

**AGENDA ITEM NO.**

**TO:           AUDIT AND RESOURCES SCRUTINY AND OVERVIEW  
COMMITTEE – 15<sup>th</sup> DECEMBER 2004**

**SUBJECT:   INTERNAL AUDIT PROGRESS REPORT 2004/05 - QUARTER 2**

**FROM:       FINANCE**

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**1       PURPOSE OF REPORT**

- 1.1   To advise on progress towards achieving the Internal Audit Plan 2004/05 and provide details of the audits completed in the second 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.
- 2.2   At the Audit and Resources Overview and Scrutiny Committee meeting of 8<sup>th</sup> June 2004, members decided that the report should also contain summaries of the scope and objectives and findings/recommendations of audits completed each quarter.

**3       POLICY AND BUDGETARY FRAMEWORK**

- 3.1   Internal Audit ensures that the Authority's resources are being managed economically, efficiently and effectively and that the Authority is meeting its objectives.

**4       OUTCOME REQUIRED**

- 4.1   That the report be accepted.

**5       PROGRESS TO DATE**

- 5.1   The report summarising the progress Internal Audit has made towards achieving the Internal Audit Plan 2004/05 is set out in Appendix 1.
- 5.2   Appendix 1 shows that 10 audits were completed in the quarter, totalling 15 for the year to date. Any overspends of time are relatively small and should not prevent completion of the Audit Plan for the year.

**6       SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN IN QUARTER**

- 6.1   Summaries of the audits completed in the quarter, together with the

management responses, are set out in Appendix 2.

- 6.2 Members are reminded that they may see any report (and accompanying working papers) produced by Internal Audit that may help to confirm the level of internal control or that may help to verify the performance of Internal Audit.

## 7 IMPLEMENTATION OF RECOMMENDATIONS

- 7.1 It was agreed at the Audit and Resources Scrutiny and Overview Committee meeting of 5th November 2003 that members would receive a report in future confirming the progress made by managers in implementing recommendations. It was decided that this process would comprise:

- (a) Recommendations involving controls assessed as high risk to be confirmed within three to six months of the issue of the recommendation.
- (b) Recommendations involving controls assessed as low or medium risk to be confirmed within nine to twelve months of the issue of the recommendations (if not considered by internal audit in the subsequent audit before then).

- 7.2 Therefore, for this quarter, the above arrangements require consideration of:

- (a) The implementation status of low and medium risk recommendations made in the third quarter of 2003/04.
- (b) The implementation status of high risk recommendations made in the fourth quarter of 2003/04.
- (c) The implementation status of high risk recommendations made in the first quarter of 2004/05.

There is also a need to consider the implementation status of high risk recommendations which are **outstanding** from the third quarter of 2003/04.

- 7.3 The state of implementation of recommendations made in the quarters listed above is set out as Appendix 3 to this report. Note that there were no high risk recommendations in the first quarter of 2004/05.

## 6 CONCLUSIONS

- 6.1 Ten audits have been completed this quarter.
- 6.2 Recommendations have been issued in respect of those audits requiring management action and, in all cases, managers have indicated the action they are to take.
- 6.3 Managers have indicated the state of implementation of recommendations made in previous quarters.

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**BACKGROUND PAPERS:**

**Internal Audit Reports for 2004/05**  
**Internal Audit Plan 2004/05**

<b>Areas in District Affected:</b>	<b>Not Applicable</b>
<b>Executive Portfolio Area and Holder:</b>	<b>Strategic Leadership; Cllr Crowrther</b>
<b>Scrutiny Committee:</b>	<b>This one</b>
<b>Key Decision?</b>	<b>No</b>

## APPENDIX 1

### INTERNAL AUDIT PROGRESS 2004/05: QUARTER 1

ACTIVITY	TARGET DAYS	ACTUAL DAYS TO DATE	COMPLETED AUDITS: DAYS UNDERSPENT (+) / OVERSPENT (-)
<u>Audits completed this quarter</u>			
Cash Income	12.0	11.7	+0.3
Treasury Management	13.0	12.9	+0.1
Electoral Registration	9.0	8.1	+0.9
Information Governance	5.0	5.9	-0.9
Banking Arrangements	10.0	8.6	+1.4
Housing Investment Programme – Capital Schemes	12.0	13.5	-1.5
Council House Repairs	15.0	16.0	-1.0
Housing Maintenance Programme	12.0	11.6	-0.4
Golf Course	11.0	12.3	-1.3
Newbold Comyn Leisure Centre	2.0	1.7	+0.3
<u>Audits completed in previous quarter</u>			
Assisted Travel Scheme	12.0	14.0	-2.0
Sports Development	12.0	13.0	-1.0
St Nicholas Park Leisure Centre	2.0	1.9	+0.1
Policy, Projects & Conservation	11.0	10.8	+0.2
Highways & Drainage Functions	11.0	12.5	-1.5
<u>Audits in progress</u>			
Payroll and Staff Expenses	20.0	7.5	
E-Government	30.0	24.0	
ICT Acquisition and Implementation	10.0	1.8	
ICT Delivery and Support	15.0	0.3	
Printing and Reprographics	8.0	7.5	
General Fund Capital Programme	5.0	1.5	
Royal Spa Centre	13.0	8.9	
<u>Audits not yet started</u>			
Collection of Council Tax	C/O	C/O	
Collection of National Non-Domestic Rates	C/O	C/O	
Administration of Housing & Council Tax Benefit	C/O	C/O	

ACTIVITY	TARGET DAYS	ACTUAL DAYS TO DATE	COMPLETED AUDITS: DAYS UNDERSPENT (+) / OVERSPENT (-)
<u>Audits not yet started (continued)</u>			
Accounting and Budgetary Control	15.0	0.0	
Sundry Debtors	C/O	C/O	
Payment of Creditors	C/O	C/O	
Rent Accounting System	17.0	0.0	
Personnel Policy Compliance	15.0	0.0	
Customer Access Facilities	12.0	0.0	
ICT Planning & Organisation	5.0	0.0	
Benefit Fraud Investigation	C/O	C/O	
Insurances	12.0	0.0	
Cemeteries and Crematorium	13.0	0.0	
Grounds Maintenance	15.0	0.0	
Castle Farm Recreation Centre and Abbey Fields Swimming Pool	2.0	0.0	
Car Parks	13.0	0.0	
Corporate Properties Repair and Maintenance	14.0	0.0	
Development Control	14.0	0.0	
Local Land Charges	5.0	0.0	
Total planned audit time	402.0	206.0	
<u>Other Time</u>			
Other Specific Duties	21.0	2.6	
Sundry Advice	20.0	12.3	
Fraud/Irregularities work	40.0	11.1	
Non-audit work	30.0	11.2	
Non-chargeable time	127.0	64.8	
Leave/absences	140.0	85.0	
Total Other Time	378.0	187.0	
Total Time	780.0	393.0	

C/O = Contracted Out

### **SUMMARIES OF INTERNAL AUDIT REPORTS ISSUED IN QUARTER 2, 2004/05**

#### **Cash Offices – 1 October 2004**

##### **1 Scope and objectives**

1.1 The purpose was to evaluate and verify adherence to controls for cash income with the primary focus on the Riverside House Cash Office and cash handling activities at Warwick Connection and Kenilworth Connection.

##### **2 Findings and recommendations**

2.1 The audit confirmed that the controls and processes for cash income are generally robust and there is substantial assurance of no undue exposure to risks. There were, however, some further control improvements to be considered.

2.2 Most significantly, the Cash Handling Instructions and Controls document needs to be updated and reissued to ensure in particular that proper practice on remittance handling continues to be followed after the imminent closure of the Cash Offices. Some revision of the Income section in the Code of Financial is also required.

##### *Recommendation:*

The Cash Handling Instructions and Controls and Section 4 (Income) of the Code of Financial Practice should be reviewed and updated. (Medium risk<sup>1</sup>)

##### *Strategic Finance Manager / Customer Relations Manager:*

Code of Financial Practice currently being updated, intended to reflect the receipting issue.  
Cash Handling Instruction responsibility of Customer Relations Manager

2.3 Under existing post opening practices in Finance, there was concern that the receipts for cash received by post were not supported by retained declarations signed by two officers as to the contents on opening. Such a declaration should be retained in case of subsequent dispute.

##### *Recommendation:*

Procedures for processing cash remitted through the post or on-site non-receipting deposit facilities should ensure that the signatures of staff attesting the amounts contained are kept as part of the official records. (Low risk)

<sup>1</sup> 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 and Risk Manager:*

A register to record this information has been instituted and will be completed as necessary by the Secretarial Section in Finance.

2.4 The Cash Handling Instructions and Controls include a protocol for dealing with unusually large remittances so that maximum cash flow benefit can be derived by special banking. It is clear from the treatment of two recent cheque remittances of £893,780 and £1,475,000 respectively that the protocol is not being applied.

*Recommendation:*

Procedures should be established to ensure that Financial Services are notified of any individual remittances of more the £500,000 immediately on discovery. (Low risk)

*Strategic Finance Manager / Customer Relations Manager:*

Due to be considered in more detail following bank tender and to reflect changes to Payment Channels. Considered low priority as it is estimated that such cheque payments are minimal (perhaps 1 p.a.)

2.5 In addition, some recommendations were outstanding from the previous audit. These items are as follows:

*Recommendation:*

Post should be opened in a separate room for improved security. (Low risk)

*Director of Customer Information and Advice:*

To be arranged through document management pilot from January 2005.

*Recommendation:*

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. (Low risk)

*Director of Customer Information and Advice:*

Again will be handled in new locked post/document management centre room, reducing need for add-listing. Will be put straight onto cash receipting system.

*Recommendation:*

A Systems Administrator with no personal access rights should control the setting and amending of user profiles. (Low risk)

*Director of Customer Information and Advice:*

Director to approach IT to see if they will take over the role.

**Treasury Management – 25 August 2004**

1 Scope and objectives

1.1 The purpose of the audit was to review and evaluate the controls in place over the management of the Treasury Management function.

2 Findings and recommendations

2.1 Overall, the controls in place over the Treasury Management activities measure extremely well against the expected controls and there is assurance of no undue exposure to risk. One issue arose, however, which relates to the documentation of procedures. Although, in the overall context this was considered to have a minor impact, nevertheless there are implications for best practice.

2.2 The issue is linked to the currency of the Treasury Systems Document (TSD) which is essentially a detailed procedure guide for all staff involved in Treasury Management. At the time of the 2001/2002 audit it was understood that the Treasury Management written procedures were being reviewed and it was agreed on the subsequent audit action plan that this would be completed by the end of March 2004. No progress has been made in this area. The TSD dates from 1997 and is, consequently, out of date not only in some of the procedures but in terms of staff, posts etc.

2.3 Although new Treasury Management Practices have been developed to support the Policy Statement these practices are high level and more detailed work instructions, as covered in the TSD, are needed to support these.

*Recommendation:*

Treasury Systems Documentation should be updated and thereafter reviewed annually to coincide with the submission to the Executive of the Treasury Management Strategy. (Medium risk).

*Principal Accountant (Capital and Treasury Management):*

Treasury Systems Documentation is scheduled to be carried out by 31<sup>st</sup> March 2005 by Alison Reynolds, Assistant Accountant.



## **Electoral Registration – 16 July 2004**

### **1 Background**

1.1 Electoral registration is managed by the Electoral Administration Officer in Members' Services with the help of an Electoral and Licensing Admin Assistant. Other members of staff in Members' Services become involved during peak times.

1.2 In 2003 the annual audit (c canvass) of the register became fully postal as a result of logistical difficulties and changes in legislation. Previously the work was carried out by WDC staff from other units and people from outside the Council in the evenings and at weekends.

1.3 Other recent changes to the process have included rolling registration and the requirement to maintain full and edited versions of the register. Possible future changes include individual as opposed to household registration.

1.4 The size of the electorate has increased significantly since the Council's inception as follows:

1974 – 79,047  
1984 – 90,860  
1994 – 91,903  
2004 – 98,979.

1.5 The number of postal votes issued, the administration of which forms part of the electoral registration process, has increased dramatically in recent years in consequence of efforts and initiatives to increase the turn out at elections. The numbers issued for recent elections have been as follows:

1999 – European and District	1,800
2001 – WCC and Parliamentary	4,500
2003 – WDC and Parish	5,400
2004 – European	10,290.

1.6 Net expenditure on electoral registration in 2004/2005 will be in the order of £95,500.

### **2 Scope and objectives**

2.1 The audit was undertaken to establish the controls in place over the management of electoral registration and then to test them.

2.2 Specifically the control objectives examined were as follows:

- (a) There are procedures in place to ensure that a complete and accurate register is produced within the statutory deadline.
- (b) There are procedures in place to raise public awareness and to encourage registration.
- (c) There are adequate financial and budgetary control procedures in place.
- (d) There are procedures in place to ensure that copies of the register are made available appropriately and that income is collected and accounted for.
- (e) There are adequate controls in place to ensure the availability, security and confidentiality of the register and supporting information.

(f) Electoral registration is adequately addressed in the risk management process.

### 3 Findings and recommendations

3.1 Overall the audit drew the conclusion that the electoral registration process is subject to sound management and control.

4.3 The findings from the audit are listed below:

#### *Procedures to ensure complete and accurate register is produced*

4.4 Although there have been many changes in recent years in the way that information is collected and presented, the basic aim, to produce an annual register, still remains. As such, most of the processes are well established and are performed every year by experienced staff.

#### *Procedures to raise awareness and encourage registration*

4.5 Various methods to raise the public's awareness of the need to register and the benefits of registration are adopted e.g. local press and magazines, adverts on buses, posters in suitable locations, reminders about credit rating etc. Activity is restricted by the budget available for advertising which is currently £1,100 and was the same in 2003/2004.

4.6 The WDC website contains information on registration and includes a number of forms that can be printed for completion and return.

4.7 The number of electors on the register, approaching 100,000, and the percentage of forms returned would indicate that registration is not currently a concern.

#### *Budgetary control*

4.8 The budget for electoral registration is the responsibility of the Assistant Chief Executive (Members' Services) under the recently introduced budget monitoring procedures.

4.9 In recent years the total budget for the service has shown some overspending usually as a result of increased spending on postages and printing and stationery. This could be the result of increased activity e.g. more reminders, more postal vote correspondence or the setting of unrealistic budgets in the first place.

#### *Distribution and sale of registers*

4.10 Conditions relating to the distribution and sale of the full and edited registers are laid down in legislation together with the penalties for failure to comply.

4.11 Public inspection of the register is now restricted and can only be carried out under supervision at Riverside House and at the Warwick and Kenilworth Connections.

4.12 Charges for purchasing copies of the registers are set in the legislation.

4.13 Income from the sale of registers in 2003/2004 was around £1,600.

#### *Availability, security and confidentiality of the register*

4.14 Access to the computerised version of the register within the Council is restricted and is controlled by the Electoral Administration Officer who is also responsible for back up arrangements.

#### *Insurance and risk management*

4.15 Any claims resulting from inaccuracies in the register or the registration process would be handled under the Council's standard insurance policies and any specific cover is not required.

4.16 Risks relating to electoral registration have been identified in the Members' and Customers' Services risk register.

### **Information Governance: Review of Data Protection Compliance in CCTV Operations – 2 August 2004**

#### **1 Scope and objectives of audit**

An overview examination was undertaken to determine whether existing controls in evidence can be relied upon to give due assurance that CCTV operations in the Council as a whole meet the standards set in the Information Commissioner's Code of Practice thereby being able to demonstrate full compliance with the Data Protection Act 1998.

#### **4 Conclusions and recommendations**

4.1 The review has highlighted a distinction between the principal CCTV scheme operated from the Town Hall Control Centre (referred to as the 'main scheme') and a number of discrete schemes at various Council premises monitored on site. The contrast between the two is manifest not only in the scale and technological capability but also in evidence of control from which assurance can be derived.

4.2 In respect of the main scheme, substantial assurance on Data Protection compliance can be derived from the control evidence seen, subject to a need to bring the Council's overall policy on Data Protection into line with charging policy for subject access to CCTV images. This has been raised with the Assistant Solicitor and will be addressed in the revised composite policy for Data Protection and Freedom of Information subject to appropriate consultations.

4.3 For the various other premises-based schemes, a lack of cohesive documented standards is seen as a significant weakness rendering assurance on Data Protection compliance less than desirable.

#### *Recommendation:*

CCTV signs at the Royal Pump Rooms should be removed and replaced with signs that include applicable contact telephone numbers. (Medium risk).

#### *Amenities Manager:*

Signs which are compliant will be in place by 1<sup>st</sup> December 2004.

*Recommendation:*

Corporate standards for present and future Council CCTV installations should be formulated under the direction of an appropriate senior manager with due attention to documentation of the relevant processes and training in accordance with the Information Commissioner's CCTV Code of Practice. (Medium risk).

*Amenities Manager:*

A review of the other CCTV systems is now under way. The CCTV manager will be responsible for visiting each of the other CCTV systems and reviewing the current procedures for Pump Rooms, Leisure Centres and Riverside House. Standard procedures will then be introduced by June 2005.

## **Banking Arrangements – 1 October 2004**

### **1 Scope and objectives**

1.1 The audit was undertaken for the purpose of:

(a) forming a judgement as to the adequacy of control exercised in the operation and development of the Council's banking activities to achieve defined objectives;

(b) advising management on the level of assurance that can be placed on the control activity to contain associated risks.

1.2 The audit was based on an audit programme which identified several control objectives, the expected controls associated with the objectives and the risks/issues arising if the controls were not in operation.

1.3 The control objectives which were examined were:

- banking services are procured and utilised in a manner that meets the operational, financial and strategic requirements of the Council.
- only bona fide money movements can be transacted through the Council's bank accounts.
- all relevant transactions are reflected promptly and correctly in the bank statements in accordance with agreed standards.
- control and security arrangements sufficiently address risks to confidentiality, integrity and availability of systems and data according to business critically, potential for abuse and obligations under relevant legislation.

### **2 Findings and recommendations**

2.1 Overall, the controls in place over the Council's Banking Arrangements measure extremely well against the expected controls and there is assurance of no undue exposure to risk. One issue arose, however, which relates to the security of printed cheques.

2.2 Secretarial take receipt of and despatch housing benefit cheques. For a big cheque run, it is necessary to commence the despatch operation on a Thursday, store the remaining

cheques overnight and continue on the Friday. The cheques are stored in a metal cabinet which has a broken lock, therefore the cabinet is not secure. Consequently there is a risk of the printed cheques being stolen.

*Recommendation:*

That the overnight storage arrangements for benefit cheques be reviewed and a secure lockable cabinet be used. (Medium risk)

*Head of Finance:*

Agreed and already actioned.

## **Housing Investment Programme – Capital Schemes – 28 July 2004**

### **1 Background**

1.1 As the name implies, Housing Investment Programme (HIP) Capital Schemes relates to expenditure of a capital nature i.e. Improvements/Renewals as opposed to expenditure on maintenance, either planned or responsive, which is classed as revenue expenditure.

1.2 The Housing Investment Programme for the current year totals £4,658,000. The largest elements are Improvement/Renewal Works and Energy Conservation Works, £3,578.00 and £670,000 respectively. Improvement/Renewal Schemes include re-roofing, updating of kitchens and bathrooms, installation of double glazing and central heating.

1.3 The Council's Capital Strategy recognises that the Council does not have sufficient capital resources to meet all the needs it faces and several priorities have been identified for those resources. The Decent Homes Standard (DHS) is one of those priorities and more will be said about the DHS later in this report.

### **2 Scope and objectives**

2.1 The audit was undertaken in order to establish and test the controls in place over the formulation and implementation of the Housing Investment Programme.

2.2 The audit also covered the letting and administration of contracts for Improvement/Renewal Schemes.

2.3 Specifically, the control objectives that were examined were as follows:

- (a) The control framework is adequately defined and maintained.
- (b) There is a formal, documented and authorised appraisal methodology which is applied to potential capital schemes prior to their inclusion in the HIP.
- (c) Standards, objectives and related risks are properly defined, communicated and managed.
- (d) Operational controls are adequate, effective and reliable.
- (e) Managerial and supervisory controls provide effective management of contracts.
- (f) Management information and reporting mechanisms are adequate, effective and reliable.

### **3 Findings and recommendations**

## *Strategic Areas*

3.1 The relevance of the HIP to the Council's Corporate Strategy is that the Investment Programme contributes directly to the objective "meet the housing need" and, more specifically to one of the targets related to this objective, namely "to improve the quality of housing."

3.2 The Housing Strategy 2004 makes reference to the decision by the Executive to recommend to Full Council that the Council should retain its Housing stock. The reason for this decision was based, amongst other things, on the ability of the Council to meet the Decent Homes Standard by 2010.

3.3 The Strategy also makes reference to a further Stock Condition Survey being completed in 2004/2005 which will enable the Council to update its expenditure requirements and to decide on further action accordingly.

3.4 The HRA Business Plan reflects:

- The Council's corporate planning processes, in particular the Corporate Strategy 2003-2007, the Financial Strategy 2003-2007 and the Capital Strategy 2003-2007.
- The requirements to maintain the Council's Housing stock in accordance with Stock Condition requirements, the Decent Homes Standard, tenant/leaseholder aspirations and investment priorities.
- The Council's Housing Strategy 2002-2005, particularly the strategic objectives as they apply to HRA property.

## *Decent Homes Standard*

3.5 The DTLR publication "Decent Homes: Capturing the Standard at the Local Level" was completed in July 2001 and published in April 2002. The DHS is a key component of the CPA. An assessment as to the ability of a Council to meet the DHS by 2010 is an integral part of the Options Appraisal process, which is a statutory requirement. Stock Condition Surveys are fundamental to the DHS. The current Stock Condition Survey was completed in July 2001 by Countrywide Surveyors, in line with the DTLR guidance which was available at the time. The aim was to meet the following objectives :

- Provide reasonably accurate and statistically reliable repair and maintenance information based on a 12% sample survey forecast over a 30 year term and based on life cycle costing principles.
- Maintain existing records that will enable the new computer system to make information more accessible, reliable and easily maintained, to enable improved maintenance planning.
- Continue to undertake a 10% annual survey based on the methodology used for the main survey with a further detailed survey every 5 years.

The Consultant's assessment of WDC's stock was that out of 6,100 dwellings there were 2,960 which were considered to be non-decent.

3.6 There were, however, some areas of dispute. In a number of cases dwellings were judged to be unfit for human habitation due to an inadequate water supply because of the presence of lead piping but, according to Environmental Health, lead is not a problem unless

it is exposed. On this basis some 300 properties were deducted from the original non-decent total of 2960.

3.7 The Government target was that, by end of March 2004, local authorities had to reduce their non-decent stock by one third. Therefore the original figure of 2,960 had to be reduced to 1,973. This was achieved by completing the kitchen/bathroom replacement schemes at Fallow Hill and Charles Gardner Road. There will be a second survey in January 2005, hopefully completed by July 2005 in time for the next HIP capital programme.

3.8 The CPA Peer Assessment feedback noted, amongst other things, two particular strengths:

- “Both Officers and Members have a solid understanding of housing stock conditions across the District, demonstrating a sound understanding of the issues associated with the DHS and are committed to its achievement.”
- “There is a proven track record of delivering real improvements to the housing stock, including innovative work with a range of contractors and partners.”

3.9 The foreword to the Housing Business Plan states that the Council can meet the Decent Homes Standard but that there are challenges on funding work outside of this standard. Within the Business Plan this is referred to as the Aspirational Standard. However, the emphasis now is firmly on meeting the DHS by 2010.

3.10 Prior to the Options Appraisal some, but not all, of the HIP was related to the DHS. Now the priority is to meet the DHS and, in theory, although there are enough resources to meet the DHS by 2010 there will not be enough to meet the Aspirational Standard.

#### *Appraisal methodology for inclusion in H.I.P.*

3.11 The Stock Condition Survey is the starting point for the inclusion of a scheme in the capital programme. There is a strong history of effective improvements and maintenance programmes at WDC. Stock Condition Surveys started in 1993 and current improvement/renewals programmes are based on these surveys. The next survey should be completed by June 2005 and should be submitted to the ODPM by July 2005. It will take the Decent Homes Standard into account. In effect, the HIP is now driven by the Decent Homes Standard, which, in effect, entails a modernization programme.

3.12 It is imperative that the base data which will be used to produce the 2005 Stock Condition Survey is sound, as CPA Inspectors will be judging the Council on this.

3.13 In terms of formulating the capital programme the initial starting point is the non-decent homes matrix. Then there is a prioritising exercise, taking the following into account.

- (a) Age, condition of properties.
- (b) On site surveys undertaken (choice is allowed on kitchen styles etc.)
- (c) Consultations with the Tenants Business Planning Group.

#### *Working Agreements and Standards*

3.14 The production of a Stock Condition Survey and the Housing Investment Programme together with the management of contracts for both HIP and Programmed Maintenance schemes has historically been the responsibility of Property Services. In effect, Property carries out this work on Housing's behalf as; ultimately, Housing is responsible for these areas.

3.15 Although there are regular liaison meetings between Property Services and Housing there is no Service Level Agreement in place, neither is there a structure which would support an SLA nor a mechanism for enforcing an agreement. Apparently the SLA lapsed some time in 1999/2000. It is also difficult to see how an assessment can be made as to whether standards are being met if standards are not formalised in an SLA. As a starting point it would be necessary for Housing to agree a schedule of work that Property carries out on its behalf.

*Recommendation:*

That an SLA with an appropriate framework and specified standards be reinstated between Property Services and Housing. (Medium risk)

*Head of Housing Landlord / Property Services Manager:*

The need for a revised SLA has been accepted and Housing and Property are working on a revised document and implementing the communication and monitoring agreements that support it. We aim to have completed the exercise by end of November 2004.

3.16 Apart from the necessary liaison which takes place between Property and Housing there is also liaison with the Residents Association. A consultation plan pro-forma/checklist includes a section which details the methods used for the consultation.

3.17 There is also an active Residents Business Planning Group and evidence of this Group's input to the decision making process was seen in a report from Property Services to the Executive (8<sup>th</sup> March 2004). The Group had recommended that the thrust of the Investment Programme should be on replacement kitchens and bathrooms and the installation of double glazing as opposed to the external cladding of properties. This was taken on board.

3.18 Tenants were given information on the 2004/2005 Investment Programme in the document "Maintenance/Improvement works to Council Dwellings"

*Budgets and Monitoring*

3.19 The process for inclusion of schemes within the budgets starts with the Stock Condition Survey. On an annual basis, details of the housing stock, including changes in the number of non-decent homes and expenditure required to make non-decent homes decent during the year have to be submitted to the ODPM. The financial resources available are estimated by the Principal Accountant (Housing) and the annual budget is set out in the Housing Investment Programme for the year.

3.20 The HIP monitor report is the main vehicle for monitoring the HIP budget. The overall aim is to achieve the budgeted spend by the year end. Monitoring of the expenditure on the Improvements/Renewals schemes takes place in three main ways:

- Scrutiny by the Management Teams (Property Services and Housing)
- Scrutiny of the HIP monitor report by the Capital Evaluation and Monitoring Group.
- Regular meetings between appropriate staff from Property Services and Housing

The HIP Monitor report is also used to monitor slippage of schemes within the Programme.



### *Approved List of Contractors*

3.21 For the majority of contractors on the approved list, Constructionline, one of the Capita Group of companies, was used to vet contractors for their suitability to be included in the List. Constructionline provides a free, confidential service to local authorities and is the UK's largest register of pre-qualified contractors and consultants. If a contractor has been vetted and approved by Constructionline they are not required to submit technical and financial references. It is only the smaller local firms that are not appraised by Constructionline and they are subject to in-house vetting as to their suitability.

### *Compliance with Contract Procedures*

3.22 A brief examination of some contract files in conjunction with the details on the Contracts module of the Jobs System did not reveal any major problems. One minor area arose in that the weekly progress records in respect of the re-roofing contract of one set of properties had not been signed by the Clerk of Works where appropriate, although there was provision for this signature.

#### *Recommendation:*

Any contract records which require a signature by the Clerk of Works or Supervising Officer should be signed accordingly. (Low risk)

#### *Property Services Manager:*

This is the procedure now and staff will be reminded of such.

3.23 Some problems had occurred during contracts undertaken at Shrubland Street, Leamington Spa. This was an ambitious programme involving four contracts, namely re-roofing, kitchen and bathroom improvements and also an Environmental Improvement Scheme. There were some issues of poor site security and also lapses in health and safety procedures which were raised during a Resident's meeting. There was also, apparently, a problem related to rubbish skips. The contractor had provided an open rather than a closed skip on the site with the result that it was used as a dumping ground for general rubbish.

3.24 There was also an issue of the contractor, Allworks Limited, being involved with another contract in Leamington Spa at the same time. Consequently the contractor may have been overstretched. Property Services has recognised this issue and the importance of taking into account what other work a contractor may have in order to avoid this situation.

#### *Recommendation:*

The volume of work that any contractor has outstanding should be monitored to prevent a contractor being over committed. (Medium risk)

#### *Property Services Manager:*

This will be easier to do once the P.M.S. is fully operational.

### *Post Contract Follow-Up*

3.25 To improve the way that Improvements/Renewals Contracts are carried out, Property Services has introduced a Residents Questionnaire which is sent to all affected residents within four weeks of practical completion. This questionnaire covers, amongst other things, standard of work, communication, conduct of contractors and how well the work was organised by the Council. It is early days but the forms that have been returned indicate a high level of satisfaction with contracts which have been completed, certainly since the questionnaire was introduced.

#### *General*

3.26 Data from the 2001 Stock Clearance Survey was input by Countrywide Surveyors to an Access database. It was not possible to link this information into the relevant Council system i.e. the Jobs Costing System. This problem should be overcome when the new integrated Housing Management IT System is implemented. The Assets Module will be the first element of the Housing System to go live. This module will contain DHS information. The last module to be implemented will be Planned Maintenance which will replace Property's existing contract management programmes.

### **Council House Repairs – 14 September 2004**

#### **1 Background**

1.1 Housing manages around 5,900 dwellings, 2,200 garages and 470 leaseholder properties.

1.2 The budget for repairs in 2004/05 is £1,734,900 of which £1,149,650 relates to responsive repairs.

1.3 Around 24,000 job orders are raised each year through the Jobs system. The system itself is almost 20 years old and is in the process of being replaced in that it will form one module of an all embracing housing management system.

1.4 A Best Value Review of Stock Management was completed in December 2002. At the time there was a 97% satisfaction rate for repairs and a 91% rate with the housing service in general.

1.5 The Improvement Plan identified a number of actions that would improve the standard of service. Most of the actions have been addressed while others depend on the new management system being fully operational.

#### **2 Scope and objectives**

2.1 The audit was undertaken to review the management of routine or responsive housing repairs i.e. the unplanned routine repairs to housing properties and garages.

2.2 Planned or programmed maintenance is not within the scope of this audit and is treated as a separate audit in the Audit Plan.

2.3 The audit programme identified the control objectives, the expected controls and the possible risks that might arise if those controls were not present.

2.4 Specifically the control objectives that were examined were as follows:

(a) Responsibility for repairs is clearly defined and communicated.

- (b) Tenants and leaseholders are aware of the various methods of reporting repairs.
- (c) Only approved contractors are used to carry out work.
- (d) The nature of the repair is accurately communicated to the contractor.
- (e) The automatic allocation of jobs is transparent and follows established procedures.
- (f) Manual allocation of jobs is only effected when the original contractor is unable to do the work.
- (g) Repairs are prioritised correctly.
- (h) Additional work is authorised.
- (i) Work is charged in accordance with contractors' schedules of rates.
- (j) Repairs are completed in accordance with established time scales.
- (k) Repairs are carried out to an acceptable standard
- (l) There are controls which ensure that jobs are finished and invoiced promptly.
- (m) There are systems in place to monitor contractor performance.
- (n) Achievement against performance/improvement objectives and targets is monitored effectively.
- (o) Adequate control and security arrangements are in place to preserve the integrity and availability of the Jobs system and data.
- (p) The budget for repairs is prepared, monitored and reported in accordance with standard procedures.
- (q) Risks relating to the service are identified and responsibility for them is assigned.

### 3 Findings and recommendations

3.1 The findings and recommendations are listed below and correspond to the control objectives listed at 2.4. For most of the control objectives there are adequate controls in place and consequently no recommendation. In such cases the findings are reported on only briefly, if at all.

3.2 Overall, the audit drew the conclusion that the responsive repairs service is well managed and is highly regarded by customers. This conclusion is based on the established nature of the Jobs system which is understood by staff and contractors, the relatively low staff turnover within Housing, the high level of satisfaction expressed by customers of the service and the generally favourable budgetary performance.

3.3 The findings and recommendations are listed overleaf:

*Responsibility for repairs is defined*

3.4 The types of repairs that are the responsibility of the Council and of tenants respectively are defined in various documents and literature.

3.5 What is not clearly defined is the situation where repairs that are the tenant's responsibility are carried out by the Council e.g. gaining access and replacing locks when keys have been lost.

3.6 What happens is that a Council contractor does the job and the cost is recharged to the tenant by raising a sundry debtor account.

3.7 In many cases the tenant simply does not pay the account and it is eventually written off. Amounts written off in recent years are as follows:

2004/2005 (to date)	-	£4,915
2003/2004	-	£6,196
2002/2003	-	£7,731
2001/2002	-	£6,805

3.8 A brief examination of accounts written off indicates that it is not a case of being unable to trace the debtors as they still live in the property where the repair was carried out.

*Recommendation:*

At future reviews of the relevant documents, paying for repairs that are the tenant's responsibility should be more clearly defined. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted. A full review of the rechargeable repair policy and procedures will be undertaken prior to implementation of the Repairs Module of the MIS IT system scheduled for go-live August 2005. Documents including the Tenant Handbook will be amended and revised information placed on the web site.

*Recommendation:*

To assist in the recovery process tenants should be required to sign an undertaking accepting the charges for rechargeable repairs. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted. Revised procedures to be implemented when policy reviewed. In interim current form used when tenants request a rechargeable repair at Reception to be issued to contractors for urgent repairs and sent out for non-urgent repairs.

*Recommendation:*

Records of non payment of accounts should be kept on file and linked to appropriate tenants' requests e.g. transfers. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted in principle. However, Lettings Policy would require amendment if transfers to be withheld due to outstanding rechargeable repair monies. This will be incorporated into Choice Based Lettings, due to be implemented Summer 2005. In meantime existing arrangements will remain.

*The nature of the repair is communicated accurately to the contractor*

3.9 Repairs clerks have been trained in the technical aspects of property repair work so that they are able to interpret the tenants' descriptions of the required work.

3.10 One of the improvements identified in the Best Value Review was to offer customers the option to report repairs directly to the Gas and Electric contractors. This was implemented in April 2003.

3.11 This potentially leaves the Council in a vulnerable position as Housing are not involved in the assessment of the job and are relying on the contractors to invoice the Council only for work that was genuinely required.

*Recommendation:*

Pre-inspections by independent engineers on gas and electric jobs should be introduced at a scale considered appropriate. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted in principle. However, it is not felt that the risk of paying for unnecessary work is medium or above as the contractors concerned are CORGI registered and working to NIEC guidelines, nor that it justifies the expense and delay of independent engineer pre-inspection. However further evaluation will be undertaken prior to implementation of new IT system.

*Repairs are prioritised correctly*

3.12 All repairs are given a target completion date which will depend on the nature of the work. Works involving gas, electricity, water and security are likely to attract a same day completion whereas decorating work is likely to have a thirty day target. Also, certain repairs have a statutory completion target.

3.13 The Best Value Review reported that the number of emergency (24hr) repairs had increased each year from 1999/2000 to 2001/2002 from 37% to 39%. The report implied that too many jobs were being given an emergency rating and the Improvement Plan proposed consulting tenants on priorities and completion times.

3.14 Tenants were consulted and no changes were required.

3.15 In 2003/2004 the number of emergency jobs that increased further to just over 43%

3.16 Performance on emergency and 3 day jobs is good and in every month of 2003/2004 the target was exceeded. At the same time performance on 8 day and 30 day jobs was poor.

3.17 Emergency and 3 day jobs made up 71% of the repairs completed in 2003/2004.

3.18 If contractors are being given a high proportion of work that is required to be completed in a short timescale it is likely that less urgent jobs will suffer as a result.

*Recommendation:*

The categorisation of repair jobs and the approach adopted by the repairs clerks should be examined to ensure that repairs are given the correct priority. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted. Current categorisation to be re-affirmed with repair reporting staff. Revised categorisation being evaluated prior to implementation of new Repairs Module. Training programme for repair reporting staff to be undertaken once on-going BPR work finalised, probably March 2005.

*Repairs are completed in accordance with the laid down timescales*

3.19 Statistics on repairs performance are produced monthly and circulated for consideration at the meetings of Housing Services.

3.20 As mentioned previously performance on 24hr and 3 day jobs is good but on 8 and 30 day jobs the targets were not reached in any month during 2003/2004.

3.21 Part of the reason may be that the high proportion of urgent jobs diverts the contractors away from the less urgent jobs.

*Recommendation:*

The failure of contractors to meet completion dates on longer term jobs should be examined alongside the review of the categorisation of emergency work. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted. Full review of repair categorisation and contractual arrangements with repair contractors to be undertaken prior to implementation of repairs module.

*Controls ensure that jobs are finished and invoiced promptly*

3.22 It is in the contractors' interest to ensure that jobs are shown as finished as failure to do so could prejudice the future allocation of work.

3.23 As part of the monitoring of outstanding jobs the Jobs system produces a weekly report of jobs outstanding that have exceeded their date for completion. Sections of the report are faxed to the relevant contractor who is required to give a response by fax within two days.

3.24 It is evident that many of the jobs in the report are long overdue, some by more than two years and should not be included in the report. They have possibly been raised in error or completed by some other means.

3.25 In order to make the report a meaningful piece of management information it should contain only valid, current information.

*Recommendation:*

The jobs outstanding report should be examined and all non relevant jobs should be formally cancelled. (Low risk)

*Head of Housing Landlord:*

Recommendation accepted. To be undertaken half-yearly.

*There are systems in place to monitor contractor performance*

3.26 There are various measures in place to monitor contractor performance including repairs satisfaction cards, the number of recalls to jobs, reports from the system, post inspections and dialogue with contractors.

3.27 There is a post inspection target of 12½% of completed jobs. At the time of the last audit, September 2001, this target was being achieved. In 2003/2004 the target was only achieved in two months.

3.28 Regular dialogue with the contractors is an essential means of resolving operation problems, discussing progress and performance and improving the service. The last formal meetings with contractors were in July 2003.

*Recommendation:*

The post inspection procedures should be reviewed with a view to achieving the inspection rate target. (Medium risk)

*Head of Housing Landlord:*

Recommendation accepted in principle. However, whilst the current BPR work aims to change emphasis from pre-inspection to post-inspection, the existing targets also require re-evaluation.

*Recommendation:*

A meeting of the contractors' forum should be convened in the near future particularly in view of imminent changes to the system. (Low risk)

*Head of Housing Landlord:*

Completed.  
Contractor Forum held 27.10.04.

*Adequate control and security arrangements are in place to preserve the system and data*

3.29 Access to the various sections of the system and the ability to view, amend, update etc, is controlled by the conventional means of an individual password and profile.

3.30 There are currently in the region of 120 users for the system and some of the "users" will provide access for a more than one person e.g. the AUDIT user name which provides view only access is used by four people.

3.31 A cursory inspection of the users revealed the name of one member of staff who left a few months ago and one case of a user having an inappropriate profile.

*Recommendation:*

The Jobs system user list should be reviewed to ensure that all users and profiles are still relevant. (Medium risk)

*Head of Housing Landlord:*

Completed.

Current list reviewed.

Exercise to be undertaken half-yearly.

## **Housing Maintenance Programme – 24 August 2004**

### **1 Background**

1.1 The Housing Maintenance Programme, also known as the Major Works Programme, forms part of the Housing Repairs Account. There is an estimated £1,167,000 expenditure for 2004/2005 for this programme and it is revenue funded. This work is planned or cyclical in nature and in this respect it differs from the day to day housing responsive repairs. Virtually all of this type of work is carried out under contract.

1.2 Some examples of the type of work which forms the Major Works Programme include external painting, which is carried out every five years, and internal painting, which is carried out every three years. Within the electrical and gas appliance servicing contracts there is an element of planned maintenance although most of the work carried out under these contracts is categorised as responsive repairs. Further examples of planned maintenance are lift and door entry system maintenance.



## 2 Scope and objectives

2.1 The audit was undertaken in order to appraise the soundness of the systems for planning, funding and commissioning work on Housing properties in order to maintain stock condition to the requisite standards.

2.2 Specifically, the control objectives that were examined were as follows:

- (a) That the control framework is adequately defined and maintained.
- (b) That standards, objectives and related risks are properly defined, communicated and managed.
- (c) That operational controls are adequate, effective and reliable.
- (d) That managerial and supervisory controls provide effective monitoring.
- (e) That management information and reporting mechanisms are adequate, effective and reliable.

## 3 Findings and recommendations

### *Strategic Areas*

3.1 Both the Housing Strategy and the HRA Business Plan have received a “fit for purpose” accreditation from the ODPM (West Midlands). In effect, the Business Plan was considered to be excellent and a fresh plan will not have to be submitted for three years.

3.2 Unlike the Housing Investment Programme, which is fundamental to the Decent Homes Standards (DHS), Programmed Maintenance only supports the DHS indirectly by ensuring that the Council dwellings are kept in a good state of repair.

3.3 In terms of the Council's Corporate Strategy, the relevance of programmed maintenance is the contribution which it makes to the objective “meet the housing need” and, more specifically, to one of the targets related to that objective namely “to improve the quality of Housing”.

### *Planned Maintenance Programme*

3.4 The programme comprises the following:

- (a) Electrical Servicing Contract.

All properties are targeted for an electrical inspection over a five year period, therefore 20% of properties are covered each year. Electrical inspections are not mandatory but it is considered to be good practice and preventative in nature in that any electrical fittings which are deteriorating can be replaced before actually failing.

- (b) Gas Servicing Contract.

All properties are serviced annually. The Council, as the landlord, has a legal duty to carry out gas safety checks.

- (c) External Painting.

There is a work programme for all properties in a particular street. The painting programme is based on a five yearly cycle. The Council has faced increasing costs in this area. This is due partly to health and safety requirements.

(d) Internal Painting/Decorating.

This is carried out on an eight year cycle. At present consideration is being given to revising the schedule for the internal painting of communal areas. There has been a problem with vandalism in some communal areas at blocks of flats. The attention given to these areas has meant that painting at other sites has had to be delayed. As a consequence a revised schedule was deemed necessary.

(e) Lift Maintenance

There is a standard annual check carried out by the contractor plus 5 and 10 year services.

(f) Door Entry Systems

Checks are made twice a year. These systems are subject to a significant degree of vandalism.

(g) Stairlift Maintenance

The installation of stairlifts comes within the capital programme. This maintenance contract is worth around £10,000 per year.

(h) Other Minor Areas

These include re-pointing of brick work and the occasional replacement of guttering.

3.5 There are annual budgets for all of the above categories. Although the biggest budgets appear to be for the gas appliance and electrical servicing contracts (£358,750 and £287,000 respectively) the programmed element accounts for only a small proportion of these budgets, the vast majority of which relates to responsive repairs. The external painting budget, which was increased for the current year from £250,000 to £375,000 (Executive 28<sup>th</sup> July 2004) is actually the biggest area of expenditure.

*Working Agreements and Standards*

3.6 The production of the Housing Maintenance Programme together with the management of contracts relating to the Housing Maintenance Programme has historically been carried out within Property Services. In effect, Property Services carries out this work on Housing's behalf.

3.7 Although there are regular liaison meetings between Property Services and Housing there is no Service Level Agreement in place, neither is there a structure which would support an SLA nor a mechanism for forcing an agreement. The SLA between Property and Housing lapsed several years ago. Without standards being formalised in an SLA it is difficult to see how an assessment can be made as to whether standards are being met. As a starting point it would be necessary for Housing to agree a schedule of work that Property carries out on its behalf.

*Recommendation:*

That an SLA with an appropriate framework and specified standards be reinstated between Property Services and Housing. (Medium risk)

*Head of Housing Landlord / Property Services Manager:*

The need for a revised SLA has been accepted and Housing and Property are working on a revised document and implementing the communication and monitoring agreements that support it. We aim to have completed the exercise by end of November 2004.

3.8 Property Services has been active in liaising with Residents Groups. In particular the Residents Business Planning Group is kept informed and encouraged to become involved with the decision making process. In general, tenants are giving information on work programmes in the document "Maintenance/Improvement Works to Council Dwellings".

#### *Approved List of Contractors*

3.9 Construction Line, one of the Capita group of companies, is used as a starting point. Firms who are registered with Construction Line, which is the UK's largest register of pre-qualified contractors and consultants, have already been vetted, both technically and financially. Property can therefore choose from local firms who are registered with Construction Line and, for smaller jobs, can advertise to attract the small firms who will not be registered with Construction Line.

#### Compliance with Contract Procedures

3.10 The contract files for the gas servicing and repair, electrical maintenance and repair, external painting (Kenilworth) and internal painting/communal internal decorations and floor coverings were examined. There was evidence on the files that the appropriate contract procedures had been followed.

3.11 The Supervising Officers reported problems in gaining access to some properties for the electrical and gas servicing contracts. This is more crucial for gas servicing than electrical as the Council has a legal duty to carry out gas safety checks. Apparently, there is a hard core of approximately 70 properties where gaining access to carry out gas safety checks is a problem.

3.12 Both Housing and Property have taken steps to alleviate this problem. The Home News publication is used to remind tenants that access is required. Property has arranged for the contractor to offer a degree of flexibility in visiting times i.e. in evenings and Saturday morning. Housing use a series of standard letters couched in terms of increasing severity to try to gain access to properties. These letters explain that the Council is legally bound to inspect gas appliances to ensure safety and to be able to issue a gas safety certificate. The final letter of this series is sent recorded delivery and threatens forced entry to the premises if access is not allowed.

3.13 The problem is not confined to this authority. A recent article in the Municipal Journal referred to Chesterfield Borough Council preparing to take hundreds of tenants to Court for failing to let officials in to make gas safety checks.

3.14 It is accepted that Property Services and Housing have taken all reasonable steps to gain access to this hard core of properties. However, because of the element of risk involved, either through gas explosion or carbon monoxide poisoning within individual properties, it is important to continue to reduce this hard core of properties where access is denied.

*Recommendation:*

That steps be taken to gain access to all properties, including Court action, in order to carry out full gas safety checks. Initially, targets should be agreed between Property and Housing to reduce the number of properties where access has proved impossible. (Medium risk)

*Property Services Manager:*

A publicity exercise early in 2004 threatening the use of forced entry as an option of last resort, reduced the number of dwellings not accessed from 129 to 39 (70 dwellings were outstanding at the time of the audit). Housing and Property are liaising with Legal to instigate court action if necessary for the remaining 39 dwellings.

*Budget Setting and Controlling*

3.15 As referred to earlier in the report, annual budgets are set for the various components of the housing maintenance programme. There are, however, inherent difficulties in arriving at budgets for gas and electrical servicing. These contracts, which run for 5 years, are tendered for on the basis of a notional quantity of work. Whereas it is possible to forecast, with a degree of accuracy, the expenditure on the servicing element of these contracts, the vast majority of the work relates to responsive repairs and this is unpredictable and may vary from year to year.

3.16 Both the gas and electrical contracts were overspent in 2003/2004. The gas servicing budget was £358,750 and the actual expenditure was £394,246. The electrical servicing budget was £287,000 and the actual expenditure was £310,064.

3.17 The Business Manager (Property Services) is aware of the need to scrutinise works under the electrical contract to ensure that it is strictly revenue expenditure and that items such as new extractor fans and storage heaters are charged to capital and not to this contract.

3.18 One of the implications of the Council deciding to retain the housing stock is the restriction on budgets. If electrical and gas contract budgets have to increase then other housing budgets would have to be reduced accordingly. It is not an option to increase rents to pay for overspends. This could have the effect of compromising the decent homes programme.

3.19 The Major Works Monitor Report is the main vehicle for monitoring the Programmed Maintenance budget. This report is examined by the Property Services Business Management Team. The Property Services Manager, under the financial monitoring procedures has to sign off the budget and agree expenditure forecasts. The Housing Client is kept informed of progress through the Housing Liaison Group meetings.

*General*

3.20 The new integrated Housing Management IT system contains several modules. The last module due to be implemented will be Planned Maintenance. This will replace Property's existing contract management programmes. It is understood that one of the attributes of this module will be the possibility of coordinating visits by different contractors to the same property. For example, if a plumber has an appointment at a particular property the system should be able to flag this up for the information of other contractors, e.g. a gas safety engineer, who can then access the property at the same time. This should lead to more efficient working practices.

### **Golf Course – 5 July 2004**

#### **1 Background**

1.1 Newbold Comyn Golf Course opened in the 1970s and for many years enjoyed considerable success in that income increased year on year and always far outweighed expenditure.

1.2 The last few years have seen a reversal of that situation for reasons that have been well documented in reports to committee and in the local media. This has seen a reduction in the number of golfers playing the course with the obvious effect on income.

1.3 The main reasons for the situation are said to be:

- Competition from other local courses, there are 27 other golf courses in Warwickshire.
- A reduction in the number of golfers nationally.
- Long-standing drainage problems at the course, particularly the back 9 holes.
- The condition of the greens caused by the disease Fusarium.

1.4 Income from the course in recent years is as follows. The figures are pure takings and no account is taken of price increases.

1999/2000	-	£276,634
2000/2001	-	£221,249
2001/2002	-	£242,087
2002/2003	-	£246,075
2003/2004	-	£194,120

As far back as 1993/94 income was £312,571.

1.5 Overall ticket sales in 2003/2004 were only 75% of the previous year's figure.

1.6 There is, however, optimism that the situation has reached rock bottom and that from now on the only way is up.

1.7 Improvements to irrigation and drainage last year costing £30,000 have brought some improvement to the condition of the course. There is a further £50,000 in the Capital Programme in 2005/2006 for drainage works.

1.8 Different approaches to dealing with the condition of the greens have brought some improvement but it will take a while longer for them to be completely disease free.

1.9 However, this new found optimism is not yet reflected in income and booking sheets for tee times in the Golf Shop contain very few entries.

1.10 Income for the first 9 weeks of 2004/2005 taken from the weekly returns is £37,883 compared with £43,884 for the same period last year.

## 2 Scope and objectives

2.1 The audit was undertaken to establish and test the controls in place over the management of the course.

2.2 The audit programme identified the controls that were expected to be in place and the possible risks that might arise if those controls were not present.

2.3 Specifically the control objectives that were examined were as follows:

- (a) Appropriate management arrangements are in place.
- (b) Expenditure is authorised and approved in accordance with standard procedures.
- (c) All income due is collected and properly accounted for.
- (d) The budget for the service is controlled in accordance with standard procedures.
- (e) Appropriate and timely management information is produced and circulated to relevant officers.
- (f) There are appropriate insurance and risk management arrangements in place.
- (g) Measures are in place to maintain and improve the overall performance of the course.
- (h) There are adequate and appropriate arrangements in place to promote the course.

## 3 Findings and recommendations

3.1 The findings and recommendations are listed below and correspond to the control objectives listed at 2.3. For most of the control objectives there are adequate controls in place and there is no recommendation so these are referred to only briefly.

3.2 Overall the audit drew the conclusion that although the overall performance of the course has been in decline of late and looks set to decline even further, there are sound controls in most areas.

3.3 The findings and recommendations are listed below:

### *Management Arrangements*

3.4 Following a restructure of Parks and Recreation that was implemented from 1<sup>st</sup> April 2003 the Sports, Leisure and Community Manager became responsible for all contracts, and therefore the Golf Course, and became the Sports, Leisure and Parks Contract Manager.

3.5 The Contract Manager with responsibility for the golf course commenced his duties with the Council on 26<sup>th</sup> August 2003.

3.6 The Golf Professional who is responsible for the day to day management of the course and particularly bookings and income collection and banking operates under a 5 year contract that expires on 30<sup>th</sup> September this year.

3.7 As the future management of the course is under consideration there have been no moves to extend, renew or terminate the contract at the end of its term. One effect of this is that the professional is unwilling to order stock for sale for the winter season not knowing if he will still be employed or not. The absence of items for sale could be viewed as a reduction in the overall facilities available to customers and another reason to play elsewhere.

3.8 The uncertainty created by this situation at this late stage in the contract is undesirable for both the professional and the Council.

*Recommendation:*

A resolution to the uncertainty surrounding the golf professional's contract should be sought as soon as possible. (High risk)

*Head of Leisure and Amenities:*

Contract extended to 31<sup>st</sup> March 2005 with further extension to March 2008 recommended subject to receipt of an acceptable marketing plan from the golf pro.

*Expenditure authorised and approved*

3.9 Expenditure on the golf course is processed through the Council's Orders system and can therefore only be authorised by staff with the necessary authority.

3.10 Most income is collected through a pre-programmed till and is recorded on a weekly return supported by a till roll detailing the various types of sales. This is forwarded to Financial Services for the compilation of statistics and monitoring purposes in the standard fashion.

*Income due is collected*

3.11 Most income is collected through a pre programmed till and is recorded on a weekly return supported by a till roll detailing the various types of sales. This is forwarded to Financial Services for the compilation of statistics and monitoring purposes in the standard fashion.

3.12 Initially it was not all clear what controls there were as regards recording and storing information in the till as nobody had any knowledge of the till's operation and it appeared that each weekly reading zeroed the till's memory. Discussions with the professional revealed that all till transactions are recorded on a separate till roll that is changed each time it runs out. Copies of these till rolls are kept in the Golf Shop and the professional has no use for them.

3.13 As the till rolls appear to be the control element of the till's operation they should be forwarded to Financial Services where as a minimum check continuity of transactions from one roll to another should be established.

3.14 The till is a vital part of the income collection process but nobody within the Council has any knowledge of its operation or capabilities. A manual should be obtained from the supplier in order that the control features and information capabilities can be explored.

3.15 In an effort to respond to customers' requests, various categories of season tickets were introduced fairly recently. Most customers pay an initial fee and an admin fee and then monthly by direct debit. If a customer then cancels the direct debit they still retain their season ticket, the professional remains unaware of the situation and the customer could continue to play "free" for several months.

3.16 It has long been claimed that golfers can start their play at the 11<sup>th</sup> hole, which is not visible from the Golf Shop, play until the 17<sup>th</sup> and then leave the course without paying. This situation is said to be still occurring but it is not considered to be a major problem. The professional patrols the course as time permits and other golfers have been known to report examples of it by telephoning the shop on their mobile phones. In the absence of a full time ranger patrolling the course on a regular basis, the placing of a suitably positioned warning notice may be worthwhile considering.

*Recommendation:*

Completed till rolls should be forwarded to Financial Services and used as part of the monitoring process. (Low risk)

*Contract Manager:*

Till rolls are passed to Finance on a monthly basis and return sheets every fortnight.

*Recommendation:*

An operation manual for the till should be obtained from the supplier. (Medium risk)

*Contract Manager:*

Operation manual received on 26<sup>th</sup> July 2004.

*Recommendation:*

Details of cancelled direct debits for season tickets should be supplied to the professional on a regular basis. (Medium risk)

*Administration Manager:*

Golf pro as up-dated list and Tony Rees keeps everyone updated.

*Recommendation:*

The siting of warning notices concerning non payers should be considered. (Low risk)

*Contract Manager:*

Under consideration.

*Budgetary Control*



3.17 Standard budgetary control features are in place and as already mentioned there are very few budget heads of any size apart from course maintenance and income.

3.18 An examination of the last 3 financial year's budgetary performance only reveals what is already known i.e. poor performance on income.

#### *Management Information*

3.19 Access to the General Ledger is available to most staff so financial performance is instantly available.

3.20 The till roll that accompanies the weekly return is analysed on a spreadsheet in Financial Services and provides comprehensive information on the various categories of play at the course e.g. 9 or 18 holes, weekday or weekend etc. A copy of the spreadsheet is forwarded each month to the Contract Manager, Graham Redfern, in Leisure.

3.21 As well as the above information, managers in Leisure will need to know the views of the customers. Customer feedback is received informally from the professional by way of comments, good or bad, made to him by golfers. Meetings are held with Newbold Comyn Club, whose members are the biggest and most regular group of customers of the course and who contain within them some of the fiercest critics of the course.

3.22 There is a customer comment form and box at the Golf Shop provided by the professional but their appearance and location are unlikely to encourage any response.

3.23 Leisure have a more eye-catching customer comments form for sports, leisure and parks facilities. Copies are not provided in the Golf Shop.

#### *Recommendation:*

Copies of the customer comments form with a suitable notice and box should be provided in the Golf Shop. (Low risk)

#### *Contract Manager:*

There is a box in the golf pro's shop plus a supply of customer comment forms.

#### *Insurance and Risk Management*

3.24 Although the operation of a golf course has the potential for accidents and damage that would be unique to the activity, no specific insurance cover is required. Any claims would be dealt with under the Council's standard policies.

3.25 Insurance cover on the safe in the Golf Shop is £7,500. This is purely for cash takings. Although it seems unlikely that this figure will be exceeded, given the current level of income, on several occasions in 2003/2004 cash takings were just over or close to £7,000. Additionally the golf professional keeps the takings from his side of the business in the safe so the limit is likely to be exceeded and will be exceeded if there are problems with Securicor's collection service which is currently a weekly collection. Increasing the insurance limit on the safe is not an option so unless a new safe is purchased or the collection frequency is increased, both of which have obvious cost implications, then the amount of cash in the safe at any one time must be monitored very closely.

3.26 No issues that are specific to the golf course are recorded in Leisure's Risk Register. General issues such as damage to buildings and the failure of contractors would include the golf course.

3.27 The location of the Golf Shop and the hours of business for the course combined mean that when the professional is cashing up at the end of the week i.e. on a Sunday evening, he is in a somewhat exposed and vulnerable situation. It would not be difficult for would be thieves to realise that Securicor collect on a Monday morning and therefore a week's takings will be in the shop on a Sunday evening.

3.28 The professional is aware of this but has expressed no concern for his personal safety, presumably as there have been no incidents. It is nonetheless a high risk area that should be assessed.

*Recommendation:*

Measures should be introduced to ensure that the amount of cash held in the safe in the Golf Shop remains within the insurance limit. (Medium risk)

*Contract Manager / Insurance Officer:*

Not a problem at present due to amount of cash kept in safe but to be kept under review.

*Recommendation:*

The cashing up and collection procedures should be risk assessed to establish if the risk can be minimised. (Medium risk)

*Contract Manager / Insurance Officer:*

Meeting to be set up with Keith Ramsbottom to review, but Golf pro has insurance for his own money.

*Issues facing the course*

3.29 The issues facing the course can be confined to one main area and that is the condition of the course. Other issues will be the result of that and they are reputation and the fall off in numbers playing.

3.30 Some work has already been done on irrigation and drainage and further drainage works are planned in 2005/2006. Different approaches to dealing with the conditions of the greens are said to be encouraging and improvements are being achieved.

3.31 The big challenge facing the course concerns the number of golfers playing i.e. encouraging new players, retaining the existing ones and trying to win back those who have gone elsewhere.

*Marketing and Promotion*

3.32 Marketing and promotion has historically not been an issue for the course as it had enjoyed a long and successful existence.

3.33 The last few years have been a reversal of that position and have created a need to take some positive steps in marketing and promotion.

3.34 The lack of activity in marketing has been due to not having a facility that is worthy of promotion and wanting to improve the course so that is something to be proud of first before embarking on singing its praises.

3.35 Another factor that has restricted marketing activity have been the lack of a suitable budget for the purpose.

3.36 Some “quick fix” marketing and promotion issues were identified during the audit.

- Signage for the course. A stranger could visit Newbold Comyn Leisure Centre and not realise that there was a golf course across the road.
- The ‘Opening Times and Price List’ leaflet was only seen in the Golf Shop. It should be in every leaflet rack in the in the District.
- The Council’s website contains only the briefest mention of the golf course.
- The Leisure Guide for October 2003 to September 2004 does not mention the golf course.

3.37 A marketing and promotional plan is needed to explore ways of increasing income from the course. Members of staff in Leisure in Sports Facilities, the Pump Rooms and the Spa Centre will have experience in marketing and will be able to offer assistance. It will not be essential to engage external expertise in order to devise a plan, although that is a possibility.

*Recommendation:*

A marketing and promotional plan should be prepared in an attempt to increase the use of the course. (Medium risk)

*Sports, Leisure and Parks Contract Manager:*

Bid for £10,000 included in Service Plan. Advert currently in Heart magazine.

**Newbold Comyn Leisure Centre – 26 July 2004**

1 Scope and objectives

1.1 The audit examination was undertaken for the purpose of:

- (a) assessing the robustness of control procedures for handling of cash receipts taken at Newbold Comyn Leisure Centre and maintenance of official cash floats;
- (b) verifying adherence to those control procedures.

1.2 An on-site cash audit was conducted on 20<sup>th</sup> July 2004 without prior notice. Checks undertaken comprised:

- (a) test on awareness of security procedures for the reception/back-office area by requesting admission to on the strength of verbal identification without production of ID card;
- (b) reconciliation of till cash and floats to a system print-out and to the current record of floats advanced;
- (c) verification of cashing-up statement amounts to banking records in respect 10 days immediately prior to the visit;
- (d) examination of end-of-shift cashing up statements going back 10 days (20 shifts) with emphasis on adherence to refunds/voids controls and incidence and extent of unders/overs.

## 2 Conclusions and recommendations

- 2.1 The controls in operation as reviewed and tested provide appropriate assurance of proper handling and accounting for cash taken at Newbold Comyn Leisure Centre.
- 2.2 However, circumstances in which the auditor was allowed entry to the cash handling area by an inexperienced employee on duty at the time raise the question as to whether enough is being done to ensure to ensure awareness and adherence to security procedures.

### *Recommendation:*

Leisure Centre Managers should ensure that all staff are conversant with proper procedures for dealing with requests by visitors for admission to cash handling and back-office areas. (Medium risk)

### *Sports Facilities Manager:*

All sites reminded of procedures regarding unauthorised/unidentified access to offices/reception areas.

### IMPLEMENTATION POSITION OF INTERNAL AUDIT RECOMMENDATIONS

#### HIGH RISK RECOMMENDATIONS BROUGHT FORWARD (OUTSTANDING) FROM PREVIOUS QUARTERS:

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	PREVIOUS STATE OF IMPLEMENTATION	CURRENT STATE OF IMPLEMENTATION
<b>Review of EMAS Project / Environment Directorate / 13th November 2003</b>			
<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"> <li>• Terminate arrangements with current contractor and attempt to make progress unilaterally.</li> <li>• Terminate arrangements with current contractor and engage another consultant.</li> <li>• Negotiate with current contractor to provide better and more effective assistance.</li> <li>• Terminate arrangements with the current contractor and, furthermore, no longer pursue the objective of achievement of implementation of an environmental management system.</li> </ul> <p>Director of Environment (<i>Although fully discussed with the Director of Environment the management response was completed by the Head Of Community Safety &amp; 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>	<p>Already implemented as per "initial response".</p>

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	PREVIOUS STATE OF IMPLEMENTATION	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.	Already implemented as per "initial response".
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.	Report to 14 June Executive was approved.

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	PREVIOUS STATE OF IMPLEMENTATION	CURRENT STATE OF IMPLEMENTATION
<b>Royal Pump Rooms and Art Gallery / Leisure and Amenities / 6th May 2003</b>			
<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 &amp; 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 &amp; 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 &amp; 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>	<p>Response from Heritage and Arts Manager: I am advised by Property Services that arrangements have been made to replace the poorly performing air conditioning units. The provisional starting date for the work is mid February 2005.</p>

### **IMPLEMENTATION POSITION OF HIGH RISK RECOMMENDATIONS ISSUED IN QUARTER 4 2003/04:**

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Treasury Management / Finance / 14<sup>th</sup> January 2004</b>		
The bank should be instructed to require two authorised signatories on electronic fund transfer forms / Principal Accountant (Capital and Treasury Management)	<p>Agreed if this was an Audit requirement.</p> <p>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.</p>	<p>Two authorised signatories are required for EFTs.</p> <p>For manual fund transfers, the requirement of two authorised signatories has been included in the Bank Tender Specification for which tenders are currently being evaluated.</p>
<b>Value Added Tax / Finance / 4<sup>th</sup> February 2004</b>		
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	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.	<p>Option to tax Spencer's Yard scheme has been approved by Customs and Excise however this will be reviewed in the light of the new funding arrangements. For Spencer's Yard</p> <p>The Finance VAT intranet site has been expanded to include more information concerning the VAT de minimus rules.</p>



RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Committee Services / Members' Services / 6<sup>th</sup> February 2004</b>		
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	The Audit and Risk Manager will liaise with the Risk management Steering Group at its next meeting (March 2004).	This recommendation has been actioned: the issue of safety at committee meetings has been discussed by the Risk Management Group; emergency procedures are outlined at the start of each committee meeting; safety at meetings is recorded in Members' Services' Risk Register; the profile of safety at planning meetings has been raised such that Planning consider for each planning meeting whether special measures need to be taken.
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)	Agreed.	The Employment committee considered member training in September and agreed that health and safety training should be part of the training programme for 2003/04. Further proposals for implementing this will be produced in December. The training needs of staff involved in the democratic process have been assessed through the appraisal process.
<b>Information Governance / IT / 2<sup>nd</sup> March 2004</b>		
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	<p>The Group was formed to steer preparation for the Freedom of Information Act, which remains its primary focus.</p> <p>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.</p>	<p>Training sessions on FOI have been made available for all Members, senior managers and FOI responsible officers, and staff.</p> <p>The wider information governance issues will need consideration once FOI has been introduced and the systems have settled down. This remains the priority area at present.</p>

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<p>A report should be submitted to Corporate Management Team by the Information Agenda Steering Group with a view to:-</p> <ul style="list-style-type: none"> <li>• establishing Freedom of Information as an ongoing core Brief item;</li> <li>• re-designating a corporate champion from CMT;</li> <li>• securing clear direction to Service Area Managers</li> <li>• considering implications for Members and agreeing appropriate action</li> </ul> <p>Information Agenda Steering Group</p>	<p>The Assistant Solicitor has submitted a statement to be incorporated in the Core Brief, Members' Bulletin and Warwick Update.</p> <p>An action plan has been formulated addressing officer/member championship, training and communication issues.</p>	<p>Regular features have been appearing in the last few Warwick Updates /member bulletins on The Act generally, Exemptions, the Public interest test and Contractors.</p> <p>The Action Plan has been largely implemented. Schedules of Information have been drawn up. Responsible Officers have been Identified. Approx. 400 staff/members will have been trained as at 26<sup>th</sup> November. An FOI/Data Protection Policy was approved by the Executive on 25/10/04.</p> <p>They have signed a commitment letter to be circulated electronically with an FOI "manual" to be circulated in December.</p> <p>SAMs have all been trained and will receive a manual in December.</p> <p>IC guidance on members position under the Act obtained. Training sessions held for members and Senior Officers but less than half of members attended. A guide for members to be prepared/circulated in December.</p>
<b>Sheltered Housing and Community Care Management System / Director of Community Resources (Elderly Persons' Services) / 22<sup>nd</sup> March 2004</b>		
<p>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</p>	<p>A full risk assessment will be completed by 31 July 2004.</p>	<p>Risk assessment completed and included in revised Risk Register.</p>

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<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"> <li>• The target to implement Single Status in 2005/06 will be revised to 2004/05.</li> <li>• The targets to achieve ASAP accreditation by December 2004 will be revised to December 2005</li> <li>• The target to adopt the CSHS Code of Practice by December 2004 will be amended to 1 April 2006</li> </ul> <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>04/05 Service Plan amended 05/06 draft Service Plan includes revised targets.</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>Single status implementation underway and on schedule to commence April 2005. Implementation plans for other targets scheduled for last quarter of 04/05.</p>

**IMPLEMENTATION POSITION OF LOW AND MEDIUM RISK RECOMMENDATIONS ISSUED IN QUARTER 3 2003/04:**

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Land Charges / Legal / 21st October 2003</b>		
Monthly income totals reported from the workflow systems should be compared to the ledger totals for the same periods / Head of Legal Services/Land Charges Officer	The Principal Accountant will be asked to ensure that the income total reported in the monthly statistics is compared to the ledger total and advise on any significant variance.	Carried out through the monthly budget monitoring sheets as from April 2004.
<b>Castle Farm Recreation Centre/ Leisure &amp; Amenities / 23rd October 2003</b>		
Staff at Castle Farm should be reminded of the need to keep the door to reception locked during all times that it is not in use / Sports Facilities Manager	Sports Facilities Manager issued memorandum stating "the door to the office is closed and the digital lock is in use and that all visitors asking to enter the office are asked for proof of identity before access to the office is allowed".	Sports Facilities Manager on site at CFRC 17 <sup>th</sup> Nov 2004 as part of routine procedure and health and safety audit checks. Door locked on visit. Assured by Centre Manager that the procedure is being followed.
Staff at Castle Farm should be reminded of the need to obtain proof of identity from all visitors to the centre who are not known to them / Sports Facilities Manager	See above.	Assured by Centre Manager that the procedure is being followed.

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Lift Maintenance / Property / 7th November 2003</b>		
The current arrangement for deducting tax from Concept needs to be investigated and if it is to continue then evidence should be obtained to support it. Specifically the Inland Revenue should be contacted and asked to give for their views on the acceptability of the arrangement and why it is necessary / Energy Manager	Concept have forwarded CIS5 Tax Certificate. This has been forwarded to Finance by Roberta Barnwell, Property.	The CIS5 is now in operation and the tax deduction no longer occurs.
Formal minutes agreed by both sides should be produced for all client/contractor meetings / Energy Manager	Minutes are being recorded at all monthly contract meetings with Concept. Bill Robbins/Danny Evans.	Copies of the minutes taken at the monthly meetings are readily available on the contract file with the Energy Manager.
<b>Improvement (Renovation) Grants/ Environmental Services / 18th November 2003</b>		
That a policy governing the Authority's provision of improvement grants be approved by 1 <sup>st</sup> April 2004 / Divisional EHO	A policy governing the Authority's provision of grants is in place. It was approved by the Executive on 2003. This policy will be revised by 1 <sup>st</sup> April 2004.	The new policy has not yet been to Executive. The existing policy is still being used.
That an appropriate record be devised for logging the details of inspections carried out and that this be held on the grants files / Divisional EHO / Low	A form for this purpose is now inserted into each grant file and is written to as appropriate.	As initial mgt response.
That consideration be given to finding a more secure storage area for the grants files / Divisional EHO / Low	The storage of grants files is no more or less secure than the storage of other property based files in the unit, and both may contain confidential information. When and if filing systems are changed, this comment will be borne in mind and fully addressed then. There is no proposal to change the filing system at this time.	Still no proposal to change the filing system. If and when Environmental Health is reorganised, there may be an opportunity to consider changes.

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Accounting &amp; Budgetary Control / Finance / 28th November 2003</b>		
<p>Formal procedures and management training should be developed, ideally within a management development programme / Principal Accountant (Development and Business Support Service) / Low</p>	<p>The Financial Services User Group offered this service on numerous occasions with very little uptake. Most Business Units, with Leisure in particular, preferred to do the training themselves. There used to be a financial element of the MDP and this necessitated a working knowledge of the financial management system.</p> <p>The Payments Manager organises the training for new users on the Income and Orders system, although the Development and Business Support section can assist with training on the latter system if requested to do so by the Payments Manager.</p> <p>The ultimate sanction would be not to allow new users access to the FMS until they had received appropriate training. Refresher sessions could also be offered to those who have already got access.</p> <p>The new monitoring regime seems to have instigated some requests for extra training, with one of the Assistant Chief Executives receiving training very recently. The Personnel Manager will be approached for her views on the subject and whether it can be accommodated in a future management development course. The Development and Business Support Section currently does not have access to the user profile option on the FMS and will request such access so it can ensure that users profiles are appropriate to the user.</p>	<p>Financial systems training is currently being given to new starters on the Debtors and Creditors/Orders. And General Ledge systems prior to access being given to the systems</p> <p>Systems. refresher training is also given on request</p> <p>The Financial systems are in the process of being changed. As part of the implementation of the new system a detailed training needs analysis will be carried out.</p> <p>Once the training and development needs have been assessed a comprehensive training programme will be developed. The training and development programme will be delivered by consultants and officers. Prior to the system going live.</p> <p>One of the aims of the FMS project is to encourage more officers to use the system and hence improve financial management.. To help facilitate this process the Project Board has recommended that a non users user group is established. This group will help define the system in such a way that it will encourage people to use the system.</p>

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
<b>Indoor Leisure Facilities / Leisure and Amenities / 12th December 2003</b>		
When invoices are raised for bookings that do not meet the criteria for VAT exemption, VAT must be identified on the invoice and allocated to the VAT code / Sports and Leisure Officer	Will ensure invoices are correctly raised.	All invoices and procedures have been looked at, appropriate users have been inform of VAT exemption criteria and staff have been trained.
In all cases where VAT exemption is granted to a club or society as a result of block booking an application must be obtained to evidence the arrangement / Sports and Leisure Officer	Application forms will be obtained for all clubs (as evidence).	All block booking and potential block bookings have had to complete an application form before written confirmation of booking is given.
The Sports and Leisure Officer should familiarise himself with the criteria for VAT exemption specified in Customs and Excise Notice 742 and ensure that all current and future block bookings that are not charged VAT meet the exemption criteria / Sports and Leisure Officer	Letter sent to all facility users advising of VAT position.	Letter has been sent to all facilities.
The Insurance Officer should be approached in order to arrange a more suitable limit for the safe at Meadow Community Sports Centre / Sports and Leisure Officer	Approach made to insurance officer to rectify this situation.	Safe limit has been increased to a more suitable amount to reflect the increase in trade.
Inventories of sports and office equipment should be produced for both sites and copies forwarded to the Council's Insurance Officer / Sports and Leisure Officer	Will be undertaken.	Inventories have been undertaken at Sydenham Sports Centre and Meadows Community Sports Centre and monthly programme of checks have been implemented.

RECOMMENDATIONS / RESPONSIBLE OFFICER	INITIAL MANAGEMENT RESPONSE	CURRENT STATE OF IMPLEMENTATION
The agreement governing the Council's use of the Meadow Community Sports Centre should be finalised and signed as soon as possible / Sports, Leisure and Parks Contract Manager	In hand and should be signed early 2004. Members' agreement has already been given in June 2003.	Agreement has been agreed by WCC, WDC and KSSC, back with KSSC governors for signing should be fully completed Early 2005 – delays due to problems within WCC.