

## Report of the Chief Audit and Control Officer

**INTERNAL AUDIT PROGRESS REPORT**1. Purpose of report

To inform the Committee of the recent work completed by Internal Audit.

2. Detail

Under the Council's Constitution and as part of the overall corporate governance arrangements, this Committee is responsible for monitoring the performance of Internal Audit.

A summary of the reports issued and progress against the agreed Internal Audit Plans for 2018/19 and 2019/20 is included at appendix 1. A brief narrative of the work completed by Internal Audit since the previous meeting of this Committee is also included.

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the respective audits. Details of follow-up work are included at appendix 2. Where agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

Further progress reports will be submitted to each future meeting of this Committee. A final report detailing the overall performance and productivity of Internal Audit for 2018/19 is included elsewhere on this agenda.

**Recommendation**

**The Committee is asked to NOTE the report.**

Background papers

Nil

## APPENDIX 1

## INTERNAL AUDIT REPORTS ISSUED SINCE APRIL 2019

| No | Audit Title                                      | Report Issued   | Assurance Opinion  | Actions Significant | Merits Attention |
|----|--|-----------------|--------------------|---------------------|------------------|
| 01 | Erewash BC – Risk Management                     | 09/04/19        | n/a                | -                   | -                |
| 02 | Financial Appraisal – Durban House               | 12/04/19        | n/a                | -                   | -                |
| 33 | Commercialisation                                | 29/04/19        | Substantial        | 0                   | 0                |
| 34 | <b>Bank Reconciliation</b>                       | <b>20/05/19</b> | <b>Substantial</b> | <b>0</b>            | <b>0</b>         |
| 35 | <b>Key Reconciliations</b>                       | <b>28/06/19</b> | <b>Substantial</b> | <b>0</b>            | <b>1</b>         |
| 36 | <b>Disabled Adaptations and Lifeline Service</b> | <b>28/06/19</b> | <b>Substantial</b> | <b>0</b>            | <b>1</b>         |
| 37 | <b>Payroll (including Officers Allowances)</b>   | <b>28/06/19</b> | <b>Reasonable</b>  | <b>1</b>            | <b>0</b>         |

## REMAINING INTERNAL AUDIT PLAN 2018/19

| No | Audit Title                       | Progress                     |
|----|-----------------------------------|------------------------------|
|    | Electrical Testing                | Draft report issued          |
|    | Beeston Town Centre Redevelopment | Ongoing (Nearing completion) |
|    | Tenancy Management (incl. ASB)    | Ongoing (Nearing completion) |
|    | Computer/ICT                      | Deferred to 2019/20          |

## REMAINING INTERNAL AUDIT PLAN 2019/20

| No | Audit Title                                   | Progress                     |
|----|---|------------------------------|
|    | Benefits                                      | Draft report issued          |
|    | Creditors and Purchasing                      | Ongoing (Nearing completion) |
|    | Choice Based Lettings                         | Ongoing (Nearing completion) |
|    | Bramcote Crematorium                          | In progress                  |
|    | CCTV  | In progress                  |
|    | Asset Register (Estates/Asset Management)     | In progress                  |
|    | Human Resources                               | Expected to commence in Q2   |
|    | Computer/ICT (including Cyber Risk)           | Expected to commence in Q2   |
|    | Financial Resilience (including MTFS/Capital) | Expected to commence in Q2   |
|    | Whistleblowing Policy and Complaints          | Expected to commence in Q2   |
|    | Chilwell Olympia                              | Expected to commence in Q2   |
|    | Sundry Debtors                                | Expected to commence in Q2   |
|    | Enforcement                                   | Expected to commence in Q2   |
|    | Recycling                                     | Expected to commence in Q2   |
|    | Kimberley Depot (including Security)          | Expected to commence in Q3   |
|    | Housing Repairs                               | Expected to commence in Q3   |
|    | Online Ticket Portal                          | Expected to commence in Q3   |
|    | Cash Receipting                               | Expected to commence in Q3   |
|    | Treasury Management                           | Expected to commence in Q3   |
|    | NNDR  | Expected to commence in Q3   |
|    | Rents (including Evictions Protocols)         | Expected to commence in Q3   |

**REMAINING INTERNAL AUDIT PLAN 2019/20 (continued)**

| No | Audit Title                                 | Progress                   |
|----|---|----------------------------|
|    | Asset Management (incl. Leisure Facilities) | Expected to commence in Q3 |
|    | Information Governance (GDPR, FOI etc.)     | Expected to commence in Q3 |
|    | Planning and Building Control               | Expected to commence in Q3 |
|    | Operational Risk Management                 | Expected to commence in Q3 |
|    | Procurement and Contract Management         | Expected to commence in Q3 |
|    | Health and Safety                           | Expected to commence in Q3 |
|    | Local Authority Trading Company             | Expected to commence in Q4 |
|    | Local Elections                             | Expected to commence in Q4 |
|    | Council Tax                                 | Expected to commence in Q4 |
|    | Independent Living Service                  | Expected to commence in Q4 |
|    | Bank Reconciliation                         | Expected to commence in Q4 |
|    | Key Reconciliations                         | Expected to commence in Q4 |
|    | Corporate Governance                        | Expected to commence in Q4 |
|    | Beeston Town Centre Redevelopment           | Expected to commence in Q4 |

**COMPLETED AUDITS**

A report is prepared for each audit assignment and issued to the relevant senior management at the conclusion of a review that will:

- include an overall opinion on the adequacy of controls within the system to provide assurance that risks material to the achievement of objectives are adequately managed – the opinion being ranked as either ‘Substantial’, ‘Reasonable’, ‘Limited’ or ‘Little’ assurance;
- identify inadequately addressed risks and non-effective control processes;
- detail the actions agreed with management and the timescales for completing those actions, and;
- identify issues of good practice.

Recommendations made by Internal Audit are risk assessed, with the agreed actions being categorised accordingly as follows:

- Fundamental – urgent action considered imperative to ensure that the Council is not exposed to high risks (breaches of legislation, policies or procedures)
- Significant – action considered necessary to avoid exposure to significant risk.
- Merits Attention (Necessary Control) – action considered necessary and should result in enhanced control or better value for money.
- Merits Attention – action considered desirable to achieve enhanced control or better value for money.

The following audit reports have been issued with key findings as follows:

1. Bank Reconciliation Assurance Opinion – **Substantial**

Internal Audit reports that the Council has an appropriate framework in place for the administration of the Bank Reconciliation process. It was also pleasing to note that an interface issue which occurred in December 2018 has been satisfactorily resolved. Ongoing monitoring arrangements built into the bank reconciliation process ensure that any issues are quickly detected.

Overall, the review did not indicate any significant weaknesses or areas for improvement and, accordingly, a clearance report was duly issued.

2. Key Reconciliations Assurance Opinion – **Substantial**

Internal Audit sought to confirm that key reconciliations processes are being completed in a timely and accurate manner. It was found that reconciliations are generally being completed in a timely fashion.

One merits attention action was proposed relating to the need to update the procedure manual and associated monitoring documentation. An action plan was agreed with the Head of Finance Services and the Chief Accountant.

3. Disabled Adaptations and Lifeline Service Assurance Opinion – **Substantial**

The objectives for this audit were to confirm that adequate controls exist to provide assurance that the:

- Lifeline Service is appropriately managed, administered and promoted;
- Adaptations for disabled residents in Council owned residences are appropriately managed and administered; and
- Disabled Facilities Grants are appropriately managed and administered.

Internal Audit found that the Council has an appropriate framework in place for the administration of operations in respect of Disabled Adaptations and Lifeline Service. An area for improvement was identified. The maintenance of a comprehensive and accurate customer database is a key control within the Lifeline Service. The proposed action to fully reconcile the customer database to billing lists was agreed by the Interim Senior Housing Manager and the Independent Living Manager.

4. Payroll Assurance Opinion – **Reasonable**

The Council has an established framework in place for the administration of operations in respect of Payroll. This review has indicated areas for improvement and further recommendations were proposed in order to ensure that the processes and controls in place are effective. There was one 'Significant' action relating to the need to complete an independent check of the number of paid employees on a regular and timely basis, as follows:

Objective

Internal Audit sought to confirm that manual input and interventions to the Payroll system are appropriately reviewed and authorised.

Findings – Independent Reconciliation of Paid Employees

As noted previously, including a special report to the General Purposes and Audit Committee in December 2014, it is systemically possible for Payroll employees with full 'administrator' user access to the integrated Human Resources and Payroll system to create and pay bogus employees undetected. Although there is a management trail on the system showing who has completed transactions, these logs are only reviewed by officers involved in the payroll process.

It is acknowledged that the size of the Payroll team renders complete segregation of duties impractical and mitigating controls are required to reduce the risk of such an act.

In addition to controls within the process, Members agreed that the Accountancy section would perform a periodic independent check of employee numbers to ensure that no such bogus employees had been created on the system. To date, this process has not yet become fully embedded.

Agreed Action (Significant)

A full reconciliation of the movement in headcount should be carried out by a designated officer, independent of the Payroll process (i.e. Accountancy).

The Audit and Control team will support the Payroll and Job Evaluation Manager in creating an independent and sustainable checking process that will then be passed on to a designated officer to thereon complete the process on a monthly basis.

Manager Responsible

Payroll and Job Evaluation Manager

Head of Finance Services

Target Date: 30 September 2019

The actions were agreed by and the Payroll and Job Evaluation Manager and the Head of Finance Services.

Further reviews in respect of Asset Register; Benefits; Bramcote Crematorium; CCTV; Choice Based Lettings; Creditors and Purchasing; Electrical Testing; and Tenancy Management (including Housing ASB) are ongoing and the reports have yet to be finalised. These will be included in the next progress report to Committee.

**Current Audit Performance**

Overall 17% of planned audits for 2019/20 are near to completion. This level of performance is slightly below what was achieved at this stage in the previous year. A new Senior Internal Auditor joined Internal Audit in June 2019, meaning the team is now back up to full establishment. This will allow progress to be made with the Internal Audit Plan and the target of 90% is expected to be achieved.

## APPENDIX 2

**INTERNAL AUDIT FOLLOW-UP**

Internal Audit has undertaken a review of progress made by management in implementing agreed actions within six months of the completion of the audit.

The table below provides a summary of the progress made with agreed actions for internal audit reports issued between January and December 2018 (i.e. within six months of completion), excluding clearance reports. Those audits where all actions have previously been reported as completed have also been excluded from this list.

| No | Audit Title                         | Report Issued | Opinion     | Number of Actions (Significant in brackets) | Progress      |
|----|-------------------------------------|---------------|-------------|---|---------------|
| 21 | Stores 2017/18                      | 31/01/18      | LIMITED     | 3 (2)                                       | 1 Outstanding |
| 03 | Procurement 2018/19                 | 07/06/18      | LIMITED     | 2 (1)                                       | 2 Outstanding |
| 04 | Cemeteries 2018/19                  | 25/06/18      | Substantial | 1   | 1 Outstanding |
| 37 | Serious and Organised Crime 2017/18 | 05/09/18      | Reasonable  | 6   | 3 Outstanding |
| 08 | Legionella Prevention and Testing   | 11/09/18      | Reasonable  | 5   | 5 Outstanding |
| 10 | Creditors and Purchasing            | 18/09/18      | Reasonable  | 2   | Current audit |
| 11 | Commercial Props/Industrial Units   | 04/10/18      | Substantial | 1   | 1 Outstanding |
| 13 | Transport (Fleet Management)        | 16/11/18      | Substantial | 2   | Completed     |
| 14 | Energy (including Procurement)      | 16/11/18      | LIMITED     | 2 (1)                                       | 1 Outstanding |
| 15 | Cash Receipting                     | 21/11/18      | Reasonable  | 4   | 2 Outstanding |
| 16 | Bramcote Leisure Centre             | 23/11/18      | Reasonable  | 3   | Completed     |
| 17 | Garden Waste Collection             | 30/11/18      | Substantial | 1   | Completed     |
| 19 | Events                              | 12/12/18      | Substantial | 1   | Completed     |
|    |                                     |               |             |   |               |

Further details of progress being made with agreed actions that have not yet been fully implemented are included below along with comments from management reflecting any updates on progress. Evidence of implementation will not be routinely sought for all actions as part of this monitoring process. Instead, a risk-based approach will be applied to conducting further follow-up work.

Where the agreed actions to address significant internal control weaknesses have not been implemented this may have implications for the Council. A key role of the Committee is to review the outcome of audit work and oversee the prompt implementation of agreed actions to help ensure that risks are adequately managed.

**OUTSTANDING ACTIONS**

|  |   |                    |
|--|---|--------------------|
| <b>1. Stores</b>   | January 2018, Limited Assurance, Agreed Actions – 3 (2 'Significant') |                    |
| <b>1.1 Procurement of Stores Items</b>   |   | <b>Progressing</b> |
| <p><u>Agreed Action</u> (Significant)</p> <p>Management will review all procurement and purchasing activity relating to Stores with a view to establishing a programme of retendering work to ensure that requirements are met in full.</p> <p>The use of established procurement frameworks will be considered for these contracts. The support of the Procurement and Contracts Officer will be important for the priority and high-complexity tenders. A suitable timetable for completing the review and renewal of these contracts will be agreed with the Procurement team.</p> <p><u>Managers Responsible</u><br/>Head of Environment; Transport and Stores Manager</p>                     |   |                    |
| <p><b><u>Management Progress Report of the Transport and Stores Manager</u></b></p> <p>Work continues to review all stores related procurement activity and to re-tender contract opportunities where appropriate to ensure compliance with procurement legislation and the Council's Financial Regulations/Contract Standing Orders.</p> <p>A benchmarking exercise has been carried out and all current pricing is in-line with established procurement framework pricing except for Personal Protective Equipment (PPE). The Council is trialling materials from alternative suppliers through the Efficiency East Midlands (EEM) framework which is due to be completed in September 2019.</p> |   |                    |

  

|  |  |                    |
|--|--|--------------------|
| <b>2. Procurement</b>  | June 2018, Limited Assurance, Agreed Actions – 2 (1 'Significant') |                    |
| <b>2.1 Procurement e-Learning Package</b>  |  | <b>Outstanding</b> |
| <p><u>Agreed Action</u> (Merits Attention)</p> <p>A procurement e-Learning package will be developed to raise awareness of the legislation, regulations and other matters surrounding procurement and the systems and procedures in place at the Council. This will complement the existing support and guidance that is available on the intranet and website.</p> <p><u>Managers Responsible</u><br/>Chief Audit and Control Officer<br/>Procurement and Contracts Officer</p> |  |                    |
| <p><b><u>Management Progress Report of the Chief Audit and Control Officer</u></b></p> <p>This action has been delayed to focus upon high priority outstanding actions relating to procurement. A revised target date is set for 30 December 2019. The risk is largely mitigated by the existing support and guidance that is available on the intranet and website.</p>   |  |                    |



## 2. Procurement (Continued)

### 2.2 Comprehensive Review/Update of Procurement Activity

**Progressing**

#### Agreed Action (Significant)

An Interim Procurement and Contracts Officer was appointed with significant experience in public sector procurement and contract management. The key priorities and tasks in the medium term are:

- Refreshing the Commissioning and Procurement Strategy to ensure compliance with regulations and corporate requirements and refreshing associated procurement guidance documents on the intranet and website.
- Reviewing the Contracts Register to ensure that it is transparent and that there is a robust tendering work schedule covering all significant value transactions (and strategically important) for all activities – initial focus will be on expired/soon to expire contracts.
- Ensuring the Contracts Register is comprehensive; with analysis of management data to evaluate potential efficiencies and identify areas which should be awarded under contract following tender.
- Supporting the review of the Council's Constitution, in particular relating to Financial Regulations and Contract Standings Orders.
- Establishing a suitable framework for contract management, including liaising with senior management to identify key contracts over £25,000 and advice how the monitoring of these and operational performance management could be improved.
- Promoting the most efficient means of procurement activity, including development of e-procurement systems and processes.

#### Managers Responsible

Head of Finance Services

Chief Audit and Control Officer

Procurement and Contracts Officer

#### Management Progress Report of the Head of Finance Services

The refreshed Procurement and Commissioning Strategy was presented to the Policy and Performance Committee for approval in July 2019. The Interim Procurement and Contracts Officer continues to make progress towards achieving a fully compliant position in terms of procurement legislation and Financial Regulations (Contract Standing Orders) across the whole business.

Progress is being monitored through updates reports on procurement activity to GMT. Going forward, the Council will review its needs and consider the most effective way of providing suitable procurement expertise. This work will include benchmarking procurement arrangements with other authorities across the region and considering the adequacy of the current established Procurement and Contracts Officer post in terms of its job description, person specification and salary grade.

| 3. Cemeteries  |                                  | June 2018, Substantial Assurance, Agreed Actions – 1 |
|--|----------------------------------|--|
| 3.1  | Digitisation of Cemetery Records | Progressing  |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A timetable for developing an efficient solution for maintaining a ‘one-stop’ effective and accurate electronic cemetery records will be produced. The progress made against this plan will then be monitored as appropriate by management (and Bereavement Services Committee). The replacement of the current software solution is considered to be a key part in this medium-term project.</p> <p><u>Manager Responsible</u><br/>Head of Property Services</p> <p>Revised target date - 30 September 2019</p> <p><b><u>Management Progress Report of the Head of Property Services</u></b></p> <p><b>This action is behind schedule due to vacancies but is now being progressed.</b></p> |                                  |  |

| 4. Serious and Organised Crime   |                                    | September 2018, Reasonable Assurance, Agreed Actions – 6 |
|--|------------------------------------|--|
| 4.1  | Serious and Organised Crime Policy | Progressing  |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A Serious Organised Crime Policy will be produced for approval which identifies key risk areas where potential serious and organised criminal activity could be perpetrated and sets out the processes for the investigation, evidence gathering and preservation, intelligence sharing and reporting of such cases.</p> <p><u>Managers Responsible</u><br/>Chief Executive; Head of Public Protection</p> <p>Revised target date - 30 September 2019</p> <p><b><u>Management Progress Report of the Head of Public Protection</u></b></p> <p><b>A Serious Organised Crime Policy is being prepared for GMT to consider in advance of submitting a final version to the Community Safety Committee for approval. The policy will contain details about the training and risk assessment so the matters arising in the audit will be addressed.</b></p> |                                    |  |
| 4.2  | Training                           | Progressing  |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>Further targeted training to raise awareness of Serious and Organised Crime and its impact will be provided to managers and front-line staff in service areas that are at highest risk. This will include a briefing to a meeting of Senior Management Team. As part of the awareness programme, the latest updates and warnings will be provided via email and/or the Intranet by the Community Safety team.</p> <p><u>Manager Responsible</u><br/>Head of Public Protection</p> <p><b><u>Management Progress Report of the Head of Public Protection</u></b></p> <p><b>A targeted training programme will be prepared following adoption of the Policy. In the meantime, relevant updates and advice has been provided by the Community Safety team.</b></p>   |                                    |  |

| 4. Serious and Organised Crime (Continued)  |             |
|---|-------------|
| 4.3 Risk Registers  | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A risk and impact assessment of serious and organised crime will be completed. This should identify all serious threats of criminal activity which could impact upon the Council's ability to provide services, its finances and/or its reputation. The outcome of this risk assessment will determine if serious and organised crime should be included on operational risk registers and/or the Strategic Risk Register.</p> <p><u>Manager Responsible</u><br/>Head of Public Protection</p> <p>Revised target date - 30 September 2019</p> |             |
| <p><b><u>Management Progress Report of the Head of Public Protection</u></b></p> <p><b>The risk assessments completed as part of the production of the Serious Organised Crime Policy will inform any inclusion in operational and/or strategic risk registers.</b></p>   |             |

| 5. Legionella Prevention and Testing  |             |
|---|-------------|
| September 2018, Reasonable Assurance, Agreed Actions – 5  |             |
| 5.1 Legionella Policy   | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>The Legionella Policy will be reviewed. Going forward, the Health and Safety Manager will update the list of Responsible Persons when a nominated officer leaves the Council or when changes are made to organisational structures. In order to support this process, the Health and Safety Manager has been added to the distribution list for the 'leavers' notice email.</p> <p>In completing annual audits of Legionella prevention and detection processes, the Health and Safety Manager will require Heads of Service to notify changes to of Responsible Persons.</p> <p>Nominated Responsible Persons will be made aware of the Legionella Policy requirements and how it affects them in terms of their responsibilities.</p> <p><u>Managers Responsible</u><br/>Head of Property Services; Health and Safety Manager</p> |             |
| 5.2 Health and Safety Audits  | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>In accordance with the Legionella Policy, the Health and Safety team will carry out annual audits of the processes relating to Legionella prevention and detection and report its findings to the Safety Committee.</p> <p>This process will include seeking assurances from Responsible Persons that appropriate testing has been undertaken and completing a sample of substantive reviews linked to the areas of highest risk.</p> <p>The review will cover all relevant Council properties, including premises being managed by Liberty Leisure Limited and the community facilities that are presently being tested by Property Services.</p> <p><u>Managers Responsible</u><br/>Head of Property Services; Health and Safety Manager</p>  |             |

| 5. Legionella Prevention and Testing (continued)   |             |
|--|-------------|
| 5.3 Training   | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>The Legionella Policy will specify that Health and Safety should arrange training courses, prompt refresher training and manage training records on behalf of the Council.</p> <p>The Responsible Persons shall be required to identify and provide details of required training, which will be recorded on a definitive central record. Health and Safety will monitor this list as part of the annual audit and confirm with Responsible Officers that the list and associated training records are up to date. Particular emphasis shall be placed upon ensuring that relevant new employees, agency workers and those involved in shared service arrangements are made aware of their responsibilities and considered for training as appropriate.</p> <p><u>Managers Responsible</u><br/>Head of Property Services; Health and Safety Manager</p> |             |
| 5.4 Tendering and Contracts  | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>A corporate review of the way that Legionella testing, risk assessment, cleaning, chlorination and training services are procured is being undertaken with a view to ensuring consistency, value-for-money and compliance with procurement regulations.</p> <p><u>Managers Responsible</u><br/>Head of Property Services; Health and Safety Manager<br/>Interim Senior Housing Manager</p>   |             |
| <p><b><u>Management Progress Report of the Head of Property Services</u></b></p> <p><b>Only limited progress has been made on these four actions due to staff turnover and vacancies. Work plans and targets have been agreed with the new Health and Safety Manager. The revised target date for completion is 30 September 2019.</b></p> <p><b>In respect of training, a list of Responsible Persons and their training has been compiled and is being reviewed.</b></p>   |             |
| 5.5 Liberty Leisure Limited (LLL)  | Progressing |
| <p><u>Agreed Action</u> (Merits Attention – Necessary Control)</p> <p>Liberty Leisure Limited (LLL) will review its own Legionella arrangements including policy and procedures documents, responsible persons, risk assessment, testing process, reporting lines and escalation protocols.</p> <p><u>Manager Responsible</u><br/>Managing Director, Liberty Leisure</p> <p style="text-align: right;">Target Date: 31 December 2018</p>   |             |
| <p><b><u>Management Progress Report of the Managing Director, Liberty Leisure Limited</u></b></p> <p><b>The Council's Health and Safety Manager agreed to support the review but progress has been limited due to the vacancy, but now a new Health and Safety Manager has been appointed, the work to review and update documents will recommence.</b></p> <p><b>A procedure document is followed, with records maintained of flushing and testing and duty managers understanding the need to report the Responsible Person of any concerns or incidents. LLL also hosted a Legionella awareness training session, provided by an external party, at which identified key officers attended.</b></p>   |             |

**6. Commercial Property and Industrial Units**

October 2018, Substantial Assurance, Actions – 1

**6.1 Invoices – Combined Rent and Insurance****Progressing**Agreed Action (Merits Attention)

The potential to combine the annual billing process for rental and insurance recharges has been considered. A wholesale change for all existing tenants is not considered appropriate at this stage as the action would require changing up to 60 system generated invoices as well as disrupting pre-arranged Direct Debits/ Standing Orders for tenants.

Instead, combined rent and insurance bills will be established for new tenancies and for existing tenants at the point of periodic rent reviews. The Estates Manager will liaise with the Insurance and Risk Management team to calculate and include a suitable fixed annual premium within the rental for the new lease term.

This action will be reviewed in 12 months to consider whether turnover has created an opportunity for implementing a wholesale change.

Manager Responsible

Estates Manager

Revised Target Date: 31 October 2019

**Management Progress Report of the Estates Manager**

**Following the audit recommendation, the combined rent and insurance bills have been established for new tenants and existing tenants at the point of periodic rent reviews following discussions with the Insurance and Risk Management team to fix a suitable premium. This process will be reviewed in October 2019 to consider whether to revise the remaining tenants to create a uniform approach across all premises.**

**7. Energy**

November 2018, Limited Assurance, Actions – 2 (including 1 'Significant')

**7.1 Efficiency Improvements****Progressing**Agreed Action (Significant)

A risk-based approach will be adopted for the billing and checking process. This will consider the potential improvements outlined above.

The analytical review of monthly billing could be facilitated by the procurement of an Energy Database, which would enable a greater and faster analysis and payment of the incoming invoices. Analysis of usage and charges on each site could be undertaken for both abnormal usage and comparison previous years bills and weather conditions, enabling greater efficiency of identifying potential refunds and credits, and helping to prevent overpayment.

This greater efficiency will free up time spent on bill checking and processing by the Energy Officer to progress other proactive tasks such as updating the Carbon Management Plan, looking at further ways to reduce energy consumption and CO<sub>2</sub> emissions.

Managers Responsible

Head of Property Services; Estates Manager; Energy Officer

Target Date: 31 March 2019

**Management Progress Report of the Estates Manager**

**This action is still ongoing. The Council has considered a number of potential databases but has yet to fully evaluate a suitable option that meets with its requirements. It is proposed to revise the target date to 31 December 2019.**

**8. Cash Receipting (Payment Kiosk)**

November 2018, Reasonable Assurance, Actions – 4

**8.1 Procedural Guides****Progressing**Agreed Action (Merits Attention “Necessary Control”)

An internal procedure guide will be produced for reference. This document will define the roles and responsibilities and key tasks and controls relating to the banking of and accounting for receipts. It will also include other related matters such as security and continuity arrangements in the event of the payment kiosk malfunctioning and being unable to receipt income.

Managers Responsible

Head of Administrative Services

Business Support Team Leader/Senior Support Officer

Target Date: 31 March 2019

**Management Progress Report of the Head of Administrative Services**

**This matter is in progress with revised target date for completion 31 July 2019.**

**8.2 Security – Risk Assessments****Progressing**Agreed Action (Merits Attention “Necessary Control”)

An updated risk assessment will be completed, in conjunction with Health and Safety, and mitigating action taken in relation to cash handling and the security of the payment kiosk facility and the office.

Any potential physical improvements will be considered as part of any reconfiguration of the Reception area. In the meantime, panic alarms will be fitted in the kiosk office or personal alarms provided to officers servicing the kiosk. Furthermore, an improved glass filter and/or a roller blind will be provided for the access door window for use when the machine and/or safe are opened.

Managers Responsible

Head of Administrative Services

Business Support Team Leader

Senior Support Officer

Target Date: 31 December 2018

**Management Progress Report of the Head of Administrative Services**

**Risk assessments have been completed for emptying and cashing up the payment kiosk, including the need for second officer to be present if the kiosk is put out of action during office hours.**

**The potential physical improvements for the payment kiosk in any future plans for the Reception area have been shared with the relevant Head of Service. In the meantime, a panic alarm, blind, peep hole and door chain are being installed in current office.**

| 8. Cash Receipting (Payment Kiosk) (Continued)   |             |
|--|-------------|
| 8.3 Cash Counts and Floats   | Progressing |
| <p><u>Agreed Action</u> (Merits Attention “Necessary Control”)</p> <p>The procedures and controls relating to cash handling will be reviewed and improved accordingly, with consideration of the following:</p> <ol style="list-style-type: none"> <li>1. Income sheets being reviewed and signed off by an independent officer on a regular basis in accordance with defined procedures.</li> <li>2. Procedures for reporting and investigating surpluses and deficits being properly defined.</li> <li>3. Machine float being regularly counted by an independent officer and this check being recorded.</li> <li>4. All changes to the float being approved and documented to reduce the possibility of error or fraud.</li> <li>5. The risk of carrying cash to and from the bank to replenish change floats being assessed, with consideration of arranging with the Security Contractor to deliver change floats as required.</li> </ol> <p><u>Managers Responsible</u><br/> Head of Administrative Services<br/> Business Support Team Leader<br/> Senior Support Officer</p> <p style="text-align: right;">Target Date: 31 December 2018</p> |             |
| <p><b><u>Management Progress Report of the Head of Administrative Services</u></b></p> <p><b>Independent checks of cash floats are being undertaken every six months. The procedures for reporting and investigating surpluses and deficits to be included in the updated procedure guide. A signed check is to be introduced to confirm any amounts taken from the payment kiosk and amount of change returned whenever change floats need to be replenished with coins collected from bank. A risk assessment has been undertaken of the process of obtaining change from bank.</b></p>  |             |