



Finance & Audit Committee  
30 September 2020

**Title:** - Addendum

**Lead Officer:** Graham Leach, Democratic Services Manager & Deputy Monitoring Officer, Telephone 01926 456141 or email [graham.leach@warwickdc.gov.uk](mailto:graham.leach@warwickdc.gov.uk)

**Portfolio Holder:** N/A as non-executive decision

**Public report**

**Wards of the District directly affected:** To be confirmed at the meeting once applications for dispensation are confirmed

Contrary to the policy framework: No

Contrary to the budgetary framework: No

Key Decision: No

Included within the Forward Plan: No

Equality Impact Assessment Undertaken: No

Consultation & Community Engagement: No

Final Decision: Yes

**Officer/Councillor Approval**

<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Chief Executive/Deputy Chief Executive	30/9/2020	Andrew Jones Bill Hunt
Head of Service		Not applicable
CMT		Not applicable
Section 151 Officer		Not applicable
Monitoring Officer		Andrew Jones
Finance		Not applicable
Portfolio Holder(s)		Not applicable

## **1. Addendum**

- 1.1. Attached is a revised Appendix 2 to the item 5 Internal Audit Quarter 1 2020/21 Progress Report. This corrects original calculations within the original Appendix.
- 1.2. Attached is an update on item 5 Internal Audit Quarter 1 2020/21 Progress Report to Appendix 4 – Updates on previously outstanding responses.
- 1.3. These are further to the previous responses and provide the responses to those missing from the Appendix Four issued with the Agenda. It is considered indicative of the pressures caused by the pandemic that this is the first report provided to Committee with any so many outstanding responses. CMT will be re-iterating the need for timely provision of updates to all relevant managers in this critical area of work and, as previously indicated, it would be useful for Committee to note that a late addendum is less than ideal as that will reinforce the message on the need for effective governance in this area of work

**Internal Audit Progress 2020/21: Quarter 1**

**Analysis of Performance**

**Time Spent: Audit Plan – Planned Vs Actual**

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
<u>Planned Audit Work</u>	337.0	84.2	57.9	+26.3
<u>Other Time</u>				
Sundry audit advice	30.0	7.5	13.5	-6.0
Special investigations (e.g. Fraud/Irregularities)	20.0	5.0	31.5	-26.5
Corporate and departmental Initiatives	25.0	6.3	2.0	+4.3
Non-chargeable activities	232.0	58.0	70.3	-12.3
Leave and other absences	118.0	34.0	37.5	-3.5
<i>Total Other Time</i>	443.0	110.8	154.8	-44.0
<i>Total Time</i>	780.0	195.0	212.7	-17.7

**Time spent: Assignments Completed – Planned Vs Actual**

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Local Elections (Follow-up Review)	5.0	4.2	+0.8

**Explanation for variances greater than 2 days (unless within 20%):** None this quarter.

**Completion of Audit Plan: Target Vs Actual**

NO. OF AUDITS PER AUDIT PLAN	PROFILED TARGET COMPLETION		ACTUAL NO. COMPLETED TO DATE		VARIATION	
	NO.	%	NO.	%	NO.	%
39	4	10.0	1	2.5	-3	-75.0

## Addendum to Appendix 4 – Updates on previously outstanding responses

### Current Implementation Position for Low and Medium Risk Recommendations issued in Quarter 2 2019/20

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE incl. PLANNED IMPLEMENTATION DATE (PID)	CURRENT STATE OF IMPLEMENTATION PER MANAGER
<b>Housing Repairs and Maintenance – 23 September 2019</b>		
<p>A clear policy on recovery of unpaid recharges to tenants should be considered including delegation of responsibilities.</p>	<p><i>Sustaining Tenancies Manager:</i> Agreed. A recharge policy will be established and will include delegation of responsibilities. PID: 31 May 2019</p>	<p>A first draft of a new Recharges policy has been developed and a project plan for finalising, consulting on and subsequently obtaining Executive approval for the new policy is being finalised by a Steering Group of officers from the Housing and Assets service areas. It is currently anticipated that the new policy will be presented to Executive in early 2021 so that it can become operational from the start of the next financial year. Alongside the policy development process, existing processes have been reviewed and process maps are being produced capturing the improvements that have been identified. These will then be incorporated in new processes and workflows on ActiveH. (see below for further information).</p>
<p>The accumulated balances of unpaid recharges should be reviewed and appropriate recovery actions taken.</p>	<p><i>Sustaining Tenancies Manager:</i> Agreed. A process for managing and monitoring recharges will be produced. PID: 31 Dec 2019</p>	<p>A revised recharge recovery process has been developed and tested in the current version of ActiveH. However, implementation has been on hold pending go-live of the upgraded version of ActiveH and the implementation of new modules planned for December 2020. Subject to further testing it is hoped that the new processes will become part of the role of the Income Management Officers in the new Landlord Operations team no later than March 2021.</p>

<b>Utilities Management – 29 August 2019</b>		
<p>A decision should be taken as to whether monies paid by the Council in relation to utilities previously used by these tenants should be recovered from them.</p>	<p><i>Estates Management Surveyor:</i> We will look at individual leases to establish if recovery of earlier monies paid is possible. PID: 31 March 2019</p>	<p>Initial Response: "Completed." <b>Follow-up question - did you establish if recovery of earlier monies paid is possible and, if so, have you been attempting to recover such monies? – not been answered.</b></p> <p>Updated Response: The standard provisions of a WDC lease requires that the tenant pays the full cost of utilities used within the demised premises. Work has been undertaken to introduce sub-meters where necessary to establish an accurate reading of a given tenants utility usage and allow costs to be proportioned for any outgoings of which the demised premises forms a part. The Estates Manager is now in the process of contacting all relevant tenants in order to recover outstanding monies as well as establishing updated processes within WDC to ensure that ongoing recharges are correctly apportioned.</p>
<p>A review of water charges at cemetery lodges should be undertaken to ensure that tenants are being treated equally.</p>	<p><i>Service Manager – Landlord Services:</i> The existing tenancy agreements for the cemetery lodges will be reviewed and legal advice sought on the potential to vary current agreements to rationalise water charging. If this is not possible a revised charging regime will be implemented when a tenancy changes. PID: 31 December 2019</p>	<p>This work was put on hold at the start of the pandemic. This will now be progressed in the coming months as further analysis is required to establish the extent of any discrepancy in charges. The legal advice received to date is that if changes to current Tenancy Agreements are needed in relation to fees charged, formal consultation will be required. However, revised charges can be implemented from the start of any new tenancy. Further legal advice is being sought on the potential fitting of water meters for existing tenants.</p>

**Grounds Maintenance – 9 October 2019**

<p>There should be plans in place allowing the service to continue to be maintained in the event of the contractor being unable to complete the work.</p>	<p><i>Contract Manager:</i> A contingency plan for contractor failure has been created and will be drafted and reviewed annually to ensure it is up to date and relevant. PID: End of October 2019</p>	<p>The service was maintained successfully during the pandemic in but the contingency plans will need to be updated as a result of the learning from this period. The new manager for this area of service is also now exploring potential options for support from SDC if the WDC contractor failed to fulfil contractual arrangements. Further work in the area of wider potential mutual support options is however still required.</p>
<p>Documents should be reviewed and renewed as appropriate and signed by relevant parties.</p>	<p><i>Contract Manager:</i> A performance bond will be agreed and put in place. PID: End of October 2019</p>	<p>This work was delayed and subsequently placed on hold due to significant changes at the management tier of the service area and the need to focus resource on maintaining service delivery during the pandemic. Discussions will now be resumed with the existing contractor to finalise the bond discussions initiated prior to lockdown. A new contract is due to commence in April 2021 and this has been procured under a specification that included:</p> <p><b>34 PERFORMANCE BOND</b></p> <p>34.1 As required in the Invitation to Tender a guarantee for the performance of this Contract shall be provided by the Contractor in the form of a Bond with a reputable surety within the United Kingdom in the sum of 10% of the Annual Sum to be in place for the Contract Period which shall be entered into on or prior to the Commencement Date.</p>