>Action Code &amp; Description</b>	IA15/23.001 Policy and Procedure	Building upon the engineered process and procedure developed for normal voids a clearly documented procedure in respect of longer term voids is also required.	<b>Exit Meeting Date</b>	01-Apr-2015		
			<b>Due Date</b>	28-Aug-2015		
<b>Audit Report Code and Description</b>		IA15/23 Housing Voids				
<b>Agreed Action</b>		A policy and procedure to be produced.				
<b>Status</b>		In Progress	<b>Progress</b>	30%	<b>Head of Service</b>	Hugh Wagstaff
<b>All Notes</b>	The officers are working to achieve the target date.					20-Aug-2015
	In progress					05-Aug-2015
	Officer undertaking consultation on new process - new void officer in place					22-Jun-2015
	Task allocated to team member					28-May-2015

<b>Action Code &amp; Description</b>	IA15/23.005 Void target dates	A clear target date for each major void must be recorded and archived within client systems. As well as individual target dates for each order raised an overall end target date (for all jobs) for the void should be prescribed at the outset.	<b>Exit Meeting Date</b>	01-Apr-2015
			<b>Due Date</b>	28-Aug-2015
<b>Audit Report Code and Description</b>		IA15/23 Housing Voids		
<b>Agreed Action</b>		The policy and procedure for major work voids will include setting individual target dates for each order raised and an overall end target date.		
<b>Status</b>		In Progress	<b>Progress</b>	30%
			<b>Head of Service</b>	Hugh Wagstaff
<b>All Notes</b>	In progress work linked to IA15/23.001			05-Aug-2015
	Lead Officer undertaking consultation			22-Jun-2015
	Task allocated			28-May-2015

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

<b>Report ref/ recommen dation ref</b>	<b>Title</b>	<b>Recommendation</b>	<b>Justification/ Reason for change in implementation date</b>	<b>Responsible officer</b>
IA15/14.005	Payments – Approval of purchases	a) It should be formally recorded which staff can raise and approve purchase orders to support the embedded authorisation limits within the purchase order system. b) The Council should consider whether Purchase Order documentation and contract information should be held centrally or a on a department's network which is open to Finance so the Finance staff are able to access the information when needed	This is a project that will be developed by the vacant Financial Services Manager once in post, recruitment is underway and expectation is to have an incumbent by end of November. This will be a corporate project to review the requirement and specification of a corporate purchase order system, at the moment there are various customs and practices across the services. Finance do not rely upon the information in these bespoke systems for accurate and commitment information at present. Financial control and authorisation over invoice validation and payment is contained within the Agresso finance system.  Revised Due Date 30 <sup>th</sup> November 2015.	Peter Vickers Head Of Finance

IA14/11.001	Contract contents, policies and procedures	<p>2<sup>nd</sup> part of recommendation - Clear policies for undertaking Structural Works and procedures need to be developed, held centrally, and their location cascaded to those involved in the activities. This will assist in ensuring that consistency is applied throughout the service and limit the risk of deviation particularly if the surveyors are to deal with structural works rather than a key individual Project Manager.</p> <p>This should include a procedure note with a flowchart of processes be drawn up and agreed with the contractor Agents to ensure clarity and compliance with Contract Procedural Rules, cascading this to all members of staff involved in the management or administration of Structural Repairs Works.</p>	<p>Due to resource commitments it is not possible for the group to meet until they are all available.</p> <p>Revised Due date 30<sup>th</sup> September 2015 if not implemented before 15/09/2015.</p>	Hugh Wagstaff Head of Housing
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