

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS  
PERIOD: 01 JANUARY to 31 MAY 2014**

<b><u>Summary</u></b>	<b>Total</b>	<b>R</b>	<b>A</b>
<b>1. Completed Audits</b>	<b>7</b>	<b>0</b>	<b>7</b>
<b>2. Follow Up Audits Completed</b>	<b>8</b>	<b>0</b>	<b>8</b>

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS**

**PERIOD: 01 JANUARY to 31 MAY 2014**

**1. Completed Audits - RED or AMBER flag**

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Actual High Priority Recommendations	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
Early Years Services 05/02/2014	F&W [DASS]	Substantial	Maximum	Minor	1 medium and 2 low priority recommendations.	3 (0)	April 2014 Strategic Director Families and Wellbeing	Apr 14	Recommendations discussed and agreed with Senior Locality Manager.	A
Civica DIP - access controls 18/02/2014	T&R [Business Processes]	Substantial	Substantial	Minor	2 medium and 7 low priority recommendations.	9 (0)	April 2014 Strategic Director Transformation and Resources	Jun 14	All recommendations agreed.	A
Investments 11/02/2014	T&R [MPF]	Maximum	Limited	Moderate	One high priority recommendation was made which resulted in the limited compliance opinion:  The arrangements for the external provision of fund manager analysis services, currently contracted to Analytics Ltd., should be reviewed to ensure compliance with the corporate contract procedure rules.	2 (1)	December 2014 Strategic Director Transformation and Resources	Dec 14	Reply from Senior Investment Manager at MPF:-  The reason for the December 2014 completion date for recommendation 2 is MPF is currently using Analytics for the tender of the European Manager Mandates; this process is expected to be completed in June 2014. The proposal is that at this stage June 2014 the tender process can commence. MPF is also evaluating whether to include this work within the contract for responsible investment, the responsible investment tender is also up for retender this year	A
Residential care - Quality 27/03/2014	F&W [CYPD]	Substantial	Substantial	Minor	3 medium priority recommendations made.	3 (0)	July 2014 Strategic Director Families and Wellbeing	Jul 14	Recommendations agreed.	A
Debtors Central System 29/04/2014	T&R [Business Processes]	Maximum	Limited	Moderate	a) The write-off procedures should be updated to include the current limit for referral to Cabinet for approval. b) A review of write-off file X should be undertaken to ensure the 25 cases with a value between £1,000 - £5,000 have been reported to cabinet for approval. c) Write-off files should be cross-referenced to the relevant Cabinet reports to evidence appropriate approval and to ensure an effective management trail is evident.	1 (1)	August 2014 Strategic Director Transformation and Resources	Aug 14		A
Golf Course Income 02/05/2014	F&W [Sports and Recreation]	Minimum	N/A	Moderate	1) Reconciliations of the till returns to the actual bankings detailed within the financial codes must recommence, even if staffing resources only allow this on a sample basis. A decision must be made on the requirement for the weekly income sheets to be received centrally to assist in this process. 2) The resource should be made available for the Council's cash collection service to include golf courses on their routes. 3) An evaluation of the possibility of increasing the scope and remit of the role of these golf patrol officers should be performed. 4) A comparison should be performed with similar Councils who operate municipal golf courses as to the viability of the existing terms and conditions of the golf pros. The Future Council payline considerations is an ideal opportunity to effect this comparison.	9 (5)	May 2014 Strategic Director of Families & Wellbeing	Aug 14	Recommendations agreed and immediate implementation of cash reconciliation and cash collection issues. Strong commitment from management who commissioned this work.	A

Audit / Date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Actual High Priority Recommendations	Total Recs (H)	Timescale / Strategic Director	Follow Up Scheduled	Outcome	RAG Status
					5) DBS checks must be evidenced for the assistants employed by the golf pros. INET01 forms should also be completed regarding access to relevant Council systems that their job role requires.					
Performance Indicators 07/05/2014	Authority-wide	Substantial	Substantial	Minor	1 Medium and 1 Low Priority recommendations	2 (0)	June 2014  Head of Policy, Performance and Public Health / Strategic Director Transformation and Resources / Strategic Director Families and Wellbeing	Sep 14	Recommendations agreed	A

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS**

**PERIOD: 01 JANUARY to 31 MAY 2014**

**2. Follow Up Audits Completed - RED or AMBER flag**

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
Residential and Nursing Home Care 13/01/2014  Dec 2012	F&W [DASS]	Limited	n/a	n/a	Original review resulted in 2 high and 4 medium priority recommendations.  To improve data quality and ensure that a consistent approach is applied to the quality assurance process, management checks should be undertaken and used to: quantify the results from the checks; consider the reasons for errors and any impact; monitor performance over time; identify and implement appropriate training and other corrective action. Monitoring and evaluations should be regularly undertaken to assess the system's performance, operations and activities. This information can be used to inform future decisions about the Quality Assurance process, particularly the timescales and coverage of the inspections.  The records of those individuals recorded in the attached appendix should be reviewed and: a care review should be undertaken promptly, where due or; the electronic information system updated to correctly record the date of the last annual review. If investigations reveal that an annual review has been undertaken and incorrectly recorded, the electronic records for all care home placements should be examined to ensure that the correct date of the latest annual review has been recorded. If investigations reveal that an annual review has not been undertaken, all care home placements should be reviewed and action taken to ensure a care review is undertaken in accordance with the minimum annual requirement.	6 (2)	November 2013  Strategic Director Families and Wellbeing	Jul 14	A second follow up of the recommendations made in December 2012. 5 recommendations remained outstanding following the first follow up. Of the five two medium recommendations have been implemented, and 3 were partially implemented (1 high, 2medium). The department is committed to the implementation of the remaining 3 recommendations.  Implemented. Evidenced during the 1st follow up audit.	A
Shared Lives Scheme 31/01/2014  Sep 2013	F&W [DASS]	Minimum	Minimum	Moderate	Original review resulted in 9 high recommendations and 2 medium recommendations. High priority recommendations where:  1) i) The Contract should be reviewed in consultation with the Service Provider to ensure that the Contract is suitable for the Shared Lives Scheme. Any legislative change or guidance issued by statutory bodies that have a material impact on the provision or cost of the service should be taken into account. ii) Performance measures should be developed that will ensure all contracts are reviewed annually. iii) A representative from DASS should conduct random inspections of the Service Provider records and the delivery of services to ensure all terms of the contract are being fulfilled. iv) There should be regular monitoring meetings with the Service provider, to discuss any issues.  2) i) The system for authorising care provision for Service Users should be reviewed and the following should be considered: • The form of care initiation/order that will be used for future care provision of this type; • If the care initiation/order will be accompanied by a letter to the Service Provider and Home Owner (Carer), and if this is to accompany the care initiation/order form, will the letter still require the Service provider and Home Owners (Carers) signature; • The type of documentation that will be required for any temporary changes to care provision, emergency care and additional expenditure items. ii) The care initiation document should be signed by all parties prior to commencement of the care provision and a copy should be retained by DASS and the Service Provider for the required retention period. iii) The contract should be amended to reflect changes made following the review.	11 (9)	May 2014  Strategic Director Families and Wellbeing	May 14	1 medium priority recommendation is in the process of being implemented, and 1 medium priority recommendation has an implementation target date of May 14. Due for follow up in May 2014  Due for follow up in May 2014	A

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
		Minimum		Moderate	<p>3) i) The banding structure should be reviewed in consultation with the Service provider to ensure that it is suitable for the service that is currently being provided. The Contract should be amended following the review.</p> <p>ii) A full review should be undertaken of the current cost of care provision provided to all Service Users placed with PSS, to ensure they are receiving the required level of care, and the Council are paying the correct amount towards the cost of care.</p> <p>iii) The banding structure should be reviewed annually taking into account increase/decreases in inflation.</p> <p>iv) The agreed banding structure should be used to calculate the Council's contribution towards the cost of care for all Service Users.</p>			Due for follow up in May 2014	A	
					<p>4) The care provision for the Service User should be reviewed by DASS and the following should be taken into consideration:</p> <ul style="list-style-type: none"> <li>• Whether or not the Council should be paying a management fee to PSS for the Service User;</li> <li>• If the Council should recover the payments that have been made to PSS of £61.40 per week.</li> </ul>	Implemented				
					<p>5) The care provision for the Service User should be reviewed by DASS and the following should be taken into consideration:</p> <ul style="list-style-type: none"> <li>• Whether or not the Council should be paying additional expenses for the Service User;</li> <li>• If the Council should recover the £1528.79 surplus which has accumulated from the previous year for additional expenses.</li> </ul>	Partially implemented				
					<p>6) i) The Management Fee should be reviewed in consultation with the Service Provider. The following should be considered when undertaking the review:</p> <ul style="list-style-type: none"> <li>• Management Fee per Carer or Service User;</li> <li>• Amount of fee charged compared to other local authorities;</li> <li>• If variations to the Management Fee are accepted, what evidence is required from PSS to justify the variance.</li> </ul> <p>ii) The Contract should be amended following the review.</p> <p>iii) Regular checks should be undertaken by DASS to ensure that the agreed management fees are applied in all cases.</p>	Due for follow up in May 2014				
					<p>7) i) The Service Provider (not the Home Owner (Carer)) should be required to submit a 4 weekly movement return, showing Service User movements, temporary absences such as for respite care, hospitalisation etc. If there are no movements 'NIL RETURN' should be written across the movement return. Payments should only be made to the Service Provider upon receipt of the four weekly movement returns.</p> <p>ii) The movement return should include the following details as a minimum requirement: Service User name and SWIFT reference; Payment period and date; Date of care commencement and departure; Temporary absences; Any additional expenses; Increase/decreases in Housing Benefit payments.</p> <p>iii) A process should be developed for checking movement returns, to ensure reasonableness, e.g. the schedule is for the correct period and the admissions and/or departures agree to what is detailed on the SWIFT system.</p>	(i) - (iv) Implemented (v) is in the process of being implemented.				
					<p>iv) A guidance note should be compiled detailing the above procedure and a checklist should be used to evidence the verification.</p> <p>v) The Contract should be amended to take into account implementation of the above recommendations.</p>					

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
		Minimum	Minimum	Moderate	<p>8) i) The current limits of indemnity, as detailed in the Contract should be reviewed to ensure they are still adequate for this type of service provision. If the limits are suitable, the Service Provider should be informed of the requirement to increase treatment liability insurance to £10 million. If changes are to be made to the limits the Service Provider should be informed immediately and the Contract should be amended accordingly.</p> <p>ii) Regular reviews should be undertaken to ensure that all insurances as detailed in the Contract (for example, motor insurance, buildings and contents) and indemnity limits are adequate and that the Service Provider maintains adequate up-to-date insurance.</p> <p>9) Consideration should be given to review all Contracts that the Council has with other adult placement providers, to ensure conditions and obligations are met and procedures are consistently applied.</p>				In the process of being implemented.	A
<p>Youth Offending Team</p> <p>21/01/2014</p> <p>Aug 2013</p>	<p>F&amp;W</p> <p>[CYPD]</p>	Substantial	Limited	Substantial	<p>Original review resulted in 1 high, 1 medium and 1 low priority recommendations</p> <p>The following actions should be taken to address issues raised by the internal audit:</p> <p>i) To resolve the confusion over what the agreed petty cash imprest level should be and to seek assurances that all monies can be accounted for through appropriate review of documentation and transactions.</p> <p>ii) To review and set an appropriate petty cash imprest amount for the Youth Offending Team. This should then be declared to Accountancy to ensure that the Balance Sheet entry in the accounts is correct.</p> <p>iii) To note that the current safe limit is £1000, as per the Council's insurance limitations and that Risk and Insurance should be contacted if the agreed imprest level will result in cash over £1000 being held in the safe.</p> <p>iv) To ensure that bank statements are received and reconciled on a monthly basis by an officer not involved in the imprest system.</p> <p>v) To ensure that a full reconciliation back to the petty cash imprest level is carried out on a least a weekly basis.</p>	3 (1)	<p>March 2014</p> <p>Strategic Director Families and Wellbeing</p>	Jun 14	<p>2 recommendations have been implemented (1 medium, 1 low)</p> <p>The outstanding high priority recommendation has been partially implemented, part (i) of the recommendation remains outstanding.</p>	A
<p>Adult Learning Disability</p> <p>21/01/2014</p> <p>Jun 2013</p>	<p>F&amp;W</p> <p>[DASS]</p>	Minimum	Limited	Moderate	<p>Original review resulted in 1 high and 3 medium priority recommendations.</p> <p>It should be clear whose responsibility it is to identify those young people who fall into the relevant categories. If this is to be the Transition Team then an assessment of the current risk exposure of the Council in respect of resources should be undertaken, so as to consider whether there is merit in identifying additional resources. This would support the success of helping young people with a Learning Disability, who are not known to the CYPD Disabilities Team and consequently the Transition Team, through a smooth transition to adulthood.</p> <p>Links should be strengthened with relevant parties and partners to allow for the early identification of the number of young people, with a learning disability, likely to require adult services. The improvement of these links will help to enhance the life opportunities of the young people, ensuring a smooth transition to adulthood, whilst also providing for effective budget forecasting.</p>	4 (1)	<p>June 2014</p> <p>Strategic Director Families and Wellbeing</p>	Jun 14	<p>Of the four recommendations, three (medium) have been partially implemented. Verbal assurance has been obtained that the remaining high priority recommendation requires a longer term objective to be considered. Further clarification of this will be sought at a future follow up scheduled for June 2014.</p>	A
<p>ICT Hardware Asset Register</p> <p>04/02/2014</p> <p>Mar 2013</p>	<p>T&amp;R</p> <p>[Resources]</p>	Limited	n/a	n/a	<p>Original audit resulted in 6 high and 1 medium priority recommendations.</p> <p>1) VQSM should be used at the primary source for the Authority's Hardware Asset Register (HAR).</p> <p>2) The Authority's HAR should be updated to include all hardware assets, and maintained in line with agreed procedures.</p> <p>3) The project to develop "Here's My Asset", subject to demonstrating proof of concept, will assist the accuracy of the HAR, and its successful deployment should be prioritised by IT management.</p> <p>4) All hardware assets connecting to the network should be visible to the Altiris Software.</p>	7 (6)	<p>April 2014</p> <p>Strategic Director Transformation and Resources</p>	Apr 14	<p>All recommendations are not being implemented pending the outcome of the Windows7 project. This may render the specific recommendations obsolete, although the control weakness principles identified will need to have been considered.</p>	A

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
					5) Procedural guidance should require the immediate update of the HAR when an asset is to be added or deleted, where a segregation of duties should be achieved. 6) The accuracy of the HAR should be verified on a regular basis, and the results reported to IT Management.					
Debt Management (Independent Review of Sundry Debt) 17/03/2014 Oct 2013	F&W [DASS] and T&R [Business Processes]	n/a	n/a	n/a	Independent Review of Sundry Debt resulted in thirty four actions.	34 (34)	2014/15 Strategic Director Transformation and Resources	2014/15	Twenty five recommendations have been implemented . Three recommendations are no longer appropriate. Six recommendations are partially implemented, and have been discussed with the Director of Resources.	A
Asset Management System 21/03/2014 Jan 2013	Universal & Infrastructure Services [Corporate Asset & Facilities Management]	Minimum	n/a	n/a	The original audit resulted in 6 high and 7 Medium priority recommendations. The high priority recommendations were: a) A clear Asset Management Plan/Strategy must be appraised and implemented, which, for example: • provides a plan of action for the section; • documents roles and responsibilities; • includes clear reference to current legislation (e.g. in relation to valuations) and good practice; • highlights measures to be utilised in monitoring the performance of asset management processes; and • highlights liabilities and responsibilities in respect of all Shared Assets and Rented Assets (it is acknowledged this is a more specific issue emanating from the finding) b) As part of the process of ensuring a clear Asset Management Plan/Strategy is in place, the three policies currently in place within Asset Management: Asset Management Plan; Community Asset Transfer Policy; Disposal Policy; should be reviewed and updated to ensure they are relevant and fit for purpose. a) As part of the programme to rationalise all Council buildings and office accommodation, a clear approved Action Plan must be put in place, adhered to, and reviewed on an ongoing basis. b) It must be ensured that the Action Plan highlights, in particular, whether a building is to be retained or disposed; and draws upon all relevant information – both quantitative and qualitative e.g. alignment with corporate objectives; condition of the building/refurbishment costs; market value pre and post refurbishment; energy efficiency; potential additional income; number of staff that could be 'housed'. N.B. it is acknowledged it has been stated there are limitations with the recording and reporting functions of the current asset recording system – so hence such information and Action Plan could not be generated through the current system. a) Until such time that an asset recording system is in place that eliminates the need to maintain a separate Asset Register, it must be ensured that both Premise (the current asset recording system) and the separate spreadsheet Asset Register are updated to include all relevant disposals and acquisitions so as to reflect the current position for 2012-13; and are then updated as and when changes occur. b) It must be ensured that evidence is documented and justification provided should the decision be taken not to update the spreadsheet Asset Register during the course of the year but only at year end. c) It must be ensured all acquisitions as part of an exchange and/or the Housing Market Renewal Initiative (of which 17 were identified for 2012/13) are included within the Asset Register. It would seem prudent that a note is made in the Register against such properties so as to avoid any confusion.	13 (6)	2014/15 Assistant Chief Executive/Head of Universal and Infrastructure Services	Full review to be carried out in 2014/15	Recommendations have been partially implemented pending the implementation of the Strategic Asset Management Plan and the new Asset Management System which may render a number of the recommendations obsolete. A full review of the Asset Management System is to be undertaken in the second half of 2014/15, and will verify progress in relation to the recommendations.	A

Audit / Follow-Up Date / Original Report date	Directorate [Service]	Control Environment	Compliance	Organisational Impact	Original Recommendations (H)	Original Total Recs (H)	Timescale / Strategic Director	Further Follow Up Scheduled	Outcome	RAG Status
					<p>a) A clear plan must be compiled, approved by Senior Management and Members, and subsequently implemented, to ensure office accommodation is utilised to its full potential and the movement of staff is undertaken in as efficient a manner as possible.</p> <p>b) It must be ensured that the principles and standards that have been documented to underpin the 'relocation of staff and the intensification of building use (which will be based on a corporate approach to workplace planning)' are utilised and adhered to in practice (and evaluated to ensure their usefulness), and that clear guidance to support each of these principles/standards is available.</p>					
		Minimum	n/a	n/a	<p>a) It must be ensured that the Department's Review of Fees and Charges that is to be undertaken (as confirmed by the Head of Asset Management) is done so in a swift and efficient manner. It must be ensured all fees and charges relevant to the section have been documented, and are subsequently approved and implemented.</p> <p>b) It must be ensured that the fees and charges currently being applied are those that have been documented and approved.</p> <p>c) It must be ensured that a review of the charges that have been applied during 2011-12 and 2012-13 is undertaken and any errors are reported and approval obtained in order to take appropriate action to rectify such errors.</p> <p>d) It must be ensured that managers take responsibility for monitoring income on a regular basis (including: ensuring correct charges have been/are being applied – highlighting and rectifying discrepancies; undertaking trend analysis and investigating anomalies) and that evidence of such reviews is retained.</p> <p>a) When a property asset is being disposed or acquired, it must be ensured that in each case, clear documented evidence is available to substantiate and confirm how the value has been derived and a note made within either the Asset Register or the Asset Recording System (Premise).</p> <p>b) It must be ensured that evidence is produced to substantiate the values assigned to those properties outlined in the report entitled 'Disposal of various properties to registered providers' presented to Cabinet on 21 June 2012.</p>					A
Council Tax Single Person Discount 02/05/2014  Oct 2013	T&R [Business Processes]	Minimum	N/A	Moderate	<p>Original audit resulted in 1 high priority recommendation which was:</p> <p>The 1,309 matches remaining from the NFI 2010 should be investigated.</p>	1 (1)	June 2014  Strategic Director Transformation and Resources	Jun 14	The Council Tax Manager advised that their original intention was to appoint, on a joint-basis with Cheshire East, an external contractor to carry out the work. At a very late stage, Cheshire East decided not to proceed with the joint procurement exercise. The Council Tax Manager aims to finalise the procurement exercise, with Procurement, by June 2014.	A



**KEY:**

Control Environment		
MAXIMUM	There is a sound system of control designed to achieve the system objectives and these are being consistently applied. No High recommendations made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.	
SUBSTANTIAL	There is a basically sound system of control, but there are weaknesses in design and/or operation of controls which put some of the control objectives at risk. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria for a medium priority recommendation.	
LIMITED	There are some weaknesses in the design and/or operation of the system of control which could have a significant impact on the achievement of the control objectives. Improvements could be made to a number of areas within the control environment so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.	
MINIMUM	There are weaknesses in the design and/or operation of the system of control which have had a significant impact on the achievement of the control objectives, and may put at risk the achievement of the organisation's objectives. More than one high priority recommendation identified.	
Compliance		
MAXIMUM	The control environment is operating as intended. No recommendations have been made or low priority recommendations have been made that cumulatively do not warrant 'substantial status'.	
SUBSTANTIAL	The control environment is substantially operating as intended. A medium priority recommendation has been made, or a large number of low priority recommendations made that cumulatively could meet the criteria for a medium priority recommendation.	
LIMITED	The control environment has not operated as intended and errors have been detected. Improvements could be made to a number of areas so that the relevant risks are managed more effectively, a high priority recommendation has been made, or several medium priority recommendations that cumulatively meet the criteria for a high priority action.	
MINIMUM	The control environment has fundamentally broken down and is open to serious error or abuse. Significant errors have been detected. More than one high priority recommendation has been identified.	
Organisational Impact		
MAJOR	The weaknesses identified during the review have left the Council open to significant risk. If the risk materialises it would have a major impact upon the organisation as a whole.	
MODERATE	The weaknesses identified during the review have left the Council open to moderate risk. If the risk materialises it would have a moderate impact upon the organisation as a whole.	
MINOR	The weaknesses identified during the review have left the Council open to a low level of risk. If the risk materialises it would have a minor impact on the organisation as a whole.	
RAG status		
G	Audits	Actions agreed and implemented.
	Follow Ups	Actions implemented.
A	Audits	Actions agreed and officers committed to implement within agreed timescale.
	Follow Ups	Actions in process of being implemented within agreed timescale with some implemented.
R	Audits	Actions agreed
	Follow Ups	Little or no progress made to implement actions within agreed timescale.
Recommendation Priority Rating		
HIGH	A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).	
MEDIUM	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.	
LOW	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.	