

AUDIT COMMITTEE

5 December 2011

INTERNAL AUDIT PROGRESS REPORT TO 30 NOVEMBER 2011 (INCLUDING REVIEW OF HIGH RISK MANAGEMENT ACTIONS OUTSTANDING AT 31 OCTOBER 2011)

REPORT OF INTERNAL AUDIT MANAGER

Contact Officer: John Cummins Tel: 01962 848 454 jcummins@winchester.gov.uk

RECENT REFERENCES:

PS442 – Internal Audit Strategy and Audit Plan 2011/12 to 2013/14 – 7 March 2011

AUD001 – Review of the Effectiveness of Internal Audit (including End of Year Report to 31 March 2011) – 29 June 2011

AUD010 – Internal Audit Progress Report to 31 August 2011 – 26 September 2011

EXECUTIVE SUMMARY:

This report sets out the Internal Audit coverage, findings and performance to 30 November 2011.

Forty Four percent (11 audits, includes two of two follow up audits) of the 25 programmed audits in the audit plan have been completed to final or draft report stage. In addition to this three audits from the 2010/11 plan that were to be finalised as part of the 2011/12 plan have now been completed.

Resources have been procured to undertake the audits of Creditors, Debtors and ICT Security.

In addition to the above, one piece of work has been undertaken and completed at the request of the S151 Officer (contingency budget) and one special investigation completed and the full report is detailed in Appendix B.

The Audit Plan for 2011/12 is shown in tabular form at Appendix A of this report and provides details on the progress of this year's audit plan.

A table of high risk audit actions due to have been implemented prior to 31 October is shown in Appendix C.

RECOMMENDATIONS:

That the matters raised by Internal Audit and action taken by Management are noted.

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DETAIL:

1 Assurance Opinion

- 1.1 One substantial opinion (Corporate Governance) has been given on the work completed in 2011/12 as at 30 November. There is one area of particular note that requires improvement as considered high risk as identified in paragraph 1.2 below and there are currently 11 audit high risk actions in progress that were due to have been implemented prior to 31 October as shown in Appendix C.
- 1.2 The completion of the 2010/11 audit of Accountancy has identified that full access has been given to a limited number of finance officers (3) that is a significant weakness in controls for the segregation of duties within the creditors module, which management are currently in the process of addressing. This is to be achieved either by reducing the number with full access or by putting in other compensating controls. The Head of Finance is currently in the process of procuring resources to address this issue through a review of the systems set up and documenting new procedures.

2 Audit Plan Progress

- 2.1 Appendix A indicates the progress against the 2011/12 audit plan to 30 November 2011.
- 2.2 Forty Four percent (11 audits, includes two follow up audits) of the 25 programmed audits in the audit plan have been completed to final or draft report stage. In addition to this three audits from the 2010/11 plan that were to be finalised as part of the 2011/12 plan have now been completed.
- 2.3 In addition to the above one review have been undertaken at the request of the S151 Officer (contingency budget) and one special investigation (contingency budget) reported in Appendix B.

3 Outstanding Internal Audit Recommendations

- 3.1 All Directors and Heads of Team are aware of their outstanding Audit Actions and these are now monitored on Covalent. An update for the

Audit Committee on implementation of high risk management actions to 31 October 2011 is shown in Appendix C to this report and a full update will be provided in the Internal Audit Annual Report at the end of 2011/12.

4 Partnership Progress

- 4.1 The Audit Manager to date has spent 33.3% of his time on Winchester City Council audit matters and 33.3% at Havant Borough Council and 33.3% at Test Valley Borough Council. The annual target is 33.3% at each site.
- 4.2 Winchester City Council currently owes 19 audit days to Havant Borough Council and 3 days to Test Valley Borough Council. Commitments are scheduled in to ensure no days are owed to HBC and TVBC at the end of March 2012.

5. Other Matters

- 5.1 Internal Audit has an overall productive time (chargeable days) target of 90%. Performance was slightly below target at 89.6%.

OTHER CONSIDERATIONS:

6. SUSTAINABILITY COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 6.1 Internal Audit contributes through the annual audit plan to the corporate governance arrangements of Winchester City Council, which in turn supports the achievement of the objectives of the Sustainable Community Strategy and Change Plans.

7. RESOURCE IMPLICATIONS:

- 7.1 There is a current shortfall in resources of 114.5 audit days mainly due to a vacancy that has arisen within the Internal Audit Team.
- 7.2 The shortfall in resources was formally reported to the Corporate Management Team on 13 September 2011 and the Audit Committee on 26 September 2011 and the recommendation shown below approved.
- 7.3 It is recommended to procure resources from within existing budgets for the audits of Creditors, Debtors and ICT Security so they can be completed in 2011/12 and to postpone the audits of Contracts and the Housing Term Contract. The scope will be reduced for the audits of Commissioning, Car Parks, the Guildhall and Markets. In addition the audit titled Appointment of External Auditors has been removed as no longer required. A risk based approach has been used to ensure the revised Audit Plan is sufficient to provide a robust audit opinion at the

year end on the Council's internal control framework whilst managing to deliver a small financial saving on this year's Internal Audit Staffing costs.

8. RISK MANAGEMENT ISSUES

- 8.1 The Internal Audit plan for 2011/12 is linked to the Corporate Risk Register to ensure, where possible and appropriate, Internal Audit review those areas considered to be of the most significant risk. The annual plan was approved by Principal Scrutiny Committee and continues to be reviewed to ensure they are in line with the risk registers and as a consequence have an audit programme closely linked to the Sustainability Community Strategy and Change Plans. This role now rests with the Audit Committee.

BACKGROUND DOCUMENTS:

Working papers and Audit Reports held within the Governance Group (some exempt).

APPENDICES:

Appendix A: Provides details on the progress of this year's audit plan to 30 November 2011.

Appendix B: Audit Report for completed Special Investigation.

Appendix C: Table of outstanding High Risk Audit Actions as at 31 October 2011.

APPENDIX A

Progress of 2011/12 Audit Plan to 30 November 2011

<u>Audit Assignment</u>	<u>Planned Days</u>	<u>Actual Days</u>	<u>Stage / Comment</u>
CONTINGENCIES			
S151 Requests	10	1	1. Fraud Survey completed for the Audit Commission.
Special Investigation	40	39.5	1. Property Services – Please see Appendix B for the final report.
CORE AUDIT (COMPULSORY)			
Accounting system	33		Qtr 4
Asset Management	18	26	Draft Report Stage
Benefits	28	27	Draft Report Stage
Car Parks	22.5 12.5		Qtr 4 Scope of audit reduced due to re-alignment of resources
Cash collection	23	15	Draft report Stage
Council tax	12.5	12.5	Draft Report Stage
Creditors	18	1	Qtr 3 – Resources procured to undertake this audit.
Debtors	7.5		Qtr 3 – Resources procured to undertake this audit.
Housing Rents	13		Qtr 4
NNDR	12.5	11	Draft Report Stage
Payroll	22.5		Qtr 3
Follow ups	22.5	6	One review of outstanding high risk actions reported to the Audit Committee (AUD001 – 29 June 2011). Second review of outstanding high risk

<u>Audit Assignment</u>	<u>Planned Days</u>	<u>Actual Days</u>	<u>Stage / Comment</u>
			audit actions to 31 October 2011 is shown in Appendix D.
CORPORATE/CROSS SERVICE AUDITS			
Appointment of External Auditors	10		Not now considered relevant. Removed from the Audit Plan.
Commissioning	18 13		Qtr 4 - Scope of audit reduced due to re-alignment of resources
Contracts	28		Removed from Plan due to re-alignment of resources
Corporate Governance	18	21	Completed in Qtr 1
Flexible Working	18	22	Draft Report Stage
Fraud Prevention	23	15	Draft Report Stage
ICT Security Policy	13		Qtr 3 – Resources to be procured to undertake this audit.
ICT Shared Service	13		Qtr 4
Performance and Risk Management	23	23	Please see Appendix C, for final report summary.
ONGOING ACTIVITIES			
Advice and Assurance to Customers as required.	20	13	Ongoing
Anti Fraud and Corruption Policy and Awareness Training	5	3	Qtr 3 and Qtr 4. Draft Bribery Policy produced and Anti-Fraud and Corruption Policy updated. Training to take place in Qtr 4.
Audit Planning and Reporting	25	16	Ongoing
Customer Excellence Project	10	15	Completed. Internal Audit Team now Customer Service Excellence accredited under the successful Financial Services application for accreditation.

<u>Audit Assignment</u>	<u>Planned Days</u>	<u>Actual Days</u>	<u>Stage / Comment</u>
External Audit Liaison	6	2	Ongoing
NFI Fraud Prevention	10	3	Ongoing
Role on Governance Group	3	2	
Role in Major Projects	8	12	1. SELIMA Upgrade 2. ASPIRE
SERVICE AUDIT			
Environmental Services Contract	17		Qtr 4
Guildhall	12 7	1	Qtr 4 - Scope of audit reduced due to re-alignment of resources
Housing Term Contract (responsive maintenance and void repairs)	17	1	Removed from Plan due to re-alignment of resources
Markets	12 7		Qtr 4 - Scope of audit reduced due to re-alignment of resources
COMPLETION OF 2010/11 AUDITS TO FINAL REPORT STAGE	15	27	1. Accountancy completed – previously reported to the Audit Committee 26 September 2011 (AUD010) 2. Housing Rents completed – previously reported to the Audit Committee 26 September 2011 (AUD010) 3. Payroll completed – previously reported to the Audit Committee 26 September 2011 (AUD010)
Total	607 527	315	

AUD017
APPENDIX B

**Havant, Test Valley & Winchester
Internal Audit Partnership**

**Winchester City Council
Internal Audit Report – Final Version**

Audit Title – Internal Investigation (Property Services)
Date – 21 October 2011

Undertaken by – Winchester City Council Internal Audit

Distributed to –

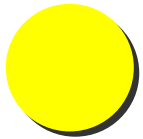
Simon Eden	Chief Executive
Stephen Whetnall	Corporate Director (Governance)
Steve Tilbury	Corporate Director (Operations)
Alexis Garlick	Head of Finance (s151 officer)
Richard Botham	Head of Landlord Services
Alison Gavin	Head of Organisational Development

Executive Summary

Background

This report covers the internal audit of procedures and controls in place over void repairs, central heating replacements and servicing and mileage claims (Property Services) at Winchester City Council. The investigation has been undertaken at the request of the Corporate Management Team and the Section 151 Officer. The internal audit approach and summary of the work undertaken is provided in the audit framework in Appendix A.

Audit Opinion



Limited

Evaluation opinion – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or

Testing opinion – The level of non-compliance puts the system objectives at risk.

Conclusions

Void Maintenance

1. To confirm repair works had been completed in line with issued works orders and extra works identified by the Contractor, Internal Audit carried out a number of site visits to Council properties. The results of the site visits indicated that for the works checked, with exception to minor items of minimal value, payments have only been made to contractor for works that have actually taken place.
2. Internal Audit can only provide limited assurance that post inspections had, in all instances, taken place prior to the approval for payment for invoices. The original issue that invoices for works are being signed off and paid prior to post inspections and works being undertaken cannot therefore be completely eliminated. The work conducted by Internal Audit has however established that the overall process for managing void repairs was overly complicated and onerous and that this has contributed to number of gaps in information which could have provided evidence of the post inspections. It is

therefore considered that a more likely scenario is that post inspections have taken place but have not been adequately evidenced.

3. The overall process for approving and making payment for extra works at void properties was found to have weaknesses and may not have prevented the previous contractors adding extras works when either not required or completed. The site visits completed by Internal Audit did not identify any specific instances of this but there has been an opportunity for these weaknesses to have been exploited which could have resulted in additional and unnecessary expenditure for the Council. The weaknesses identified need to be managed through introducing robust approval and payment processes for extras, in agreement with the new contractor for void property maintenance.
4. Following the demise of the previous contractor in September 2010 any partially complete void repairs previously issued to them were re-issued. In re-issuing works there was the potential risk of making payment in duplicate for the same works. The review of works orders and corresponding invoices for both contractors during this changeover period confirmed that no such duplicate payments had been made.

Central Heating

1. The contract to service gas appliances was novated to a different contractor and whilst no authorisation from members was sought for the contract to be novated, Internal Audit is satisfied that this was managed effectively, taking into account the circumstances and the need for continuity in service. It was evident that the financial status of the new contractor was checked through obtaining Limited Company Bronze Report from Experian. The Bronze report only provided limited information and in the absence of any evidence of further financial analysis the Council exposed itself to the same business continuity risks and subsequently the substitute contractor was also placed in administration.
2. The records and the site visits completed by Internal Audit do provide assurance that replacements of boilers are actually taking place. The initial work completed in March 2011 raised concerns over the replacement programme in that it did not specifically show which boilers were due for replacement, what they were to be replaced with and the associated costs. Internal Audit re-visited this area of work in June 2011 and it was encouraging to find that the further work has been since been undertaken confirming the accuracy of the inventory of gas appliances providing assurance that only boilers requiring replacement are replace.

3. The previous contract for upgrading / replacing heating systems which was managed through a framework agreement expired in September 2010. Since the expiry of this agreement contracts to replace heating systems have been issued through obtaining quotations in batches. A total of six batches have been issued, each for the replacement of 30 heating systems with an approximate value of each batch being £65k. Whilst the quotation process used appears an efficient way of procuring services and may have provided value for money the advice from the Council Procurement Advisor is that better value should be achievable through a more comprehensive packaging and tendering of works.
4. The records and the site visits completed by Internal Audit do provide assurance that boilers were being serviced on a regular basis. The initial work completed in March 2011 raised concerns that a considerable number of services have been completed within a year of replacement and significant unnecessary costs have been incurred by the Council and that controls needed to be put in place to limit the instances of this occurring. An additional review has since taken place (in July 2011) which confirmed that the number of instances when services have taken place within a year of the replacement of gas appliance has significantly reduced.

Mileage

1. The review of mileage claims submitted by officers within Property Services identified a number as having unusual and potentially excessive mileage for the journeys recorded. Following on from this review a decision was taken by management, in consultation with Human Resources, to interview the relevant officers to give them an opportunity to provide an explanation. In the majority of cases reasonable explanation or additional evidence was provided by officers to support the actual mileage claimed. There were however two officers whose explanations were deemed to be insufficient to validate the miles claimed and it was agreed that both cases would need to be referred to a disciplinary hearing. One disciplinary hearing has since taken place resulting in the officer being issued with a formal written warning and the other officer subsequently resigned prior to the hearing taking place.
2. During the interview process it became evident that there had been a number of contributing factors which had led to the anomalies on the mileage claim forms submitted by officers in Property Services. One reason was a lack of the awareness of the rules due to the lack of ease of accessibility of the instructions and associated guidance on the intranet. The instructions were also found to be ambiguous, indicating to managers that whilst they were responsible for authorising claims other checks were being undertaken by Payroll and Internal Audit.

Performance Indicators

1. Performance of the previous contractors was being carried out on a regular basis, through monitoring the timeliness in completing works against specific targets and through regular 'Void Contractors Meetings' held every two months. Internal Audit does have concerns over the integrity and the level of reliance that can be placed on the performance results for the timeliness in completing works. This is primarily due to target dates being applied to works which are not in line with the agreed 'Void – Issuing / Working Days'. It is recognised why incorrect target days were allocated and adjusted in that this enabled target completion dates and subsequent post inspections to be scheduled and more evenly spread over a period of time. Internal Audit does not however consider this manipulation of days best practice and any future performance indicators set and used for monitoring should be applied consistently and accurately.
2. There was insufficient performance monitoring of the work completed by officers involved in the void maintenance process. . It is evident that had quality control checks taken place by an officer independent of the voids process then the lapses in key processes e.g. completion of 'Void Control Sheets'; downloading of videos and approval of extras could have been identified and may have been managed more effectively.
3. Internal Audit have been advised that there is no specific grant funding associated with the works completed on properties which have become vacant and their re-let times.

Previous Recommendation Follow Up

Not applicable, no previous audit recommendations identified.

Acknowledgement

We would like to thank the management and staff of the Landlord Services and Property Services teams for their assistance during this investigation.





Section 1 – Assurance Opinions and Action Risk Levels

In order to assist management in using our reports:

- a) We categorise our **opinions** according to our assessment of the controls in place and the level of compliance with these controls. For each audit, we arrive at a conclusion that assesses the audit assurance in one of four categories. These arise from:

Our evaluation opinion: we assess the system of controls, which are in place to achieve the system of objectives.

Our testing opinion: we check whether the controls said to be in place are being consistently applied.

	Full	Evaluation opinion - There is a sound system of control designed to achieve the system objectives, and Testing opinion – The controls are being consistently applied.
	Substantial	Evaluation opinion – While there is a basically sound system there are weaknesses which put some of the control objectives at risk, and/or Testing opinion – There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
	Limited	Evaluation opinion – Weaknesses in the system of controls are such as to put the system objectives at risk, and/or Testing opinion – The level of non-compliance puts the system objectives at risk.
	No Assurance	Evaluation opinion – Control is generally weak leaving the system open to significant error or abuse, and/or Testing opinion – Significant non-compliance with basic controls leaves the system open to error or abuse.

- b) We categorise our Actions according to their level of risk.

High (1)	Major issues for the attention of senior management.
Medium (2)	Other recommendations for local management action.
Low (3)	Minor matters.

Section 2 – Agreed Action Plan

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Recommendation</u>	<u>Management Comment Responsible Officer and Deadline</u>
		High		
1	Extra works completed at void properties by the contractor are not consistently going through an approval process prior to completion.	Additional works completed and paid for when not required	<p>A formalised process should be introduced ensuring extra works identified by the contractor should follow a full evidenced approval process prior to extra works being completed.</p> <p>NB: It is recognised that it may not be an efficient use of resources for all extra works to follow an approval process, however it is recommended risk based approach should be taken e.g. extra works exceeding a value of £x's.</p>	<p>This is accepted. The current process has relied on the good working relationship with contractors and the emphasis has been on reducing void times. However, formal documented procedures now require improvement.</p> <p>Principal Surveyor</p> <p>Target Date: 31 December 2011</p>

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Recommendation</u>	<u>Management Comment Responsible Officer and Deadline</u>
2	There are insufficient quality check of the invoices to original works orders and variation orders confirming any extras and omissions have been accounted as accurately.	Payments made for works not undertaken	<p>On completion of works and post inspections the value of void repairs for the property should be recalculated taking account of any approved extras and omissions. This amount can then be checked to the invoice value confirming it has been calculated accurately.</p> <p>NB: It is recognised that it may not be an efficient use of resources to complete this quality check for all works, however it is recommended risk based approach should be taken when selecting a sample of works for review.</p>	<p>This is accepted. The current formal procedure is overly complicated and needs to be revised to reflect changes introduced to reduce void times and changes resulting from the new contract.</p> <p>Principal Surveyor</p> <p>Target Date: 31 December 2011</p>
3	The procurement process followed for replacing gas appliances has potentially missed opportunities to achieve better value for money through a more comprehensive packaging and open tendering of works.	Value for money is not achieved	That future boiler replacement programmes are subjected to open tender and a formal framework agreement, as agreed in CAB2229(HSG).	<p>Already in hand as set out in CAB2229(HSG)</p> <p>Building Services Manager</p> <p>Target Date:30 September 2012</p>

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Recommendation</u>	<u>Management Comment Responsible Officer and Deadline</u>
4	The instructions for mileage claims require further clarification regarding the responsibilities of officers and managers when completing and authorising claims.	Falsification of mileage claims	The instructions for mileage claims need to be reviewed and updated to reflect the process for completing claims for mileage, including the claimant and authorising officer responsibilities.	Accepted. Work is underway to review corporate instructions for all Council teams Exchequer Services Manager Target Date: 30 November 2011
5	The instructions for mileage claims have not been effectively communicated to officers and managers.	Falsification of mileage claims	Senior Management Team should be informed by email that the instructions, including clarification of roles and responsibilities when completing mileage claims have been revised. Core Brief to be used to communicate to all other officers and managers the instructions for mileage claims. The Council's intranet pages should be amended to ensure the links to the instructions for completing claims, the claim forms and all associated guidance can be accessed from one page.	As above Exchequer Services Manager Target Date: 30 November 2011

No	<u>Control Weakness</u>	<u>Potential Risk / Rational</u>	<u>Recommendation</u>	<u>Management Comment Responsible Officer and Deadline</u>
6	<p>The target dates set for the contractor for completing void works have not consistently been allocated in line with the 'Void – Issuing / Working Days' schedule. It is understood that there may be a requirement for some flexibility when setting targets dates however no evidence or record appears to have been retained to provide an explanation for a different target date being agreed with the contractor.</p>	<p>Performance data is not transparent / supported by evidence</p>	<p>Client monitoring arrangements should be established and agreed with the contractor ensuring both the qualitative and quantitative aspects of the contract are complied with. This should include the introduction of indicators for measuring performance, in particular the timeliness in completing works, should be agreed with the contractor and consistently applied to all void works issued.</p>	<p>This flexible approach has been key in driving down void times and reflects a positive working relationship with the contractor. The schedule is only a guide and does not relate to any published performance data.</p> <p>However, it is accepted that Client monitoring arrangements for new contract need to be updated and be transparent, with clarity on how decisions can be agreed</p> <p>Principal Surveyor</p> <p>Target Date: 31 December 2011</p>
7	<p>There is insufficient specific performance monitoring of work completed by officers involved in the void maintenance process.</p>	<p>Poor performance is not identified</p>	<p>Independent quality control checks should be introduced to provide assurance that key processes are being completed e.g. approval of extras, completion of post inspections and completeness / accuracy of the value of works.</p>	<p>Accepted. New client monitoring arrangements described above need to reflect this.</p> <p>Property Services Manager</p> <p>Target Date: 31 December 2011</p>

<u>No</u>	<u>Control Weakness</u>	<u>Potential Risk/ Rational</u>	<u>Recommendation</u>	<u>Management Comment Responsible Officer and Deadline</u>
		Medium		
		None		
		Low		
		None		
		Actions outstanding from previous audits		
		None		

Appendix A - Audit Framework

Audit Objectives

The audit was designed to ensure that management has implemented adequate and effective controls over void maintenance, central heating maintenance and mileage claims.

Audit Approach and Methodology

The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope.

The following procedures were adopted:

- identification of the role and objectives of each area;
- identification of risks within the systems, and controls in existence to allow the control objectives to be achieved; and
- evaluation and testing of controls within the systems.

From these procedures we have identified weaknesses in the systems of control, facilitated agreed actions to improve the control environment and have drawn an overall conclusion on the design and operation of the system.

Areas Covered

Audit work was undertaken to cover the following areas: -

Void Repairs

- repair works confirming their completion and the timing of payments
- post inspection records
- the number and value of paid extra works
- extra works, confirming their completion
- potential duplications of works including payments

Central Heating

- the contracts in place for replacing and servicing of heating systems
- the heating replacement strategy
- confirmation of completion of replacement and servicing of heating systems

Mileage Claims

- the accuracy, validity and completeness of mileage claims submitted by officers within Property Services

Performance Indicators / Performance Management

- accuracy of performance indicator figures
- potential grant funding implications

Internal Audit Follow up Review of Outstanding High Risk Audit Actions due to have been implemented prior to 31 October 2011.

The Council's Performance Management System, Covalent, is largely a complete and accurate representation of the status of agreed actions arising from Internal Audits. However, there is the potential for the due date fields to be accidentally or deliberately amended that could give a false impression as to the status of actions. Substantive testing of actions was undertaken to provide senior management with added assurance that the potential affect of this was minimised and actions are underway to mitigate the risks of any future potential errors occurring.

Five actions were confirmed to have been completed but Covalent updates had not taken place at the time of the audit. The responsible officers are updating Covalent to ensure it shows the correct status. These are as follows:

Code	Control Weakness	Agreed Action	Due Date	Revised Due
Managed By OD/031	Alison Gavin Risk: Employees are not paid the correct level of pay Control Weakness: The pay statement does not show the contracted working hours. Staff who are not financially aware are less able to confirm that their pay is correct.	Pay statements to be amended to include information about the hours on which their pay is calculated Selima will be contacted to ascertain whether this information can be included within the statement.	30-Oct-2009	30-Sep-2011
EST/016	Risk: Dispute over contract details. Control Weakness: There is no signed contract between Winchester City Council and the contractor responsible for setting up and clearing down the market.	The current contractor used for setting up and clearing down the market will be dispensed of as his duties will be taken over by the new Market Management Company. The duties will be included in the contract with Southern Market Traders Co-operative	31-Jul-2010	31-Dec-2010
EST/018	Risk: Lack of control over the market rent income budget. Control Weakness: There is insufficient control over pitch hire charges at the market. The scale of charges has not been revised for several years.	The scale of charges for pitch hire should be revised, approved by Cabinet and published. All payments made by market stall holders should be made in line with the approved scale of charges, unless variations are agreed with the Head of Estates.	31-Jul-2010	31-Dec-2010

EST/034	<p>Risk: Inability to complete revaluation of housing stock</p> <p>Control Weakness: There are no business continuity arrangements in the area of housing stock valuation. There is only one officer at the council who has knowledge in the area of housing stock valuations.</p>	<p>If the Senior Estates Surveyor was not available to do the housing stock valuation WCC would buy in an external valuer that would do the valuations in line with government guidelines.</p> <p>All the valuation documentation is stored in a central location</p>	30-Apr-2011	30-Apr-2011
EST/035	<p>Risk: HRA stock is overstated in the accounts.</p> <p>Control Weakness: There is no check of beacon property values on the HRA spreadsheet to the Beacon record sheets after they have been input by the Senior Estates Surveyor.</p>	<p>An independent evidenced check between the Beacon record sheets and the HRA final accounts spread sheet will be completed before the spreadsheet is provided to Accountancy.</p>	30-Apr-2011	30-Apr-2011

In total there are 11 high level actions due to have been completed prior to 31 October which remain outstanding.

NO UPDATE OBTAINED – IN PROGRESS

Code	Control Weakness	Agreed Action	Due Date	Revised Due Date
<p>Managed By FIN/035</p>	<p>Alexis Garlick – Head Of Finance</p> <p>Risk: Misappropriation of income Control Weakness: PAYE.NET allows numbers to be missed from the sequence of CAN numbers.</p>	<p>A check was made to recent transactions and confirmed that the problem identified by the audit in July 2010 is still occurring. A query has been logged with PAYE.NET to identify the cause of the missing sequence numbers.</p>	30-Jun-2011	31 March 2012

IN PROGRESS

Code	Control Weakness	Agreed Action	Due Date	Revised Due Date
Managed By OD/008	Alison Gavin – Head of Organisational Development Risk: Data Protection Act principles are breached Control Weakness: Documents on RETRIEVER were noted to be misfiled in different member of staff's personal filing. In one instance this included occupational health details of a personal nature.	Files will be reviewed over time. Priority will be given to folders where permission sets could enable unauthorised access to be gained. A long time-frame has been agreed with Internal Audit for the completion of this action as resources are not available	31-Mar-2010	31-Mar-2012
Managed By AIN/017	Andy Hickman – Head of Access and Infrastructure Risk: Continuity checks on audit ticket sequences are not maintained Control Weakness: Deputising arrangements are not in place to ensure that full sequences of audit ticket numbers are being captured and discrepancies investigated promptly.	Procedures need to be developed to cover the data capture process, the reporting and investigating of discrepancies. Deputies need to be in place and trained in the processes. The Assistant Parking Manager is in the process of identifying a suitable deputy.	31-Mar-2011	31-Dec-2011
AIN/021	Risk: Income incorrectly attributed in the ledger Control Weakness: No reconciliation is carried out between the car parks income recorded on the general ledger to the income records held by Car Parks Office.	Processes have been developed by Financial Services to help ensure income is correctly coded on the general ledger. The process for signing off the financial reconciliations has not been finalised and is currently with the Assistant Car parks Manager for review.	31-Oct-2011	

Code	Control Weakness	Agreed Action	Due Date	Revised Due Date
Managed By LEG/004	Howard Bone – Head of Legal Services Risk: Lack of control over tendering Control Weakness: Corporate Contracts Procedure Rules do not refer to: <ul style="list-style-type: none"> • Late tenders • Accidental opening of tenders • Unsigned or not completed tenders • Treatment of errors in tenders 	Either the Corporate Contracts Procedure Rules should be updated and expanded to include all the areas identified in this audit or 'step by step' Contract Management Guidance should be put together and referred to in the Contract Procedure Rules.	31-Mar-2008	01-Sep-2011
Managed By EST/036	Kevin Warren – Head of Estates Risk: Loss of income Control Weakness: Over the last 4 years, purchases have consistently exceeded budget and income has consistently fallen short of budget leading to a situation where the canteen only breaks even with a subsidy from the Council.	The transfer of the function to the Guildhall will enable greater control over purchases and stock control generally that should improve the GP.	29-Jul-2011	
EST/037	Risk: Loss of income and stock Control Weakness: There are no controls over stock, production and wastage in place. Limited controls operate over the purchasing, but only to the extent that expenditure is being confirmed to receipts.	The transfer of the function to the Guildhall will enable stock control to be exercised.	29-Jul-2011	
EST/038	Risk: Loss of income Control Weakness: Weaknesses in control were observed to range from – <ul style="list-style-type: none"> · lack of independent cash up, · customers unable to confirm that the sales price is correct, · the placement of the till below the counter level 	The transfer of the function to the Guildhall will address the control weaknesses raised by Internal Audit.	29-Jul-2011	

Code	Control Weakness	Agreed Action	Due Date	Revised Due Date
EST/002	<p>Risk: Electrical items are unsafe for use.</p> <p>Control Weakness: There is no apparent check between the inventory and items checked by the PAT testers. Such a check would provide assurance that all electrical items that need to be checked are identified.</p>	Options for maintaining an accurate inventory using bar code labels and scanner system will be investigated.	31-Dec-2010	04-Apr-2011
<p>Managed By LAN/005</p>	<p>Richard Botham – Head of Landlord Services</p> <p>Risk: The Council are not achieving Value for Money</p> <p>Control Weakness: The council are not packaging together jobs each year and putting them out to tender. Instead when a minor maintenance job is required a trusted supplier is call and used.</p>	Benchmarking with other similar sites to be carried out and a report that includes the decision reached to Social Issues Scrutiny Panel.	30-Sep-2009	28-Oct-2011
LAN/017	<p>Risk: Loss of income / overcharging or undercharging of customers</p> <p>Control Weakness: Numerous inconsistencies highlight that there is no control to ensure that amounts billed via the Debtors system correlate with the record of lifeline units deployed.</p>	<p>The actions required to address the control weakness fall into three distinct phases -</p> <ol style="list-style-type: none"> 1) Develop a report from the debtors system that can be aligned to the record of deployed lifeline units. 2) Adapt the existing spreadsheet record of deployed units 	30-Sep-2011	