

AGENDA ITEM NO.

**TO: AUDIT AND RESOURCES SCRUTINY AND OVERVIEW
COMMITTEE - 8th JUNE 2004**

SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2003/04 - QUARTER 4

FROM: FINANCE

1 PURPOSE OF REPORT

- 1.1 To advise members of progress towards achieving the Internal Audit Plan 2003/04 and the recommendations arising from the audits undertaken in the fourth quarter.

2 BACKGROUND

- 2.1 The requirement for this type of report was agreed by the Audit and Resources Scrutiny Committee meeting on 13th August 2003.

3 PROGRESS TO DATE

- 3.1 The report summarising the progress to date Internal Audit has made towards achieving the Internal Audit Plan 2003/04 is set out in Appendix 1. The recommendations arising from the audits undertaken are set out in Appendix 2.

- 3.2 The salient points to highlight from the report appendices are as follows.

- 3.3 Internal Audit Progress 2003/04 Quarter 4: Appendix 1

- 3.3.1 The progress report shows 24 audits completed in the quarter. This means that 42 of the 46 audits planned for the year have been completed. Equating to a percentage of over 90%, this meets one of the CPA criteria for Level 4, the highest level possible.

- 3.3.2 As specific items:

- (a) time was saved on the Payroll and Staff Expenses audit due to the refocusing of this assignment to an interim audit rather than a full one; and
- (b) additional time was required for the Debtors audit as the original allocation was insufficient for the scope of the audit.

- 3.4 Internal Audit Recommendations: Appendix 2

3.4.1 Recommendations arising from the twenty five audits completed in the quarter are recorded in Appendix 2 to this report. In all cases, managers have provided confirmation of agreement to these.

3.4.2 Members are reminded that they may see any report (and accompanying working papers) that they require which will help them to confirm the level of internal control that exists in any service or activity or which will help them to verify the performance of Internal Audit in undertaking the audit.

3.5 Implementation of Recommendations

3.5.1 It was agreed at the Audit and Resources Scrutiny and Overview Committee meeting of 5th November 2003 that members would in future receive a report confirming the progress of implementation of recommendations by managers.

3.5.2 Recommendations involving controls assessed as high risk are to be confirmed within six months of the issue of the recommendation. Those assessed as low or medium risk are to be confirmed within 12 months (if not considered by internal audit in the subsequent audit before then).

3.5.3 Information confirming the state of implementation of high risk recommendations is set out as Appendix 3 to this report. As can be seen, there is one recommendation, relating to the audit of the Royal Pump Rooms and Art Gallery that remains outstanding, although it has received a great deal of attention.

4. **CONCLUSIONS**

4.1 Twenty four audits have been completed this quarter which now amounts to forty two from this year's audit plan.

4.2 Recommendations have been issued in respect of those audits requiring management action and, in all cases, managers have provided confirmation of agreement to these.

4.3 One recommendation which has been assessed as high risk is still outstanding in terms of its implementation. The implementation status of the remaining recommendations will be confirmed in due course.

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BACKGROUND PAPERS:

**Internal Audit Reports for 2003/04
Internal Audit Plan 2003/04**

Areas in District Affected:	Not Applicable
Executive Portfolio Area:	Not applicable
Scrutiny Committee:	This one
Key Decision?	No
Policy and Budgetary Framework:	Not applicable

APPENDIX 1

INTERNAL AUDIT PROGRESS 2003/04: QUARTER 4

ACTIVITY	TARGET DAYS	ACTUAL DAYS TO DATE	COMPLETED AUDITS: DAYS UNDERSPENT (+) / OVERSPENT (-)
<u>Audits completed in quarter</u>			
Council Tax*	N/A	N/A	
NNDR*	N/A	N/A	
Housing & Council Tax Benefit*	N/A	N/A	
Payroll and Staff Expenses	20.0	12.9	+7.1
Sundry Debtors	13.0	16.0	-3.0
Creditors*	N/A	N/A	
Cash Income*	N/A	N/A	
Treasury Management*	N/A	N/A	
Rent Accounting System*	N/A	N/A	
Committee Services	10.0	10.6	-0.6
Local Elections	9.0	9.0	---
Telephone & Voice Communication Management	8.0	9.5	-1.5
Corporate IT Issues	5.0	6.4	-1.4
IT Planning & Organisation	10.0	10.8	-0.8
General Fund Capital Programme	12.0	14.0	-2.0
Benefit Fraud Investigation	N/A	N/A	
Performance Review*			
Value Added Tax	12.0	13.4	-1.4
Contributions to Parish Councils	6.0	7.8	-1.8
Sheltered/Very Sheltered Accommodation	13.0	13.9	-0.9
Arts and Heritage Development	8.0	8.9	-0.9
Newbold Comyn Leisure Centre	12.0	12.0	---
Street Cleansing	11.0	12.5	-1.5
Sundry Housing Functions	12.0	11.7	+0.3
Legal Services Functions	10.0	11.4	-1.4
* Audits contracted out			
<u>Audits in Progress (c/f to 04/05)</u>			
Policy, Projects & Conservation	11.0	3.1	
Highways & Drainage Functions	11.0	0.1	
<u>Other Time</u>			
Other Specific Duties	28.0	12.2	
Sundry Advice	20.0	28.6	

ACTIVITY	TARGET DAYS	ACTUAL DAYS TO DATE	COMPLETED AUDITS: DAYS UNDERSPENT (+) / OVERSPENT (-)
Fraud/Irregularities work	50.0	37.2	
Non-audit work	30.0	37.7	
Non-chargeable time	135.0	148.8	
Leave/absences	134.0	142.4	

APPENDIX 2

INTERNAL AUDIT RECOMMENDATIONS 2003/04: QUARTER 4

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Treasury Management / Finance / 14 th January 2004	The bank should be instructed to require two authorised signatures on electronic fund transfer forms. / Principal Accountant (Capital and Treasury Management) / High	Agreed if this was an Audit requirement. With regard to the single signatory on a manual EFT form I have been giving some thought to this in general as other banking procedures currently only require one signature i.e. countersigning cheques £20,000 and over. After the Housing fraud I think that this is generally unsafe so I will be including in the banking services specification for the new tender which will be issued in the near future, a requirement that all relevant transactions on the bank accounts will require two authorised signatories.
Arts and Heritage Development / Leisure and Amenities / 14 th January 2004	That a reassessment be made of the criteria for awarding cultural grants, including the monitoring of the allocations made and publicising the availability of the grants. / Heritage and Arts Manager / Medium	The reassessment will be carried out by the end of March 2004. The results will be discussed with the Cultural Group within the Local Strategic Partnership.

¹ Risk Ratings are defined as follows:

- Low - Minimal adverse impact on achievement of the Authority's objectives if not adequately addressed.
- Medium - Moderate adverse impact on achievement of the Authority's objectives if not adequately addressed.
- High - Requires urgent attention with major adverse impact on achievement of Authority's objectives if not adequately addressed.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Value Added Tax / Finance / 4 th February 2004 /	In order to avoid exceeding 5% of the total input tax and thereby preventing the Council from recovering any of the input tax relating to its exempt activities which, using 2002/2003 as an example, would have amounted to £194,143, consideration should be given to opting to waive the V.A.T. exemption for large capital schemes such as St. Mary's Lands and Spencer's Yard Cultural Quarter / Head of Finance / High	Option to tax St. Mary's Land scheme already submitted. Spencer's Yard scheme recommendations not yet finalised, and will be acted upon as final proposals agreed.
Committee Services / Members' Services / 6 th February 2004	The management of safety risks inherent in the democratic processes should be reassessed with a view to developing a coherent and robust framework / risk Management Steering Group / High	The Audit and Risk Manager will liaise with the Risk management Steering Group at its next meeting (march 2004)
	The scope and application of health and safety training should be reassessed with consideration given to the specific needs of Members and key groups of staff routinely involved in the democratic processes / Assistant Chief Executive (Members' Services)/Assistant Chief Executive (Corporate Personnel) / High	Agreed.
	Spot checks on the display and accessibility of information at libraries should be considered / Assistant Chief Executive (Members' Services) / Low	All libraries in the District will be asked to ensure that this information is readily available. Checks will be carried out as practicable.
	Management should establish appropriate monitoring to ensure that time records are kept up to date and consider periodic time reporting at team meetings / Assistant Chief Executive (Members' Services) / Low	Activity codes are being updated so that it will be possible to input information on a regular basis.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Sundry Debtors / Finance / 19 th February 2004	All senior managers should be asked to review those income areas where sundry debtor accounts are used and to consider if payment in advance or payment at the point of provision of the service are options / Senior Managers / Medium	Resources currently not available to pursue this with ongoing time constraints from other IT projects, Payroll and Financial Management System (FMS).
	Consideration should be given to introducing a minimum invoice value / Head of Finance/Payments Manager / Medium	We don't have a fixed minimum level for invoices. (This has been a suggestion for many years that we haven't implemented.) We have something in the region of 14,000 accounts for the Central Control Alarm system (minimum value £9.10 although some are more) – so we are looking at over £127,000 p.a. in income collected. We do discourage Departments from raising very small accounts and I believe they are aware of the costs they are charged per invoice raised.
	ICT should be consulted about the possibility of suppressing those accounts that are paid by standing order / ICT Services Manager / Medium	I don't see how accounts can be suppressed on the system. The "for information only" is typed in a field and does not have a useful marker to enable this sort of thing to do. We still need the account number so that money can be allocated against the account number. Customers also like to see the account. Perhaps this should be considered when we get a new system. Also with leasehold flats, when the charges are updated in April, a new standing order is manually produced and attached to the first invoice of the financial year. Also any insurance increase letters and standing order forms are attached to the invoice itself. Lifelines have standing order forms attached to their first invoice, We could consider raising the invoices as per normal, but pulling them out before the main run is posted thus saving postage.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	Debtor accounts should inform debtors that any charges incurred in recovering the debt will be added to the sum payable / Payments Manager / Low	This is on the top of the reminder. Problem with this is that we don't have a system to show how the debt is increasing due to debt recovery charges. And only some of the charges from Spratts would be collected. This would be extremely difficult to administer with the current system.
	The Code of Financial Practice should be reviewed as a result of the recent restructure / Head of Finance / Medium	A review of the Code for various reasons is planned to be carried out during 2004.
	A procedures manual covering the operation and capabilities of the Income system should be produced / Payments Manager/Senior Income Officer / Low	Same response as last year. Not something we are going to do pending a new system. We have a diary list of jobs/processes that have to be done on the system. Training is given to users before they can access the system with guidance notes.
Housing Rents / Housing / 27 th February 2004	A Systems Administrator with no personal access rights should control the setting and amending of user profiles / Head of Housing Services / Low to Medium	As in the previous audit, not agreed, as it would not be viable.
	The repairs system should not allow repair work to be allocated to freehold properties sold under the RTB Scheme / Head of Housing Services / Low	It is accepted that there may be a small risk, but the new housing management system, due to be launched during Spring 2003, is intended to have controls which should prevent this.
	Regular value analysis of repairs contractors should be performed to ensure that best value is being obtained and to help prevent potential accusations of favouritism / Head of Housing Services / Low to Medium	As recommendation.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Local Elections / Members' Services / 27 th February 2004	The scale of election fees and expenses and the basis for their payment should be reviewed to ensure their continued relevance and applicability / Assistant Chief Executive (Members' Services)/Electoral Administration Officer / Medium	A report will be made to the Regulatory Committee in April 2004.
	Consideration should be given to adopting a formal approval process for election fees, such as reference to committee / Assistant Chief Executive (Members' Services)/Electoral Administration Officer / Medium	A report will be made to the Regulatory Committee in April 2004.
	Cheques should be drawn for the net underpayment of fees to the Returning Officer and the resultant superannuation payments / Electoral Administration Officer / Low	There was an error with the spreadsheet which calculated the fees. This has been corrected and the outstanding fee paid.
Newbold Comyn Leisure Centre / Leisure and Amenities / 1 st March 2004	Management should ensure that staff record their arrival and departure times on the daily attendance sheet / Sports Facilities Manager/Centre Manager / Low/Medium	Centre Manage continues to reiterate importance of signing in/out. Memo to this effect will be re-issued (copy to be forwarded to P. Jackson, Audit Services).
	A comprehensive document outlining cash collection and banking procedures should be produced for the guidance of relevant staff at the Leisure Centres.	Document attached.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Information Governance / IT / 2 nd March 2004	The corporate framework should be reviewed with a view to integrating all key elements of information governance. As part of this, clear terms of reference should be established for the Information Agenda Steering Group and officer 'group' responsibilities defined for Freedom of Information and Data Protection issues / CMT/Information Agenda Steering Group / High	The Group was formed to steer preparation for the Freedom of Information Act, which remains its primary focus. A wider information governance brief is felt to be beyond the capacity of the Group and adoption of this recommendation would require resourcing through dedicated officers.
	A report should be submitted to Corporate Management Team by the Information Agenda Steering Group with a view to:- <ul style="list-style-type: none">• establishing Freedom of Information as an ongoing core Brief item;• re-designating a corporate champion from CMT;• securing clear direction to Service Area Managers• considering implications for Members and agreeing appropriate action Information Agenda Steering Group / High	The Assistant Solicitor has submitted a statement to be incorporated in the Core Brief, Members' Bulletin and Warwick Update. An action plan has been formulated addressing officer/member championship, training and communication issues.
	The Data Protection Policy and Staff Guidelines should be reviewed and the former submitted for Member approval / Assistant Chief Executive (Members' Services) / Medium	Formulation of combined Freedom of Information and Data Protection Policy in progress. Staff guidelines to follow.
	A cyclical programme of training on Data Protection should be reintroduced and extended to include Members / Assistant Chief Executive (Members' Services) / Medium	Action plan for Information Agenda Working Party incorporates in-house training to be delivered by end November 2004.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	A formal mechanism should be established for tracking the release of Information Commissioner papers on Data Protection, considering their implications and instituting appropriate action / Assistant Chief Executive (Members' Services) / Medium	To be considered in light of feedback from enquiries with other authorities on their management arrangements for Data Protection, etc.
	The commissioning of an independent Data Protection audit should be considered subject to availability of requisite resources / Assistant Chief Executive (Members' Services) / Medium	Requisite resources unlikely to be available for foreseeable future.
Cleansing of the Environment / Environmental Health / 3 rd March 2004	The Contract Administrator should ensure that the contractor supplies evidence of current insurance cover for all of the categories specified in the contract conditions / Community Services Manager / Medium	Requested from contractor. Insurance runs from 1 st March 2004 to February 2005. Insurance <u>was</u> in place for period of audit.
	The Contract administrator should write to the contractor and request proof of execution of a Performance Bond that is appropriate for the current annual contract sum / Community Services Manager / Medium	Actioned. Awaiting response.
	An information leaflet should be produced giving customers basic information about the service and the contacts for comments and complaints / Community Services Manager / Low	Will be actioned as soon as resources permit.
	Detailed information on the Cleansing Service should be provided on the WDC website / Community Services Manager / Low	To be provided by Info. & Communication Officer.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Payroll and Staff Expenses / Finance / 3 rd March 2004	Periodic exception tests on the personnel system to identify salary data on personnel records incompatible with official establishment records should be explored in consultation with ICT Services / Assistant Chief Executive (Corporate Personnel) / Low	Personnel will liaise with IT to investigate feasibility.
	The scope of pay calculation exception reports being sought for the new payroll system should be reviewed to ensure that exceptionally high payments of car allowances and other expenses can be identified / Payments Manager / Low	While exception report writing is in hand, exceptionally high payments items should be picked up from manual scanning of pay listings by Payments staff.
	Staff should be reminded to submit car allowance claims monthly in accordance with the Personnel Handbook and avoid storing up backlogs of claims / Payments Manager / Low	This has been an ongoing problem for many years. Departments know staff who fail to submit regular claims but they have been unable to change these practices.
	The position regarding standing data amendment logging should be clarified with the County Council's Computer and Management Services Department and arrangements for making log data available for future audits pursued / Head of Finance / Low	This item needs to be added to the HRMS project 'snagging' list and pursued with Warwickshire County Council.
	The authorised signatories records should be reviewed and brought up to date / Payments Manager / Low	The list was reviewed in October 2003, although not all sample signatures have been received and some updates to the list are still awaited. Future updates will be required with sample signatures – email notifications will not be sufficient.
Housing and Council Tax Benefit / Benefits and Revenues / 16 th March 2004	Rewrite the procedure notes for reviewing unresented cheques / David Leech / Low	Agreed. They will be rewritten.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	Consideration should be given to improving the audit trail regarding the outcome of the reviews undertaken in respect of changes in circumstances, either via formally recording the outcome of the review on the file or improving the clarity of the diary notes / Andrea Wyatt / Low	Diary entries will be clarified.
	Efforts should be made to ensure that all relevant documents are retained when files are purged / Andrea Wyatt / Low	Agreed.
	A method of tracking returned cheques should be introduced to ensure that all cheques cancelled by Accountancy are subsequently dealt with by Benefits / David Leech / Low	Agreed – a method of tracking will be introduced.
NNDR / Benefits and Revenues / 16 th March 2004	Consideration should be given to providing support to the Revenues Inspector / Sue Groom / Low	The Principal Revenues Officer will monitor the frequency of visits to ascertain if any support is required.
	A decision should be taken as to whether the long outstanding debt is still recoverable or should now be written off (£183) / David Leech / Low	This will be reviewed and appropriately actioned.
Council Tax / Benefits and Revenues / 16 th March 2004	Consideration should be given to providing support to the Revenues Inspector / Sue Groom / Low	The Principal Revenues Officer will monitor the frequency of visits to ascertain if any support is required.
	The Council's constitution should be amended to reflect the current organisational structure / Head of Benefits and Revenues / Low	Now actioned.
Benefit Fraud Investigations / Finance / 17 th March 2004	None.	Not applicable.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
General Fund Capital Programme / Finance / 16 th March 2004	That a project appraisal form be completed for all potential projects / Director of Community Resources / Medium	I accept this proposal and will support it at the next Capital Steering Group. I will ask Roger Wyton by copying him into this email to identify which projects in the programme do not have such forms completed and ask that they be done so for review at the next meeting.
	That consideration be given to adopting the PRINCE 2 project management framework for all capital schemes / Director of Community Resources / Medium	I accept this proposal and will support it at the next Capital Steering Group. I will ask Roger Wyton by copying him into this email to identify which projects in the programme do not have such forms completed and ask that they be done so for review at the next meeting.
	That Section 9 of the Code of Financial Practice, which covers Capital Investment, be updated to reflect recent changes in respect of financial monitoring and to the limit above which post completion reviews are carried out / Head of Finance / Low	The review of the Code is already part of a Finance Team Operational Plan.
Legal Services / Legal / 17 th March 2004	The Legal Services Manager should ensure that appropriate training is arranged so that the input of staff time sheets can be brought up to date / Legal Services Manager / Medium	Completed.
	A current office inventory should be compiled and a copy forwarded to the Insurance Officer / Legal Services Manager / Low	Completed.
	Efforts should be made to provide the deeds storage room with a suitable fire prevention system that is appropriate for the nature and value of the documents stored / Legal Services Manager / Medium	Unable to be actioned at present because Finance not made available through corporate budget setting process.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Sheltered Housing and Community Care Management System / Director of Community Resources (Elderly Persons' Services) / 22 nd March 2004	A resourced business strategy should be formulated, drawing as appropriate from the draft Marketing Plan / Director of Community Resources / Medium	A Business strategy will be formulated by 1 April 2005. The timescale is dictated by the need for a staffing restructure, covering both CCMS and sheltered housing, without which there is limited capacity for service improvement or expansion. Consultation will commence May 2004, with implementation of the revised structure scheduled for April 2005.
	The impact of Supporting People on external funding to elderly support provision should be risk-assessed in accordance with the corporate risk management framework / Director of Community Resources/Head of Housing / High	A full risk assessment will be completed by 31 July 2004.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	<p>The applicable performance targets should be reassessed based on realistic expectations and reconsideration of whether additional resources can be obtained / Director of Community Resources/Head of Housing/ High</p>	<p>The existing performance targets have been reassessed and the Service Plan will be amended to reflect revised priorities:</p> <ul style="list-style-type: none"> • The target to implement Single Status in 2005/06 will be revised to 2004/05. • The targets to achieve ASAP accreditation by December 2004 will be revised to December 2005 • The target to adopt the CSHS Code of Practice by December 2004 will be amended to 1 April 2006 <p>The reassessment of priorities reflects the need to complete the restructure referred to above as a pre-requisite for a sustainable service. However, whilst a firm commitment to be working towards ASAP accreditation and Code of Practice adoption is still considered to be critical to achieving successful outcomes to Supporting People reviews it is not considered that all the necessary work will need to have been completed prior to the review. The timescales for both targets have therefore been amended. The importance of ASAP accreditation to the future Business Strategy for CCMS is reflected in this industry standard being achieved first.</p>
	<p>An implementation plan and monitoring process should be established on the basis of the reassessed targets / Head of Housing/Projects Officer / High</p>	<p>Revised implementation plans for each target will be produced. Work will commence on ASAP accreditation and Code of Practice adoption during 2004/05 and the plans will include milestones to measure progress towards full implementation.</p>
	<p>Adoption of Microsoft Office data applications should be considered for Control Centre user account records / Projects Officer / Low</p>	<p>Evaluation of all options, including purchase of specialist software, will be undertaken during 2004/05. The staffing restructure will consider the need to dedicate staff to administrative functions and the IT based applications they will require to undertake their duties.</p>

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
Cash Income / Director of Customer Information and Advice / 23 rd March 2004	Post should be opened in a separate room for improved security / Director of Customer Information and Advice / Low	Gill and I agree with the recommendations but as we are proposing to change matter significantly as part of the phasing out of the cashiers function we feel that we should not implement those changes now but implement them as part of the wider change to handling cash payments. This bigger change is only a matter of months away and given that most of the recommendations concerned are low risk we do not feel that operations will be jeopardised by continuing for the time being.
	Cheques and cash received by post openers should be add-listed, to provide a check against what has been entered into the cash receipting system / Director of Customer Information and Advice / Low	
	A service level agreement between Cashiers and Secretariat should be established regarding post opening / Director of Customer Information and Advice / Low	
	A Systems Administrator with no personal access rights should control the setting and amending of user profiles / Director of Customer Information and Advice / Medium	
	All returns from outlets should be submitted weekly to ensure accurate monitoring of income and enable prompt investigation of variances from anticipated income / Principal Accountant (Central Services) / Medium	We will endeavour to ensure that returns are submitted to us weekly.
Creditors System / Finance / 23 rd March 2004	Cheques should not be raised until they are needed / Heads of Service Areas / Medium	Recommendation drawn from one example only, and the matter has been dealt with by Internal Audit raising and advising individual concerned of the best procedures.
	Where cheques are drawn needlessly early, they should be returned to the Finance Section for cancellation / Heads of Service Areas / Medium	

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	Cheques needing to be removed from the payments run and taken away to other departments for issuing should be held securely, preferably in a safe or lockable drawer / Head of Finance / Medium	
	Principal Accountants should not be able to countersign cheques for orders that they have already created and authorised / Head of Finance/ Medium	Agreed and instruction will be given but the major internal control is the requirement to have two different people raise an order and authorise payment.
	A record should be kept of who has countersigned the cheques for over £20k to provide a comprehensive audit trail / Heads of service areas / Medium	Agreed that a record will be kept.
	Valuable, portable items of equipment should be security-marked / Service Managers / Medium	Agreed; further advice will be given to reinforce earlier instructions via Insurance Officer.
Telephone Management and Billing / Assistant Chief Executive (Members' Services) / 25 th March 2004	Staff should be made aware of the cost of making calls to mobile telephones and of the need to avoid them or to keep them to a minimum duration / Assistant Chief Executive (Members' Services) / Low	Agreed.
	The switchboards and any other telephone equipment of value at sites other than Riverside House need to be added to the appropriate inventory and a copy forwarded to the Council's Insurance Officer / Head of ICT / Medium	The corporate IT equipment inventory will be updated during 2004.

AUDIT / SERVICE AREA / DATE OF REPORT	RECOMMENDATIONS / RESPONSIBLE OFFICER / RISK RATING ¹	MANAGEMENT RESPONSE
	A protocol should be drafted covering the use of mobile telephones and include amongst other things, staff responsibility, personal use and payment for personal calls / Assistant Chief Executive (Members' Services) / Low	A protocol has been drafted and is the subject of consultations with the unions.
	Details should be established of those officers with a mobile telephone who are having a land line rental paid so that the situation can be reviewed to determine the appropriateness of the situation / Assistant Chief Executive (Members' Services) / Low	This will be discussed with the Assistant Chief Executive (Personnel)
	Managers' views should be sought on the value of the call logging reports in their current format and if reports detailing more information are required / Team Leader, Community Help and Advice / Low	With the move of services into the Contact Centre – we are increasingly being asked for more and more information and we need a more sophisticated package to handle this demand.
	Clear, unambiguous guidelines on making and receiving personal telephone calls should be drawn up, publicised and included in the Personnel Handbook / Assistant Chief Executive (Members' Services)/Assistant Chief Executive (Personnel) / Medium	A preliminary discussion has been held with the Assistant Chief Executive (Personnel).
Contributions to Parish Councils / Finance / 25 th March 2004	When the audited accounts of the Parish Councils have been received and inspected this be noted on the individual parish file / Strategic Finance Manager / Low	Agreed.

APPENDIX 3

IMPLEMENTATION POSITION OF HIGH RISK INTERNAL AUDIT RECOMMENDATIONS 2003/04

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
Review of EMAS Project / Environment Directorate / 13th November 2003		
<p>In view of the lack of progress made in implementing an environmental management system to date and the current difficulties in contracting effectively a company to assist in that objective it is recommended that one of the following options should be actioned to avoid further wastage of resources:</p> <ul style="list-style-type: none"> • Terminate arrangements with current contractor and attempt to make progress unilaterally. • Terminate arrangements with current contractor and engage another consultant. • Negotiate with current contractor to provide better and more effective assistance. • Terminate arrangements with the current contractor and, furthermore, no longer pursue the objective of achievement of implementation of an environmental management system. <p>Director of Environment (<i>Although fully discussed with the Director of Environment the management response was completed by the Head Of Community Safety & Sustainability</i>)</p>	<p>The Audit Report has correctly identified the key issues but these are not the only recommendations.</p> <p>We agree that the contract with White Young Green should be terminated and no other contractor is engaged.</p> <p>We believe the aims of the authority in relation to its stated aim of reducing its significant impacts is best progressed through practical projects rather than seeking accreditation for an environmental management system.</p> <p>By focussing on reducing waste, water and energy at Riverside House we can identify some real savings.</p> <p>This option maximises existing staff time, is easier to manage and as a result of a recent training course brings the expertise in-house.</p>	<p>Implemented 23 April 2004.</p> <p>Initially negotiated in a telephone call and confirmed in writing. Contract with White, Young and Green.</p>

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
Regardless of whichever course of action is decided upon above, the invoices submitted by the current contract should not be paid until the contractor has provided adequate and sufficient evidence of work done / Director of Environment (see above)	We fully agree with this recommendation.	Implemented 23 April 2004. As above. Following Legal advice the second invoice of £6,462.50 was paid as full and final settlement, a saving of £6,462.50 to the Authority.
A report should be issued to CMT and Executive advising it of the events above and the course of action decided upon together with the reasons / Director of Environment (see above)	We fully agree with recommendation.	To be implemented 14 June 2004. Report drafted and will go to Executive on 14 June 2004.

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
Royal Pump Rooms and Art Gallery / Leisure and Amenities / 6th May 2003		
<p>Suitable measures should be taken to ensure that the humidity within the gallery and arts storeroom can be maintained at the required level and that action can be taken to cure any water leaks / Heritage and Arts Manager</p>	<p>Recommendations accepted.</p>	<p>Response from Heritage and Arts Manager: Implementation is in the hands of Property Services. The need to improve the performance of the air conditioning plant is included as the Heritage & Arts Priority 1 item in the Leisure SAP, and was discussed at the Leisure / Property Services Building Issues Meeting of 12 May 2004. During the subsequent warm spell the plant has been unable to keep the galleries cool, giving rise to complaints by public and staff. Maintenance engineers have since inspected the plant and reported to Property Services. The Heritage & Arts Manager will monitor the future performance of the plant and report it to Property Services and WDC Auditors.</p> <p>Response from Property Services (Energy Manager):It's true that the A/C has failed on some occasions and this has had an effect on the Art Gallery & Museum temperatures. The humidifiers although working in conjunction with the A/C are separate items of equipment and if either one fails can have an adverse effect on the building. The Art store room has its own humidity units and the report highlights incidents that occurred some 15 months ago. The Building Management System(B.M.S) is linked to Riverside House but not controlled from R/H .There is a full working system at the Pump rooms which carries out all the control functions on site and Pump room staff have received full training and instructions on its use.</p> <p>Both the Air conditioning and Humidification systems receive twice a year maintenance visits and if any faults or defects are found repairs are carried out as soon as possible. Should problems /breakdowns occur between these service visits we rely on pump room staff to report them.</p> <p>We have arranged with the maintenance contractor to attend site next week to carry out the repairs that were identified on Thursday 20/05/04 and will meet them to discuss ways of improving the present system and improve its reliability if possible.</p>

