

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

AUDIT MANAGER 28th SEPTEMBER 2020
REPORT NO. AUD 20/08

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 to date, including the work slipped from quarter 1.
- ii. Note the update to the expected deliverables for quarter 3.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed by Internal Audit to date for Q2 2020/21.
- A schedule of work expected to be delivered in Q3 and Q4.

2 Audit work – Q2 20/21

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

Work	Status
Audit findings – Appendix A of this report	
Capital Programme Management	A reasonable assurance opinion has been given to this area. Findings are detailed within Appendix A.
SANGS/S106	This audit was carried out by the contract auditors. A limited assurance opinion has been given to this area. Findings are detailed within Appendix A.
Capital Project (Ski Slope Maintenance)	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.
Petty Cash	A reasonable assurance opinion has been given to this area. Findings are detailed within Appendix A.

Housing faster payment	A reasonable assurance opinion has been given to this area. Findings are detailed within Appendix A.
Building Control 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.
DFG follow up	A follow up was carried out on the recommendations made from the Disabled Facilities Grant audit carried out in 2019/20. The findings from the follow up has made no change to the assurance opinion within this area, which remains as substantial assurance . Findings are detailed within Appendix A.
Contract Management follow up	A follow up was carried out on the recommendations made from the Contract Management audit carried out in 2019/20. The findings from the follow up has made no change to the assurance opinion within this area, which remains as reasonable assurance . Findings are detailed within Appendix A.
Audit work in progress	
Alderwood Leisure Centre	Testing is currently being finalised and a draft report is being produced. This will be reported to the Committee as part of the next audit update report.
Car Park Income Reconciliation - Consultancy	Consultancy work is currently being carried out to review the income reconciliation. We are currently awaiting information from a third party in order to finalise the consultancy work.
Housing company/RDP set up	Testing is currently being carried out.
Tenants of the Council building	Testing is currently being carried out.

2.2 Other deliverables:

Audit have been providing assistance to the organisation with regards to assurance for elements relating to Covid-19 and contributing to one of the covid-19 recovery workstreams.

3 Expected deliverables for Q2 & Q3 2020/21

- 3.1 The following changes will be made to quarter 2 work previously planned within the audit update provided to the Committee in July 2020:
- IT Security – Application Patch Management – due to resource implications on the service this audit is being deferred until November 2020 when resources within IT will be available to assist with this audit.
- 3.2 The work expected to be delivered in the remainder of quarter 2 & quarter 3 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 November meeting.

Service	Audit/ follow up/descriptor	Expected
Operations	Car Park Income Reconciliation - <i>Consultancy days planned to offer advice around the reconciliation process for car park income.</i>	Q2 2020/21
ICT, Facilities & Project Services	External Tenants within the Council Offices– <i>A review of the agreements in place with the external tenants and the management of them. The number of tenants within the Council offices has recently increased.</i>	
Democracy, Strategy and Partnerships	Alderwood Leisure Centre – <i>A review of the process in place for bookings and payments.</i>	
CMT/ELT	Housing company/ RDP set up – <i>A review of the governance arrangements for the set up of the Housing company and RDP.</i>	
Finance	FMS & Bank reconciliation – <i>A key financial system review.</i>	Q3 2020/21
Operations	Car park PCNs – <i>A review of the process in place for issuing, collecting and enforcing PCNs for on and off-street parking.</i>	
Finance	Purchase Ledger – <i>A key financial system review.</i>	
Finance	NNDR Billing & Collection – <i>A key financial system review.</i>	
Regeneration & Property	Council Property Maintenance – <i>A review of the process for identifying maintenance required on Council property and ensuring this is appropriately planned and budgets in place.</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 23rd March 2020.

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=166&MId=666&Ver=4>

AUDIT FINDINGS ON 8 ITEMS: CAPITAL PROGRAMME MANAGEMENT, SANGS/ S106, CAPITAL PROJECT (SKI SLOPE MAINTENANCE), PETTY CASH, HOUSING FASTER PAYMENT, BUILDING CONTROL PARTNERSHIP, DISABLED FACILITIES GRANT FOLLOW UP AND CONTRACT MANAGEMENT FOLLOW UP.

Audit Title 1	Capital Programme Management		
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>A capital project is reviewed annually as part of the internal audit plan. A capital programme is developed annually and the value for 2019/20 was £70.231m. It should be noted that this amount also includes the purchase of investment properties.</p> <p>This audit was carried out to review the process for capital projects to be put forward, evaluated and approved for the 2019/20 capital programme.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
Medium	<p>Procedures There are no procedure notes to define the process for establishing the capital programme.</p> <p><i>Risk: In the absence of current, clear and approved procedures covering the capital programme function there is a risk that staff may be unclear of the roles, responsibilities and approval process.</i></p>	Procedure notes will be prepared by the Finance Manager and agreed by the Executive Head of Finance for the 2021/22 budget setting process.	<p>Finance Manager and Executive Head of Finance</p> <p>September 2020</p>
Medium	<p>Bids Clear and appropriate information in relation to capital bids is not provided.</p> <p><i>Risk: If appropriate information is not provided at the outset then senior management will not be making an informed decision in relation to</i></p>	Budget officers to supply finance with requested capital bid information.	<p>Budget Officer</p> <p>September 2020</p>

	<i>projects for inclusion within the capital programme.</i>		
Medium	<p>Bids More than one project is shown on some bids making it difficult to establish the individual cost, benefit and timescale of the project. Furthermore, it impacts on the monitoring of the finances for the projects.</p> <p>Risk: <i>By not separating projects out there is the risk that the Council may not be transparently showing the finance of individual projects and ongoing costs for specific projects may be unclear.</i></p>	Budget officers to supply finance with requested capital bid information.	Budget Officer September 2020
Medium	<p>Evaluation The process for evaluating the capital projects is not clearly defined and a predetermined set of criteria is not used.</p> <p>Risk: <i>Not having in place a set of evaluation criteria could result in projects not being evaluated consistently. Furthermore, key elements may not be considered when evaluating the project for example, links to the Council Plan, availability of resources to deliver the project etc.</i></p>	Evaluation criteria will be prepared by the Finance Manager and agreed by the Executive Head of Finance (in consultation with CLT) for the 2021/22 budget setting process.	Finance Manager and Executive Head of Finance September 2020
Medium	<p>Evaluation documentation No clear documentation is maintained to detail the evaluation results of each capital bid. Furthermore, it is not clear from the documentation which capital bids were approved by CLT for inclusion within the 19/20 Capital Programme.</p>	<p>A special CLT meeting will be arranged to evaluate and agree capital bids for 2021/22.</p> <p>The outcomes from the meeting will be documented and communicated to CLT and Finance.</p>	Executive Head of Finance December 2020

	<p>Risk: <i>If the evaluation of capital bids is not documented then it may be difficult to demonstrate the rationale for including the project on the capital programme at the time of the decision, should it be challenged.</i></p>		
Medium	<p>Communication of approved projects</p> <p>The projects which are to be included within the capital programme are not formally communicated to Finance. Therefore, it is not clear which had been agreed and if these had been correctly shown on the capital programme.</p> <p>Risk: <i>If the projects which have been agreed by CLT to go onto the Capital Programme are not formally communicated to Finance, projects may be missed off or included within the programme when not agreed.</i></p>	<p>A special CLT meeting will be arranged to evaluate and agree capital bids for 2021/22.</p> <p>The outcomes from the meeting will be documented and communicated to CLT and Finance.</p>	<p>Executive Head of Finance</p> <p>December 2020</p>
Medium	<p>Monitoring information</p> <p>When monitoring projects, the project owners do not provide Finance with sufficient information to enable appropriate financial monitoring. Therefore, not assisting overall forecast of spend requirements to be developed.</p> <p>Risk: <i>If appropriate financial updates on projects are not provided to the Finance team then they will not be able to appropriately forecast spend requirements.</i></p>	<p>Budget officer need to be clearly identified by Head of Service and for active budget monitoring to take place within service</p>	<p>Budget Officer</p>
Medium	<p>Variance information</p> <p>Sufficient information is not provided by the budget holders/project owners to justify over or under spend amounts, as set out in the Council's Constitution. Requests are being made by Finance for approval of these amounts, but it is</p>	<p>Budget officer must fully evidence and communicate variances in budget</p>	<p>Budget Officer</p>

	<p>based on limited information provided by project owners.</p> <p>Risk: <i>Appropriate information is not proved to Cabinet in relation to overspends therefore not providing them with enough information to make an informed decision for the additional spend on the projects.</i></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	SANGS/ S106		
Year of review	2019/20		
Assurance given	<i>Limited – Minimal controls designed to achieve the system/function/process objectives, are in place. Significant improvements are required if key controls are to be established.</i>		
Overview of area	<p>A Section 106 is a legal agreement between an applicant seeking planning permission and the local planning authority, which is used to mitigate the impact of the new home building on the local community and infrastructure. A SANG (Suitable Alternative Natural Greenspace) is an area that is designated for special protection, such as nature conservations.</p> <p>This audit was requested by management in order to help provide them with assurance that the processes being developed were sound.</p> <p>Management are aware that while individual elements of the process may be managed well there has been a lack of monitoring and oversight of the entire process. The aim is to incorporate the required data/information into a comprehensive register and for the newly appointed Housing Enabling and S106 Officer to perform regular monitoring.</p> <p>The Housing Enabling and S106 Officer is compiling a procedure that captures all of the processes of the teams who are involved in the service to improve fluidity and consistency.</p> <p>Management are currently applying measures to obtain assurance that the service is ready to provide their first annual statement to Central Government in December 2020.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when

<p>Medium</p>	<p>a) The documented procedure in place is out of date and does not reflect all aspects of the service. b) The Planning Team procedure notes are not current / up to date. c) The procedure for the Legal Team could not be verified.</p> <p>Risk <i>Governance and Procedural issues may occur when documented procedures do not reflect current practices.</i></p> <p>Suggested recommendation a) Process to be compiled which captures all parts of the process for S106 arrangements. b) Process to include the procedure of each team that are involved i.e. Sundry Debtors, Invoicing, Planning Officers etc. c) Once procedure is finalised, a role out to all teams would be advisable.</p>	<p>Recommendation agreed.</p>	<p>Housing and Enabling Officer</p> <p>Completion of process in all elements September 2020</p> <p>Roll out to teams October 2020</p>
<p>High</p>	<p>Invoice repayment plans are being allowed to be arranged for S106/SANGS invoices. As at 23/03/2020 there were 10 invoices on payment arrangement plans.</p> <p>Risk <i>This is a breach of the legal contract and can cause issue to financing projects.</i></p> <p>Suggested recommendation</p>	<p>Immediate action required as review and roll out of procedures will take time.</p> <p>Longer term review of coding of debts to support procedures required.</p> <p>Immediate instruction issued to Sundry debtors to explain and prevent future payment arrangements being made</p>	<p>Head of Economy, Planning and Strategic Housing</p> <p>Immediate</p>

	<p>The Sundry Debtor process should be altered for S106/SANGS payments to reflect legal obligations surrounding the payment agreement, ensuring payment arrangements are not applied.</p>	<p>Revised procedure as above.</p> <p>Revised guidance on the raising of s106-related invoices to include a change to the guidance on payment of invoices. This will make it clear that payment plans or part payment of s106 obligations cannot be agreed.</p>	<p>Executive Head of Finance</p> <p>August 2020</p>
Medium	<p>a) There are agreements on the Uniform system which are showing the incorrect status i.e. test cases still showing. b) Management could not confirm that the status of all agreements on the Uniform system were correct. (2.4)</p> <p>Risk <i>There could be financial losses due to triggers being missed.</i></p> <p>Suggested recommendation a) A full data cleanse of the agreements on the Uniform system should be conducted to ensure all records are up to date and current. b) Going forward, one person should be responsible for overseeing the status of the cases.</p>	<p>Recommendation agreed.</p> <p>Housing and s106 Officer appointed</p>	<p>Corporate Planning Manager and Housing and s106 Officer</p> <p>Undertake data cleanse Completion June 2021</p>
High	<p>a) There is no log/register that lists all agreements that the service holds. b) The agreements are not monitored once commenced to ensure all triggers are met.</p> <p>Risk</p>	<p>Recommendation agreed.</p> <p>Housing and s106 Officer appointed</p>	<p>Housing and s106 Officer</p> <p>Implement register immediately</p>

	<p>a) <i>There is no audit trail or way of monitoring the applications and agreements within the service.</i></p> <p>b) <i>There may be financial losses if triggers are not met.</i></p> <p>Suggested recommendation</p> <p>a) A log/register should be compiled and held within the service.</p> <p>b) This should be monitored by one person to inform trigger actions and should be updated when the status application / agreement changes.</p>		<p>Completion dependent on data cleanse</p> <p>Completion 2021</p>
Medium	<p>a) There is not one place for a case to be held. It is split between the separate application and enforcement modules within the Uniform system, as it progresses.</p> <p>b) A case is given two different reference numbers depending where in the process it is, i.e. an application is given a unique application reference number and then once it progresses to an agreement it is given a different unique enforcement reference number.</p> <p>Risk</p> <p><i>This creates difficulties keeping track of cases and finding information/documents.</i></p> <p>Suggested recommendation</p> <p>If one module cannot be devised in the Uniform system to hold a case from start to end of process, then a log/register should be compiled and held within the service, which holds both reference numbers, so these can be easily found on the different modules within Uniform system.</p>	<p>Awaiting implementation of enforcement module – date not yet confirmed</p> <p>Both case numbers will be held on register in interim</p>	<p>Housing and s106 Officer</p> <p>New cases or where enforcement arise will immediately implement interim measure.</p> <p>Data cleanse will identify cases and register update as occurs.</p>

<p>Medium</p>	<p>The service is not using incentives available to encourage Developers to pay outstanding monies.</p> <p>Risk <i>a) Sundry Debtors are setting up payment arrangement plans, which is a breach of legal obligations.</i> <i>b) The service are not using preventative measures, which would mitigate risk in the future.</i></p> <p>Suggested recommendation The service should compile a list of tools and consider using them with Developers to encourage prompt payment of outstanding monies.</p>	<p>Recommendation agreed.</p>	<p>Corporate Planning Manager</p> <p>Develop guidance for Planning Officers October 2020</p> <p>Roll out training for Planning Officers January 2021</p>
<p>Low</p>	<p>The Housing Enabling and S106 Officer does not have access to all of the relevant systems.</p> <p>Risk <i>There is not the level of access granted which is needed to have a complete oversight of the service.</i></p> <p>Suggested recommendation In order for the Housing Enabling and S106 Officer to have complete and transparent oversight of the service, access will need to be granted for all systems involved in the S106 process and training on all systems is required.</p>	<p>Recommendation agreed and implemented.</p>	<p>Implemented</p>
<p>High</p>	<p>a) The Council may be holding S106 monies that are over 5 years old. b) Monitoring of all s106 funds has not been in place.</p> <p>Risk <i>a) Developers have the right to request funds back if not used after 5 years. This could result in a financial loss for the Council.</i></p>	<p>Recommendation agreed.</p> <p>As part of the process of compiling the register and cleansing data any sums held for over 5 years will be identified.</p> <p>Regular meetings will be held between the Head of Economy, Planning and</p>	<p>Head of Economy, Planning and Strategic Housing</p> <p>September 2020 onwards</p>

	<p>b) <i>There is no oversight or monitoring of the funds.</i></p> <p>Suggested recommendation</p> <p>a) There should be a plan in place as to how the funds are properly utilised and regular meetings to monitor this. This needs to include a plan of how to utilise monies that the Council may currently hold over 5 years or determine to repay sums. This would ensure that all monies that have been paid to the Council are utilised appropriately and prevent Developers successfully requesting funding back.</p> <p>b) There should be knowledge of who manages this fund. There should be regular meetings to discuss the value to enable full oversight.</p>	<p>Strategic Housing, Planning and finance will be held quarterly starting in September</p> <p>All sums will be allocated to specific officers and teams and monitored through the quarterly meetings</p>	
--	---	---	--

Audit Title 3	Capital Project (Ski Slope Maintenance)		
Year of review	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 Ski Slope capital project was carried out during 2019/20 to undertake structural works in removing existing, and replacing with new lacing beams.</p> <p>The budgeted capital cost for this was £75,000, approved in the Rushmoor annual Capital Programme of 2018/19.</p> <p>Under the new contract with Active Nation for operating the ski slope, RBC still has responsibility for the main slope structure and an annual structural survey is required, with any future major work paid from capital funds.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when

<p>Medium</p>	<p>Structural Survey Procurement</p> <p>a) The pre-contract Structural Survey (£5,200) was procured with SG Structures with no evidence that 3 quotes were sought as per RBC Contract Standing Orders (CSO) – Low Value Transactions Band 2.</p> <p>b) Additionally, the independent evaluation of quotes for this work could not be applied (CSO 10.2) and the selection was solely by one officer, the Building Services surveyor</p> <p>It is understood that SG Structures have been undertaking various works for RBC for many years.</p> <p><i>Risk: If corporate procurement requirements and controls are not applied then RBC may not be receiving best value for money and there is the opportunity for fraudulent activity.</i></p>	<p>Property and Estates in its current (new) format does adhere to the Procurement procedures in place.</p> <p>SG Structures are on occasion brought in where there is a time constraint issue, but this is the exception.</p> <p>Improved adherence to procurement procedures will be had going forward for such pre-contract requirements.</p> <p>It is difficult to state what guidance/input from Senior Officers was provided at the commencement of the Project since it was begun under a different reporting regime.</p>	<p>Property & Estates Manager / Principal Building Maintenance Surveyor</p> <p>Implemented</p>
<p>Medium</p>	<p>Main Contractor Selection</p> <p>Procurement advice from the specialist team was not taken into account in the selection process for the main contractor.</p> <p><i>Risk: The procurement process may not be conducted in the most efficient or effective way and regulations/legislation may not be met.</i></p>	<p>In future, advice from the Procurement team will be taken on board. The new regime within the Service is now more conscious of the need to adhere to central guidelines and to ensure that Officers acting within the Service or for Clients in the Council, do act accordingly.</p> <p>It is also important that the Principal Procurement Officer be available to be part of the scoring of tenders as an independent party to the process.</p>	<p>Property & Estates Manager / Principal Building Maintenance Surveyor</p> <p>Implemented</p>

		<p>A new Framework on a variety of bases for works with the Service (Regeneration and Property) is currently (April 2020) close to completion and any new projects hereafter will be governed by this framework.</p> <p>For higher value projects, other various frameworks are accessed, i.e. Crown Commercial Services.</p>	
Medium	<p>Main Contractor Selection</p> <p>a) E-tendering via the SEBP was utilised, however, the CSO 9.2 was not applied in terms of <i>“...the ‘locked box’ must only be opened in the presence of two officers from the Head of Finance’s Team ...”</i>. <i>“Details of the opened tenders, including title/reference number of tenders, name of tenderers and prices, must be recorded in the Tender Opening Sheet or electronically”</i>.</p> <p>b) The two tenders received (JK Build and GABE) were so disparate that in effect only one quote was credibly received. The options under CSO 6.6.5 of seeking more quotations or obtaining an exemption were not applied.</p> <p>c) There was insufficient time allowed for full exploration of the marketplace and the decision to award was hurried. The use of an Exemption (CSO 22.3) could have been applied in this scenario where time is short and the marketplace has not been fully tested.</p>	<p>Response as above in 1.1 and 2.1</p> <p>This project unfortunately did not follow any of the RBC guidelines and it is not known of any management input to the process.</p> <p>The locked box opening process is now not a requirement as agreed by the previous Head of Legal as the Procurement Officer is impartial to the tender so is able to open the electronic tender box. Opening is recorded electronically.</p> <p>In 2.7 above, the Procurement Team were aware of the shortfalls and this could have triggered a response: a) to the Building Surveyor’s Manager, b) to the Client, and c) to the Principal Procurement Officer’s own Manager, providing 3 separate opportunities to have managed this better.</p>	<p>Contracting Officers / Heads of Service</p> <p>Implemented</p>

	<p>d) The CSO 10.1 was also not applied in regard to “<i>For medium value transactions the tenders should be objectively evaluated by a panel of three officers including one officer from the Procurement Service using the Award Criteria</i>”.</p> <p>There was no formal evaluation and the Building Services surveyor took the decision to select the contractor, based on the tender being less than the capital funds approved.</p> <p>Risk: <i>Unless the CSO are fully applied then RBC may not be receiving best value for money and there is the opportunity for fraudulent activity.</i></p>	<p>It is not known if any of this occurred, but certainly no action was taken to prevent the project proceeding as it did.</p> <p>None of the stated procurement guidelines are adhered to, including CSO 9.2, 6.6.5, 22.3 or 10.1 and the Building Surveyor proceeded as he wished.</p> <p>As part of the planned training on Procurement, Heads of Service and Contracting Officers will be reminded of the requirements of the CSOs and the expectation of contracting officers.</p>	<p>Principal Procurement Officer</p> <p>31st December 2020</p>
<p>Medium</p>	<p>Tender Requirements</p> <p>The tender Outline Brief stated that all tenderers would need to visit site and make themselves aware of all site constraints, scaffolding and access requirements. It could not be established if this occurred <i>although the current surveyor was required to inform the contractor that their scaffold arrangements were not appropriate and were modified.</i></p> <p>Risk: <i>If tender requirements are not met, then pricing of the works is not fully informed.</i></p>	<p>There were two projects on one site and under the previous Building Surveyor it is not known if both were assessed on the one visit.</p> <p>Under the new Property and Estates management, site visits will be booked for all projects and attended with the Building Surveyor.</p> <p>Where projects are managed outside of Property and Estates, the targeted training of the new Procurement Strategy, will reinforce the need for</p>	<p>Contracting Officers / Heads of Service</p> <p>31st December 2020</p>

		contracting officers to meet all tender requirements.	
Low	<p>Invoice Order Numbers / Accruals The invoices for SG Structures quoted an incorrect order number and the JK Build invoices none at all. This created more administration for the finance team. There is also a risk that payments are forced and paid, plus any accrual stays on the system against the project.</p> <p><i>Risk: There could be double accounting for invoice costs on a project which would distort figures for project management purposes.</i></p>	<p>A new process for 'Client' managed projects within Property and estates exists (from mid-2019) to ensure 3 checks are undertaken before the Invoice is sent for Approval:</p> <ol style="list-style-type: none"> 1. the Budget is checked 2. The Cost Coding is checked 3. The 'Client' is asked to cross check <p>In this way, the process is more accurate, those budget holders outside the Service are informed and any queries can be picked up. It also means reduced delays and input from the Approver rather than holding up Approvals to query these same items.</p>	<p>Property & Estates Manager / Principal Building Maintenance Surveyor</p> <p>Implemented</p>
Medium	<p>Project Management Guidance For this project, the surveyor had full control on every aspect including selecting the contractors, managing the project, agreeing payments and the final account. For minor/medium capital projects, there are no corporate guidelines for officers on the:</p> <p>a) Project management role of the Building Services team, when they are managing projects/capital budgets on behalf of other departments, e.g. tendering, site visits, internal reporting of progress, etc.</p>	<p>Corporate Guidelines would be welcomed for officers to work to and to address both the project management and the financial management of these projects. Where projects are cross-Service, a means to include the Client as Budget Holder and the Officers' Team Leader in both the physical project managing and the financial monitoring might prove to be useful.</p>	<p>Executive Head of Regeneration and Property / Executive Head of Finance</p> <p>30th September 2020</p>

	<p>b) The responsibilities and expectations of the capital project budget holder, e.g. monitoring spend, sign off final account. etc. These need to be formally defined and corporate guidance agreed.</p> <p><i>Risk: Key project management risks may not be properly managed increasing the chance of delayed progress, overspend and fraud.</i></p>	<p>Especially as the financial sign-off lies with either of these others and not with the Officer running the project.</p> <p>There is a proposal for a Project Management Board and full PM process to be established for Property-led projects as this does not at present exist. This is intended to mirror the current Regeneration PM process that works well and has visibility and milestones that ease progress and control.</p> <p>In the absence of a corporate project management framework, the guidance issued on budget preparation for 2021/22 will include detail on the expectations around the financial management of capital schemes / projects.</p> <p>This will set out guidelines on how capital projects should be managed including how payments are authorised and how expenditure is reported.</p> <p>The officer Governance Group will consider a way of supporting operational and financial decision making and monitoring for all</p>	<p>Property & Estates Manager 30th September 2020</p> <p>Executive Head of Finance</p> <p>Budget preparation</p>
--	--	--	--

		projects, including where they are cross-Service.	
Medium	<p>Contracts Register There is a requirement under the Transparency Code for all contracts over £5,000 to be included on the RBC Contracts Register. The two Ski Slope capital contracts/services could not be located.</p> <p><i>Risk: Statutory requirements under the Transparency Code are not being met.</i></p>	<p>It is not known who the signatory to the Contract was in this case.</p> <p>As part of the planned training on Procurement, Heads of Service and Contracting Officers will be reminded of the need to provide the Principal Procurement Officer with details of contracts awarded to enable the Contracts Register to be updated.</p>	<p>Principal Procurement Officer</p> <p>31st December 2020</p>

Audit Title 4	Petty Cash
Year of review	2020/21
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>An audit of petty cash was carried out as part of an ethical governance audit scheduled within the 2019/20 audit plan.</p> <p>Petty cash is utilised across the Council with 513 claims being made in 19/20 totalling £9,472.</p>

Priority	Key findings	Management response and agreed action	Action by who and when
<p>Medium</p>	<p>The current and revised petty cash policy in place does not provide clear details as to the process for making a claim or for what could or could not be claimed.</p> <p>The lack of guidance on the process to be carried out has resulted in various forms of the petty cash claim form being in circulation within the Council.</p> <p>Furthermore, Information relating to the petty cash policy is not correctly reflected on the Council's Intranet site, Inform, as the limit for the amount to be claimed is not clear.</p> <p>Risk: <i>That petty cash will be inconsistently utilised within the Council without clear guidance and communication.</i></p>	<p>The Council's Financial Procedure Rules provide the framework for the operation of the Petty Cash system.</p> <p>The expectation is that most expense and reimbursement claims will be made through MyHR.</p> <p>Revised guidance will be issued by Finance, in consultation with HR, to ensure all staff are aware of the way in which expenses should be reclaimed.</p>	<p>David Stanley, Executive Head of Finance/ Alan Gregory, Finance Manager</p> <p>January 2021</p>
<p>Medium</p>	<p>Petty cash claims are being made when other more efficient ways are available, for example MyHR or original purchases being made via procurement cards.</p> <p>Risk: <i>The Council may continue to maintain a level of petty cash unnecessarily as other more cost and resource effective methods are not being utilised.</i></p>	<p>Agreed</p> <p>The Guidance will cover the ways in which certain costs (e.g. rail travel) can be arranged in advance using procurement cards.</p>	<p>David Stanley, Executive Head of Finance/ Alan Gregory, Finance Manager</p> <p>January 2021</p>
<p>Medium</p>	<p>Claims for petty cash are being submitted and authorised without a full description being provided.</p> <p>Risk: <i>If full descriptions are not provided for the claims then this cannot be appropriately authorised by the authorising officers and may result erroneous claims.</i></p>	<p>Agreed</p> <p>Revised guidance on the claiming of expenses through Petty Cash will address this issue.</p>	<p>David Stanley, Executive Head of Finance/ Alan Gregory, Finance Manager</p> <p>January 2021</p>
<p>Medium</p>	<p>There is insufficient control at the point of payment of petty cash to ensure that the claim has been endorsed</p>	<p>Agreed</p>	<p>David Stanley, Executive Head of</p>

	<p>by an authorising officer, independent of the person making the claim.</p> <p>Risk: <i>By not having in place sufficient checks and/or segregation of duties erroneous or fraudulent claims could be made.</i></p>	<p>Revised guidance will include a redesigned petty cash authorisation form (replacing the different forms found in testing) and ensure adequate authorisation has been obtained before reimbursement is requested.</p>	<p>Finance/ Alan Gregory, Finance Manager</p> <p>January 2021</p>
--	--	---	---

Audit Title 5	Housing Faster Payment
Year of review	2020/21
Assurance given	Reasonable – <i>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	A review of the process for issuing faster payments was undertaken following a report of a fraudulent transaction to Audit, in relation to the accommodation deposit for a homeless person. The Finance Department advised that

	<p>following the issuing of a faster payment having been made to a landlord, the Housing Department had informed them that they now believed the landlady, (to whom the payment had been made) was fraudulent.</p> <p>The Review looked at the process for making faster payments for housing deposits from the point of it being requested within the Council's Housing Department until the payment is made from the Council's bank account by Finance.</p> <p>The amount paid out to the fraudster has now been recouped by the Council.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
High	<p>Documents, (required to verify the link between the property and the landlord) were not obtained prior to requesting the housing deposit faster payment. This was also not picked up by the second housing officer who authorised the payment.</p> <p>Risk: <i>Without carrying out the necessary checks to verify the link between the property and the landlord and checks by the second housing officer to ensure these had been carried out, a fraudulent payment may be made resulting in a financial loss for the Council.</i></p>	<p>Officers have received training to ensure that:</p> <ul style="list-style-type: none"> they follow the procedure to establish the link between the property and landlord. The second officer who checks the first officer's request understands that this is a full check to establish that all documents are present, and procedures have been followed confirmed by signing off. 	<p>Suzannah Hellicar, <i>Housing Options Manager</i></p> <p>Immediately</p>
High	<p>The Housing Officers were not aware of the requirement to obtain certain documents prior to submitting the matter for authorising a faster payment.</p> <p>Risk: <i>If officers are unaware of the processes to follow and documents to be obtained, fraudulent payments may be made as sufficient control checks are not being carried out, resulting in a financial loss for the Council.</i></p>	<p>This error happened with an inexperienced officer who was working remotely and was not aware or had forgotten to obtain the full information. However, a check by a more experienced officer should have identified this.</p>	<p>Suzannah Hellicar, <i>Housing Options Manager</i></p> <p>Immediately</p>

Audit Title 6	Building Control Partnership
Year of review	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>

<p>Overview of area</p>	<p>The Building Act 1984 places a statutory requirement on Local Authorities to provide a Building Control service. The Building Control Team ensures that the Building Control Regulations 2010, which cover the construction and extension of buildings, are complied with. These regulations are developed by the UK Government and approved by Parliament, and are the minimum standards for design, construction and alterations to virtually every building.</p> <p>Hart District Council (HDC) Building Control entered into a shared service with Rushmoor Borough Council (RBC) to form a Partnership in July 2015. RBC host the service out of their offices in Farnborough and the aim of the arrangement is set out in a signed Legal Deed with an initial term of five years.</p> <p>The Building Act defines which of the statutory Building Control functions are to be fee earning and non-fee earning. At the outset of the Partnership each authority had an individual fee schedule which have now been amalgamated into a single partnership schedule of charges. The fees intended to be charged on a cost recovery basis.</p> <p>HDC are charged a quarterly Hosting Charge which was established to cover the additional costs that RBC incur for hosting the Building Control Service.</p> <p>Partnership scrutiny arrangements are outlined in the Deed with the expectation being that a Steering Group fulfils its defined roles and responsibilities and co-operates with the Scrutiny Committees of the Council, whose responsibility it is to oversee the manner in which the Delegated Function is carried out.</p>		
<p>Priority</p>	<p>Key findings</p>	<p>Management response and agreed action</p>	<p>Action by who and when</p>
<p>Medium</p>	<p>Review of The Deed The Deed has not been subject to formal review since the commencement of the Partnership.</p> <p><i>Risk: Unless the 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>	<p>Arrange meeting of the Steering Group once proposed new Deed is ready and establish a diary of meetings for future years.</p> <p>Set schedule of annual review for the period of the term of the new Deed on the anniversary of signing.</p>	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
<p>Medium</p>	<p>Continuation of the Partnership The Deed is due to come to the end of its term in July 2020. To date no discussion has been held with regards to the continuation of the Partnership and any deed of variations which may be required.</p> <p><i>Risk: Unless sufficient time is allowed for discussion and planning as regards the future continuation of the Partnership, changes or enhancements may not be agreed or implemented in time for the start of the new term.</i></p>	<p>HDC & RBC wish to see Partnership continue in principle. Will extend the term of the Deed with same terms and conditions for 6 months to enable a review to be completed.</p> <p>Mutual agreement by exchange of letters (dated 29 & 30 June 2020) to extend term of Deed until 31 December</p>	<p>Tim Mills, <i>Head of Economy, Planning and Strategic Housing</i></p> <p>January 2021</p>

		2020 to enable review and drafting of new Deed.	
Medium	<p>Compliance with the Deed The Partnership appears to operate with limited reference to the Deed and therefore there are elements which are not adhered to or met.</p> <p><i>Risk: Without reference to the Partnership Deed during the course of its term there is a risk that not all delegated functions, including legal responsibilities, will be carried out.</i></p>	Review governance arrangements in preparing the new Deed. Adhere to the required meetings and schedule meeting dates for the term of the new Deed.	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
High	<p>2010 Building Regulations Requirement Hart do not publish their surplus or deficit figures as is required by the 2010 Building Regulations.</p> <p><i>Risk: The Partnership may be at risk of criticism if they do not comply with the requirements of the Building (Local Authority Charges) Regulations 2010.</i></p>	Look to resolve during negotiations on new Deed, referring to The Building (Local Authority Charges) Regulations 2010. Review of Regs to agree how the Partnership adheres to the requirement.	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
High	<p>Rushmoor Deficit Figure RBC's three year rolling surplus/deficit figure was reported as £87,697 in deficit for 2018/19. This figure had however reduced in year.</p> <p><i>Risk: If the three year rolling deficit figure is not addressed and a decision made as to how to reduce it further, there is a risk that the Partnership are not covering their costs and both the fees and the Hosting Charge have not been accurately calculated to reflect the true cost of the service.</i></p>	Review 3 year rolling figure for 2019 - 20 and take action accordingly. Both Councils to consider proposal to set charges and review % split each year to respond to financial position	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
Low	<p>Procedure Notes Up to date procedure notes covering the key functions undertaken by the Technical Support team and the Surveyors are not in place.</p> <p><i>Risk: In the absence of current, clear and approved procedures covering the key functions of the service there is a risk that staff, particularly new staff, may be unclear of their roles and responsibilities and the time critical elements.</i></p>	Partnership is looking to implement the LABC ISO 9001:2015 which includes auditable procedures across the team and is now the national standard for LABC. Implementation of ISO accreditation will address this issue.	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>

Low	<p>Competition from Approved Inspectors The split between work allocation of 70:30 (Rushmoor: Approved Inspectors) is not being actively monitored and reported to ensure that the Partnership is not losing share and therefore losing income.</p> <p><i>Risk: Without regular monitoring and reporting of the work allocation split between the Building Control Partnership and Approved Inspectors there is a risk that prompt action is not taken should the Partnership start to lose market share and, as a consequence lose income.</i></p>	The split is monitored on a weekly basis. Weekly lists of all applications are reviewed by the Manager, who writes individually to all applicants. To be reported periodically to Steering Group	Martin Hobley, <i>Building Control Partnership Manager</i> January 2021
Medium	<p>Oversight from the Steering Group The Steering Group has not met for over a year.</p> <p><i>Risk: As the Steering Group has not met for over a year there will have been an absence of robust challenge and oversight of the budget.</i></p>	Arrange meeting of the Steering Group once proposed new Deed is ready and establish a diary of meetings for future years. Set schedule of meetings for the period of the term of the new Deed	Martin Hobley, <i>Building Control Partnership Manager</i> January 2021
High	<p>Annual Review of the Hosting Charge As the Steering Group has not met for over a year the Hosting Charge has not been formally audited by both parties prior to its submission to HDC for approval, as per the requirement detailed in point 10.2.5 of the Deed.</p> <p><i>Risk: Unless there is a review of the Hosting Charge by the Steering Group prior to submission to Hart District Council for approval there is a risk that beneficial or necessary adjustments are not made due to lack of challenge.</i></p>	Arrange meeting of the Steering Group once proposed new Deed is ready and establish a diary of meetings for future years. Set schedule of meetings for the period of the term of the new Deed	Martin Hobley, <i>Building Control Partnership Manager</i> January 2021
Medium	<p>Outturn Figure Although Rushmoor published a three year rolling deficit figure for 2018/19 the Building Control Partnership had an overall underspend of £22K in that period.</p>	Mainly due to the budget for structural engineering not being fully used. Always seen as a necessary contingency. To be dealt with in conjunction with item 2.4	Martin Hobley, <i>Building Control Partnership Manager</i> January 2021

	<p>Risk: Unless the outturn position for the Partnership is considered in conjunction with each individual authority's published surplus/deficit statement there is a risk that the budget, including the Hosting Charge, is not aligned correctly.</p>		
Low	<p>Monitoring of Income Income figures are not reported in the same format by both authorities.</p> <p>Risk: The monitoring of income figures is complicated by the different reporting formats used by each authority.</p>	<p>Seek to harmonise at least for decisions by the Steering Group. Harmonisation of Idox software may result in single payment system</p>	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
Medium	<p>Key Performance Indicators (KPIs) Although there are performance requirements stipulated in the Deed there are no formally approved and relevant Key Performance Indicators (KPIs) which are monitored and reported.</p> <p>Risk: Without approved KPIs which are regularly monitored and reported, there is a risk that the Partnership may not be performing as expected and necessary amendments are not made in a timely manner to the working arrangements.</p>	<p>Set a schedule of KPIs to be regularly reported and monitored by each authority through Steering Group. Use KPI's now used for reporting in Service Business plan following LABC national template</p>	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
Medium	<p>Meetings of the Steering Group The Steering Group have not fulfilled their requirement to meet biannually, neither have they formally undertaken their responsibilities as defined in the Deed. As a result Governance of the Partnership has not been robust.</p> <p>Risk: Unless there is scrutiny of the operation of the Partnership and adherence to the requirements stipulated in the Deed there is a risk that the service will not be meeting all of its obligations or complying with current legislation.</p>	<p>Arrange meeting of the Steering Group once proposed new Deed is ready and establish a diary of meetings for future years. Set schedule of meetings for the period of the term of the new Deed</p>	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>
Medium	<p>Reporting Requirements Reports are not routinely prepared specifically for the Steering Group to review and make any recommendations deemed necessary.</p>	<p>Identify set information that needs to be considered by the Steering Group to oversee the management of the service. Seek to use LABC template</p>	<p>Martin Hobley, <i>Building Control Partnership Manager</i></p> <p>January 2021</p>

	<p>Risk: <i>If the Steering Group are not provided with relevant reports as defined in the Deed there will be a risk that any shortfalls in performance of the Partnership will not be addressed in a timely manner.</i></p>		
--	---	--	--

Audit Title 7	Disabled Facilities Grants - follow up
Year of review	2019/20

Assurance given at time of the audit	<i>Substantial - Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
Assurance given at time of the follow up	<i>Substantial - Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
Overview of area	<p>An audit was carried out on Disabled Facilities Grants in June 2019. The audit found that there are well established processes in place to ensure that each stage in processing a grant is correctly applied, and the application of these was verified as fully complied with during the review.</p> <p>The findings from this audit resulted in 1 high priority, 6 medium priority and 2 low priority recommendations being made which were agreed by management.</p>		
Priority	Original findings	Follow up findings	Recommendation status
Medium	<p>Within the Application Form and Grant Approval documentation, there is no reference to the responsibility of the owner/resident for servicing, repair, maintenance, etc of equipment provided / works completed and when this applies.</p> <p>Risk: <i>There may be misunderstanding as to the responsibility for equipment installed and works completed once Completion Forms are signed.</i></p>	It was confirmed that a sentence regarding the applicants' responsibility for maintenance of the adaptation, after the 12-month warranty period, has been included in point 5 of the application, which is sent to each applicant upon completion.	Implemented
Low	As part of the sample testing it was identified that:	Confirmation was provided by the Private Sector Housing (PSH) Manager that all staff were reminded about the	Implemented

	<p>- For one sample, the Schedule of Works could not be located.</p> <p>- For one sample, the Planning and Building Control documents were not sent on by the QS.</p> <p>Risk: <i>Supporting documentation for grants claims is not complete and statutory compliance cannot be verified.</i></p>	<p>process to be followed upon completion for the idoxing of all information to the Uniform system. Two samples were reviewed and found to have the necessary information.</p>	
Medium	<p>The quotation parameters applied for the DFG work do not correspond with the RBC Contract Standing Orders for works up to £10,000.</p> <p>Risk: <i>RBC Contract Standing Orders are not being complied with and could be subject to challenge.</i></p>	<p>Information required has been supplied to the Procurement Officer, however this was put on hold due other higher priority work being undertaken. This is currently being reviewed and should be in place by November 2020.</p>	Not Implemented
Medium	<p>The current DFG work is undertaken by a group of around 12 contractors who quote for work on a rotational basis selected by the team. The group was inherited from the Homes Improvement Agency and then evolved over time, and some contractors are invited to quote more often than others.</p> <p>Risk:</p>	<p>Contractors are not invited to quote more often as they go through a rotational spreadsheet. However, certain contractors are more successful in getting the job. Sometimes if contractors cannot accommodate the work they refuse to quote.</p> <p>The Framework Agreement has been discussed with the Procurement Officer.</p>	Not Implemented

	<i>Selection could be as inequitable and subject to challenge and there may be a more efficient and effective value for money procurement process, e.g. Framework, for the appointment of contractors.</i>	However, as detailed in Recommendation 3 above, due to other higher priority demands on that service this has not been progressed further but should be in place by the end of the calendar year.	
Low	<p>For the occasional contracts over £50,000, the Procurement Service is not consulted for guidance on the best approach and requirements, e.g. advertising on the South East Business Portal (SEBP).</p> <p>Risk: <i>RBC Contract Standing Orders are not being complied with and could be challenged.</i></p>	This will be addressed as part of the Framework agreement as detailed within Recommendation 4 above. The Procurement Officer is working with Property Services and the PSH Manager to establish a list of Contractors which have tendered and been approved for inclusion on the framework for which the PSH Officers can then select from over the 4-year period of the framework.	Not Implemented
Medium	<p>a) The financial stability of contractors is not formally verified. b) There is an expectation that contractor works would be guaranteed for 12 months but this is not formally set out in the purchase orders / process.</p> <p>Risk: <i>Work could be awarded to a financially unstable contractor and there could be misunderstanding of responsibility should any issues arise.</i></p>	The Private Sector Housing Manager and the Procurement Officer have agreed that to get on the Framework RBC will have to have a clear tender process, and this will form part of the procurement process where contractors/surveyors will have to submit a tender for work to enable them to get on the Framework. This information will be contained within the Framework Agreement.	Not Implemented
High	Two quantity surveyors are exclusively used (with one particularly favoured- BJC Design	The Procurement Officer is working with Property Services to set up a	Not Implemented

	<p>with payments in 2018/19 of c.£46k). The Contract Standing Orders 'requirement of aggregation' are not applied in assessing contract requirements.</p> <p>Risk: <i>RBC Contract Standing Orders are not being complied with and the EU Public Procurement Directives for services may be breached.</i></p>	<p>separate framework agreement for surveyors and to advertise for new surveyors to be 'procured' and vetted. The Procurement Officer confirmed this will go out to competition for acquiring new contractors/surveyors (see also recommendations 5 and 6 above).</p>	
Medium	<p>There is no annual verification of the Professional Indemnity Insurance for the two quantity surveying services or the Public Liability insurance for the contractors.</p> <p>Risk: <i>Services and works could be being provided without the appropriate insurances in place.</i></p>	<p>The PSH Manager has confirmed this information is chased by an officer from the PSH team, for compliance. A sample of two have been reviewed and copies of Certificates of Insurance, Public Liability Insurance, Professional Indemnity Insurance and Employers Liability Insurance were seen and checked for verification.</p>	Implemented
Medium	<p>Contracts let over £5,000 are not being added to the RBC Contracts Register.</p> <p>Risk: <i>Contract Standing Orders (13.1) and the Central Government Transparency Code requirements are not being met.</i></p>	<p>The PSH Manager believes the information has been updated on the public register by the Procurement Officer, however it would appear that this information is not on the contract register.</p>	Not Implemented

Audit Title 8	Contract Management - follow up		
Year of review	2019/20		
Assurance given at time of the audit	<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>		
Assurance given at time of the follow up	<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>An audit was completed on Contract Management in July 2019. The audit found that there were some good practices identified and even though there was scope to improve controls, the majority of the contracts reviewed were operationally satisfactory and the service objectives were being fulfilled.</p> <p>The findings from this audit resulted in 2 high priority, 7 medium priority and 2 low priority recommendations being made, which were agreed by management.</p>		
Priority	Original findings	Follow up findings	Recommendation status
High	<p>There is no Contract Management corporate framework in place to provide guidance for Contract Managers, Procurement and management to:</p> <p>a) Assess the level of contract management required, e.g. formal, ad-hoc, 'light touch';</p> <p>b) Assess the risk to the business, e.g. financial, Health and Safety, reputational, business continuity, etc;</p> <p>c) To re-assess the level of contract management as the contract becomes established and client relationships evolve;</p> <p>d) Set out the requirement of recording meeting minutes / contract issues / progress, including the need for a standard template;</p>	<p>The New Constitution with the Contract Standing Orders, which covered the elements highlighted in the recommendation, went to Cabinet in May and was agreed. The Policy and Project Advisory Board (PAB) were consulted on the Council's Procurement Strategy 2020-2024 at their meetings in November 2019 and June 2020. A final draft of the Procurement Strategy was considered by Cabinet in August 2020. Training and Guidance will be produced for all officers involved in the procuring of services following the adoption of the</p>	Not implemented

	<p>e) Set out the steps to take if a contractor's performance / quality of delivery is inadequate, e.g. KPIs.</p> <p>f) Set out the process for the review / monitoring of continual contracts, e.g. HAGS/SMP Ltd, those contracts with expiry dates and any action required, e.g. PHS;</p> <p>g) Set out the process for adding on to the Contract Register;</p> <p>h) Set out the process when handing over an on-going contract to a new manager to oversee, e.g. PHS.</p> <p>i) Set out the reporting requirements to senior management and Members</p>	revised Contract Standing Orders and Procurement Strategy.	
Medium	Under Contract Standing Orders, it is not mandatory for contracts under £50,000 to have a contract, with a purchase order being used incorporating the standard RBC terms and conditions. There is no specific assessment of whether more contractual protection is needed for certain contracts.	The revised Contract Standing Orders do not make it a mandatory requirement for a purchase order to be used incorporating the standard RBC Terms and Conditions. Whilst there is an acceptance of this risk by the Executive Head of Finance, individual contracting officers are responsible for ensuring they have undertaken sufficient mitigation measures on contracts under £50,000 (as set out in the Contract Standing Orders). They should liaise with the Principal Procurement Officer who will consult with Legal services, where necessary. This will form part of the training to be implemented by the end of this 2020/21 financial year.	Not being implemented

High	There is no corporate guidance that sets out the clear roles and responsibilities for the Contract Managers, Procurement and management.	The updated Contract Standing Orders (CSO), sets out the roles and responsibilities. However, training on the update CSO will be given in the next few months so that contract managers are aware of their roles and responsibilities.	Not implemented
Medium	There is no formal written guidance on Inform or training available for contract managers.	This will require some work from Principal Procurement Officer with Legal services and some eLearning support from HR. Knowledge and best practice needs to be established and shared to Contract Managers. Work on this will commence within the 2020/21 financial year.	Not implemented
Medium	As part of some contracts, contractor visits to sites are required, e.g. PHS, 3C. Under the PHS contract, Health and Safety requirements of signing in and out were not being applied until an issue arose. For 3C, there are detailed specific Health and Safety conditions in the contract.	There is a Health & Safety section within the contracts. However, it is the responsibility of the contract manager to establish that the correct procedure is contained within the contract and that they are being adhered to. Heads of Service will remind their Contract Managers that there needs to be adherence to the Health & Safety section, which will be highlighted during the planned training.	Not implemented
Medium	There are no pro-active resilience arrangements. The contracts reviewed identified that detailed knowledge of managing these was generally held with a single officer and there is no active approach to identify the highest risk contracts.	This was being addressed within the Contract Management Business Continuity in January – March, as these arrangements need to be reviewed, together with the sharing of knowledge and availability of information. However, due to Covid-19 this was not achieved	Not implemented

		but will be picked back up and in place by the end of the year.	
Medium	For most contract payments, there are no division of duties, with the checking and authorising of invoices being managed solely by the Contract Manager.	<p>There are not many Head of Service that sign off invoices as this has been devolved and have signed authorisation forms giving limits to their officers. In some cases invoices go to an admin person with no approval limit to check and so it would be expected that it would be down to that person to check the rates before coding and it then going up the chain to the senior manager to check before approving or not. This is not the case with what are probably the two largest Contracts - Leisure (Ashley- Contract Manager) and Waste and Recycling (Ruth- Contract Manager), the invoices for these go directly to the Contract Managers who check, code and approve as this has been devolved to them by their Head of Service.</p> <p>The Executive Head of Finance accepts that this is a risk as the system is currently set up but could be difficult to alter. However, there are some options which will be explored in order to address this issue, including splitting of roles and restricting authorisation for Contract Managers.</p> <p>There is an issue on how to ensure a balance between separation of duties</p>	Not implemented

		<p>and the prompt payment of invoices. In the examples given, the individual Contract Manager will be 'best-placed' to authorise invoices given their detailed knowledge of the contract and any performance issues. However, this does pose a risk. Given the value of these particular contracts, the Executive Head of Finance will explore ways in which mitigating controls could be put in place within the Integra system without making the invoice authorisation process overly complex. This may include restricting authorisation limits or other compensating controls. However, at the time of the follow-up audit, the Executive Head of Finance was not certain that these changes could be made to Integra and may require external support to enable.</p>	
Medium	<p>For one contract (PHS) the invoice is sent directly to Accounts Payable and there is no check undertaken by the Contract Manager of the rates paid.</p>	<p>Finance request all invoices are emailed or sent to them. When an invoice is received it is registered on system and they are then sent to the budget officer to code and approve, it is down to that person to check the invoice and ensure that the rates are correct. Their Head of Service has signed off a form approving the limit they can approve. If someone receives an invoice and it is not for them,</p>	<p>Implemented</p>

		they reject it and we make enquiries to find out who to resend it to.	
Medium	The contracts setting out the schedule of rates for PHS, Capita and Northgate could not be located to enable the verification of the rates invoiced.	It would be expected that one of the Contract Manager, their Head of Service and/or the Procurement Manager to hold a copy of the contract. Contracts should be forwarded to the Procurement Manager in order for the details to be loaded onto the Council's contract register. However, if not made aware of the contract then it will not be added to the register. This has been raised as an issue in previous audits. The Procurement Manager is due to carry out training which will look to remind contracting managers that copies of the contracts should be submitted to the Procurement Manager so that they can be included within the Council's contract register in line with the Transparency Code.	Not implemented
Low	For the contracts reviewed, there were no local procedures in place setting out the management and payments processes.	This will be built into the Business Continuity and CSO training and guidance using best practice.	Not implemented
Low	There is no corporate process for the sharing of contract experiences, good practice, issues arising, etc, e.g. the recent PHS contract.	This will be built into the Business Continuity and CSO training and guidance using best practice.	Not implemented