

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

AUDIT MANAGER 25th NOVEMBER 2019
REPORT NO. AUD 19/08

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes the work carried out by Internal Audit for quarter 2.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work carried out in quarter 2, including the work slipped from quarter 2.
- ii. Note the update to the expected deliverables for quarter 3.
- iii. Endorse the expected deliverables for quarter 4

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed by Internal Audit to date for Q2 2019/20.
- A schedule of work expected to be delivered Q3 and Q4 2019/20.

2 Audit work – Q2 19/20

2.1 The following audit work has been carried out within quarter 2:

Work	Status
Audit findings – Appendix A of this report	
Community Safety Partnership	This audit was carried out by the contract auditors. A reasonable assurance opinion has been given to this area. Findings are detailed within Appendix A.
Contaminated water review	These reviews are being reported to provide completeness to the Depot audit report, which was presented to this Committee on the 28 th Jan 2019. Therefore, assurances are not shown for these reviews, as it was given with the overall depot audit report.
Contaminated soil review	

3 Expected deliverables for Q3 and Q4 2019/20

- 3.1 The work expected to be delivered in quarter 3 and 4 is detailed within the table below. As with the previous quarter, these audits can be subject to change due to the changing needs of the organisation or resource availability. An update will be provided at the January meeting.

Service	Audit/ follow up/descriptor	Expected
Regeneration and property services	Estates Management and Commercial Letting – <i>A review of the arrangements in place to manage the Council's properties and letting of the property. A draft report is currently being produced and will be presented at the next committee meeting.</i>	Q3 2019/20
Finance	Financial borrowing – <i>A review of the process for financial borrowing within the Council. This is a new area for the Council as previously have not borrowed finances. Testing is currently being carried out and the findings will be presented at the next committee meeting.</i>	
Operations	Taxi Licensing – fees and processing records – <i>A review of the process in place for taking and processing taxi licensing fees. Queries are being reviewed by licensing and a draft report will be produced once these have been returned.</i>	
Economy, Planning & Strategic Housing	Building Control Partnership – <i>A review of the partnership arrangement in place for Building Control.</i>	
Property & Regeneration	Purchase of property follow up - <i>A follow up on the recommendations made within the audit carried out in 2017</i>	
Finance	Capital Programme Management - <i>A review of the arrangements in place to manage the capital programme and the projects included.</i>	
Operations	Car park income reconciliation consultancy – <i>Consultancy days planned to offer advice around the reconciliation process for car park income.</i>	
Finance	Council Tax Billing and Collection – <i>A key financial system review.</i>	
Various	Follow up on high risk recommendations from previous audits	

Operations	PCNs – <i>A review of the PCN process to ensure that the process is correctly followed.</i>	Q4 2019/20
Finance	Procurement – <i>A proactive review of procurement to ensure that the procurement process is being appropriately followed.</i>	
Finance	Risk Management consultancy – <i>Consultancy days planned to offer advice for updating the risk management process within the Council.</i>	
Economy, Planning & Strategic Housing	SANGS consultancy and review – <i>Consultancy days planned to offer advice for the SANGS process.</i>	
Finance	PCI DSS – <i>A review of PCI DSS compliance within the Council to ensure the standards are being met.</i>	
Finance	Treasury Management – <i>A key financial system review.</i>	
Finance	Cash Receipting – <i>A key financial system review.</i>	
Finance/ Operations	Capital Project (Ivy road Pavilion) – <i>A review of a capital project</i>	
Democracy, Strategy and Partnerships	Performance Management	
Finance/ ELT	Housing company/ RDP start up	
Finance	Ethical Governance – <i>A review of petty cash usage within the Council.</i>	
Operations	Housing Allocation list – <i>A proactive review of the process and controls in place for the applicants on the housing allocation list.</i>	

AUTHOR: Nikki Hughes, Audit Manager
01252 398810
nikki.hughes@rushmoor.gov.uk

HEAD OF SERVICE: David Stanley, Executive Head of Financial Services

References: *Internal Audit – Audit Plan* report, presented to the Committee on the 6th June 2019

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?Cid=166&Mid=738&Ver=4>

AUDIT FINDINGS ON THREE ITEMS:

Audit Title 1	Community Safety Partnership		
Year of Audit	2019/20		
Assurance given	<i>Reasonable – Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
Overview of area	<p>The Safer North Hampshire Community Safety Partnership was formed in 2012 between Rushmoor Borough Council, the Borough Council of Basingstoke and Deane and Hart District Council.</p> <p>The Partnership is part of the Strategic Community Safety Partnership which is made up of Statutory Agencies who oversee the work of Community Safety Partners over the Safer North Hampshire area.</p> <p>There is a statutory requirement for the Partnership to produce both a yearly Strategic Assessment, which establishes the priorities for the year, and a Partnership Plan, which documents the work to be undertaken for the year ahead. Both documents are published on the safer North Hampshire website.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
Medium	<p>Signed Legal Deed A copy of the signed Legal Deed for the Provision of Community Safety Services was not readily available and key members of the Partnership did not have a copy to hand for reference.</p> <p>The final copy has now been located by Legal and is dated 1/10/14.</p> <p><i>Risk: Unless a copy of the Final Deed for the Provision of Community Safety Services is readily available as a working document and shared with the team they will be unable to demonstrate that they are fulfilling the obligations of the agreement.</i></p>	Deed has been located and will be reviewed as part of a broader review of the shared Community Safety Team.	Steering Group March 2020

Medium	<p>Review of the Legal Deed The Legal Deed is required to be reviewed on the anniversary of the commencement date and there is no record of this having happened.</p> <p><i>Risk: Unless the Legal Deed is subject to the required annual review it may not accurately reflect the operations and objectives of the Partnership as it has evolved over time.</i></p>	Dependent on outcome of shared Community Safety Team review, deed may be refreshed and annual reviews will be factored in.	Steering Group March 2020
Medium	<p>Service Level Agreement The draft Legal Deed refers to a Service Level Agreement for the Partnership however it does not appear to have been included in the document.</p> <p><i>Risk: In the absence of an approved Service Level Agreement there is a risk that objectives will not be met and members of the partnership may be unclear of their roles and responsibilities.</i></p>	Service Level Agreement to be located and reviewed.	Steering Group March 2020
Medium	<p>Development reviews Staff do not have individual development reviews and the 'team' appraisal is overdue. In addition, they are not having mandatory 1:1s as is required by the council's Guide to Performance Management.</p> <p><i>Risk: The opportunity to discuss as a team, objectives and performance relating to the Partnership, is not being met through an annual development review or regular 1:1s.</i></p>	<p>Staff development reviews to be booked in on a 121 basis by relevant Team Leaders.</p> <p>Team Leaders 121 to be carried out by RBC Head of Service in absence of Community Safety Manager.</p>	<p>David Lipscombe</p> <p>James Knight</p> <p>James Duggin</p> <p>March 2020</p>
Medium	<p>Staffing Requirements The Community Safety Team staffing requirements have changed as the Partnership has evolved and the structure no longer matches that as documented in the</p>	As part of wider review into shared Community Safety Team a report has been produced giving options for improvement including structural reviews.	Steering Group March 2020

	<p>Legal Deed.</p> <p>Risk: <i>Unless there is a Variation of Deed completed and approved, as is required by section 13.3 of the Draft Deed there is a risk that the current structure of the team has not been officially approved by all parties. This may also lead to confusion and errors.</i></p>		
Medium	<p>Job Descriptions Job descriptions, in the main, are out of date and do not reflect current roles and responsibilities.</p> <p>Risk: <i>Without current, up-to-date job descriptions there is a risk that staff responsibilities, duties and expected levels of performance are not clearly outlined. Objectives of the service may not be met.</i></p>	As part of wider review into shared Community Safety Team, job descriptions and roles will be revisited when the review is concluded.	Steering Group March 2020
Low	<p>Partnership Plan The Partnership Plan is not yet in place for 2019/20. It is currently in draft.</p> <p>Risk: <i>Unless there is an approved annual Partnership Plan which is shared with members of the Community Safety Partnership team there is a risk that staff will be unaware of the priorities for the year and their own work objectives.</i></p>	New template to be designed and shared at next Community Safety Partnership meeting in November 2019. Partners to complete and plan to be published.	David Lipscombe James Knight March 2020
Medium	<p>Budget Setting Timescales In 2018/19, due to differences in budget approval timings, there was challenge to the set budget and non-payment of the first three quarters' invoices by one of the Partners.</p> <p>Risk: <i>The Rushmoor budget setting timetable may not be in line with those of the other authorities leading to</i></p>	Steering Group to be fully involved in budget setting process moving forward and agreements on timely payment to be put in place, with the ability to review any queries swiftly.	Steering Group March 2020

	<i>challenges after the budget has been set and possible non-payment of invoices due to dispute.</i>		
Medium	<p>Management Charging Mechanism The management charging mechanism is unnecessarily complicated with variations from the set budget frequently required to be made to the quarterly invoices issued to the partnering authorities.</p> <p><i>Risk: As a result of the management charging mechanism being overly complicated with variations to the set budget being required on a quarterly basis there is a risk that invoices may not accurately reflect the contribution/outputs of each authority and invoices may be open to challenge resulting in delayed payment.</i></p>	Steering group to review as part of review of Legal Deed.	Steering Group March 2020
Medium	<p>Hosting Charge The budgeted hosting charge may not reflect accurately the costs being incurred by the Partnership Team.</p> <p><i>Risk: Whilst the overspend by the Communications Team has been offset by other departments' underspends, should the Communications Team continue to exceed their annual budget going forward this may not subsequently be the case, leading to an overspend overall on the hosting charge budget</i></p>	Hosting charge to be reviewed as part of wider review into shared Community Safety Team.	Steering Group March 2020
Medium	<p>Staff Cover As a result of the potential long-term absence of the Community Safety Service Lead, any variations to be made to quarterly invoices at budget monitoring meetings may have to wait until year end to be adjusted as this officer is the sole member of staff with the necessary knowledge.</p> <p><i>Risk: In the absence of the Community Safety Service Lead there is no resilience with regards covering the</i></p>	Team Leader has been conducting budget monitoring process with accountant and there are minimal outstanding queries.	David Lipscombe March 2020

	<i>budget monitoring role and invoicing may not accurately reflect the payments required from each authority, particularly given the complicated nature of addressing variations.</i>		
Medium	<p>Key Performance Indicators The Community Safety Partnership have no agreed Key Performance Indicators which are monitored and reported.</p> <p><i>Risk: Unless Key Performance Indicators are agreed, monitored and reported the Partnership will be unable to demonstrate that they are achieving their objectives and meeting their statutory requirements.</i></p>	Key Performance Indicators to be agreed and set by each authority	Steering Group March 2020
Medium	<p>Governance Structure There is no overarching organisation chart outlining the current governance structure for the Community Safety Partnership.</p> <p><i>Risk: Unless there is an approved organisation chart showing the governance arrangements of the Community Safety Partnership there may not be clarity over the responsibilities and delegated authority of all parties involved.</i></p>	Governance structures of Community Safety team to be reviewed and Amended with clear structural charts.	Steering Group Q1 2020/21
Medium	<p>Minutes of the Steering Group There are no minutes produced for the meetings of the Steering Group.</p> <p><i>Risk: Without documented minutes being produced for the quarterly meeting of the Steering Group they will be unable to demonstrate that they are fulfilling the requirements as per the Terms of Reference for the group and any actions agreed may not be taken forward and implemented or followed up.</i></p>	Minutes of steering group meetings to be taken at each meeting.	James Duggin to co-ordinate Q3 2019/20

<p>Low</p>	<p>Terms of Reference The ToR for the Overview Committee (Joint Crime & Disorder) has not been reviewed since January 2017. This may need review and revision to ensure that the scrutiny is focused in the appropriate areas going forward and will result in improvements for the Partnership.</p> <p><i>Risk: Unless the terms of reference for the Overview Committee is subject to regular review, scrutiny of the performance of the Partnership may not be focused in the appropriate areas.</i></p>	<p>Overview and Scrutiny terms of reference to be reviewed, along with overall processes for meeting and input and commitment from wider partners.</p>	<p>Steering Group March 2020</p>
<p>Medium</p>	<p>Timing of Annual Meetings The Scrutiny annual meetings have not been taking place in July, i.e. in line with the terms of reference, but in October. This is not the optimum time for reviewing and assessing the performance of the Partnership as data analysed will be potentially out of date by this time.</p> <p><i>Risk: If the annual Scrutiny meeting does not take place at the optimum time for the review of the Partnership there is a risk that the data analysed will not be meaningful as out-of-date.</i></p>	<p>Overview and Scrutiny meeting to be booked in for Q1 of the following financial year to ensure prompt and relevant review</p> <p>Not directly related to the shared team.</p>	<p>Committee Services April 2020</p>
<p>Low</p>	<p>Chairing the Annual Meeting The annual meeting of the Overview Committee is not always directed by an experienced Chair.</p> <p><i>Risk: Unless an experienced and independent individual chairs the annual meeting of the Overview Committee there is a risk that the meeting will not be effective and fulfil its objectives and the limited use of time may not be maximised.</i></p>	<p>Overview and Scrutiny meeting to be chaired by an experienced Chair moving forward.</p> <p>Once chair is determined the team will be briefed in advanced. Not directly related to the shared team</p>	<p>James Duggin March 2020</p>

Priority key for way forwards	
High priority	A fundamental weakness in the system/area that puts the Authority at risk. To be addressed as a matter of urgency.
Medium priority	A moderate weakness within the system/area that leaves the system/area open to risk.
Low priority	A minor weakness in the system/area or a desirable improvement to the system/area.

Audit Title 2	Contaminated Water review
Year of review	2018/19
Overview of area	<p>A review of the charges associated with the removal of contaminated water at the Depot project site was carried out to ensure that the amount being charged was correct.</p> <p>This review was carried out in conjunction with the review of contaminated soil at the depot and to provide completeness to the overall Depot audit report.</p> <p>An audit of the overall Depot project was carried out and the findings reported to LA&GP Committee in January 2019.</p>
Conclusion	Overall the increase in costs were due to the increase in time required to remove the contaminated water from the site and generally appear appropriate.

Audit Title 3	Contaminated Soil review
Year of review	2018/19
Overview of area	<p>A review of the charges associated with the removal of contaminated soil at the Depot project site was carried out to ensure that the amount being charged was correct.</p> <p>This review was carried out in conjunction with the review of contaminated water at the depot and to provide completeness to the overall Depot audit report.</p> <p>An audit of the overall Depot project was carried out and the findings reported to LA&GP Committee in January 2019.</p>
Conclusion	<p>Although a detailed review of the calculation for the removal of the soil could not be fully carried out it would appear that there was a standard method of calculation which was followed.</p> <p>The appearance of an increase in the cost of the removal of soil compared with the amount estimated is due to that, at the time of the estimate, assumptions did not take into account the risk of the potential complexity or the different disposal categorisation, of the soil for removal.</p>