



Report to: Audit and Governance Committee, 21st September 2022

**Report of: Head of Internal Audit Shared Service, Worcestershire
Internal Audit Shared Service**

Subject: INTERNAL AUDIT PROGRESS REPORT FOR 2022/23

1. Recommendation

1.1 That the Committee note the report.

2. Background

2.1 To provide an update on Internal Audit's progress towards meeting its objectives as set out in the audit plan for 2022/23.

2.2 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

3. Summary of Activity:

3.1 A rolling testing programme on Debtors and Payroll is continuing during Q1 to Q3 and the results will be reported during Q4 for 2022/23.

3.2 Since the last progress report all 2021/22 reviews have been completed with the assurances reported as part of the annual report. Several 2022/23 reviews commenced since the last Committee; two have been finalised, two are ongoing, three additional investigatory reviews have taken place and the Green Homes Grants has been signed off.

3.3 Follow Up work has been continuing regarding Car Parking and Benefits.

4. 2022/23 Internal Audit Plan

4.1 Audits finalised for the 2022/23 audit plan include:

- Trade Waste
- Community Monitoring

4.2 Audits that have commenced and are currently at planning, testing or clearance stage include:

- GDPR
- Planning Applications - Customer Journey

- 4.3 As work on the audits indicated above in paragraph 4.2 is classed as on-going or awaiting a management response a final 'Assurance' level will be assigned on completion along with the appropriate report being brought before the next available Committee.
- 4.4 Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forward, challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. To date, no critical review audits have been undertaken during 2022/23.
- 4.5 At the July Audit and Governance Committee the Chair requested that internal audit reported specifically on the 'End of Project' reporting regarding community grants issued. A piece of work was undertaken by internal audit and is reported at Appendix 3 in this regard. End of Project reports or questionnaires are an integral part of the overall grant application process and are required as part of the terms and conditions associated with the issue of any grant. The questionnaires confirm how the money has been used, the impact and benefit it has had in the community and any variations to the original scoping. From testing undertaken during the original internal audit review in 2020/21, 25 applications were randomly considered. 12 were successful and were processed correctly with the correct sign off and authorisations present. 12 unsuccessful applications also followed due process but were not paid. 1 application was not processed due to insufficient information being provided by the applicant. Further information was requested but was not forthcoming therefore the application was not processed, and no further action taken.
- 4.6 In total 32 grants were approved during 2021/22. Of the 32 grants approved and paid during 2021/22, 25 (78%) end of project questionnaires have been received. 7 (22%) projects have recently completed so reports are in the process of being obtained. None of the 7 (22%) awaited returns had exceeded the return deadline date so there was no requirement to actively chase returns at the time of this report. For those organisations who do not return the questionnaire in a timely manner they are actively chased for their return.
- 4.7 Of the 17 2022/23 grants allocated to date, a total of 3 end of project questionnaires have been received and a further 3 were issued during September.
- 4.8 Since March 2022, Environmental grants have totalled 23. 12 end of project questionnaires have been received, 1 is pending (October 2022) and 10 awaiting returns.

5. National Fraud Initiative (NFI)

- 5.1 NFI data set uploads were last completed in January 2022. Matches have been received by the Authority and checking will be ongoing throughout the Service areas. WIASS have been involved in the Business Grant pre and post check data set uploads. WIASS continues to play a supporting role for all the Partners regarding the NFI exercise. The next upload is due during November 2022.

6. Follow-Up Audits

- 6.1 Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans. The outcomes of the follow up reviews are reported in full at Appendix 4, where applicable, so the general direction of travel and the risk exposure can be considered by Committee. Any material exceptions arising from audit 'follow up' will be brought to the attention of the Audit Committee. There are no material exceptions to report.

7. Risk Management

- 7.1 Embedding the risk process continues and Committee will be appraised of the key risk areas on a regular basis. The Pentana system continues to be used to capture and report on risk. Regular reporting has been established regarding risk information with updates being brought before this Committee as well as being presented before the Policy and Resources Committee. Risk registers are now well established for Services and are complemented by the corporate risk register.

8. Independence

- 8.1 WIASS delivers the audit programme in conformance with the International Standards for the Professional Practice of Internal Auditing (ISPPIA) as published by the Institute of Internal Auditors. WIASS recognise there are other review functions providing other sources of assurance (both internally and externally) over aspects of the Council's operations. Where possible WIASS will seek to place reliance on such work thus increasing the internal audit overall coverage. WIASS confirms it acts independently in its role as internal audit and applies safeguards where there is any potential for conflict of interest.

9. Appendices

- 9.1 Appendix 1 shows a summary of days delivered for the 2022/23 Internal Audit Plan. The figures are for the period 1st April 2022 to the 31st July 2022.
- 9.2 Appendix 2 shows the progress and delivery against the indicative plan for 2022/23.
- 9.3 Appendix 3 provides the finalised audit reports.

9.4 Appendix 4 provides the Committee with the 'Follow Up' audit report confirming recommendation implementation progress by management and identifying any exceptions.

Ward(s):	N/A
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Background Papers:	None

APPENDIX 1

Delivery against Internal Audit Plan for 2022/23 on 31st July 2022

Audit Area	Original 2022/23 Plan Days	AUDIT DAYS USED TO 31/07/22
Core Financial Systems (See note 1)	80	7
Corporate Audits (see Note 4)	45	1
Other Systems Audits (See note 2)	98	74
Sub Total	223	82
Audit Management Support – Meetings, Corporate Meetings / Reading, Annual Plans, Reports and Audit Committee support	77	24
Sub Total	77	24
Total		106
Other chargeable (see Note 3)	0	0
Grand Total	300	106

Audit days used are rounded to the nearest whole.

Note 1

This figure includes monitoring work in connection with the transition of the Revenues and Benefits Shared Service.

Note 2

'Other Systems Audits' include budgets which are used throughout the year as well as those budgets which are used for specific events (e.g. investigations) on a draw down basis therefore the amount of days used can fluctuate across the quarters and can result in budgets not being fully used.

Note 3:

'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

Note 4:

Work that is carried out for the County Council e.g. DFG's is included as part of this budget.

APPENDIX 2

Outline Plan 2022/23 Progress

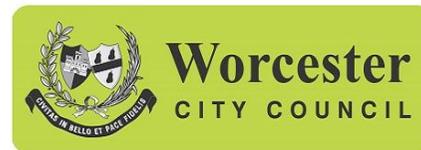
Audit Area	Corporate Link	Risk Register link	Indicative Date of delivery	Current Position		2022/23	Notes/outline terms of reference
Financial Services							
Debtors#	Underpins City Plan requirements	Links to all Service requirements	Q1- Q3	Rolling programme		10	Light Touch incl. MHDC but WCC. Rolling Programme
Main Ledger/Budget Monitor/Bank Rec	Underpins City Plan requirements	Links to all Service requirements	Q3			9	Light Touch
Creditors#	Underpins City Plan requirements	Links to all Service requirements	Q1 - Q3	Rolling Programme		0	Incl. in MHDC Plan
Payroll (contract monitoring/inhouse provision)	Underpins City Plan requirements	Links to all Service requirements	Q1 -Q3	Rolling programme		12	Rolling Programme
Treasury Management	Underpins City Plan requirements	Links to all Service requirements	Q2			4	Light Touch
Cash Receipting	Underpins City Plan requirements	Links to all Service requirements	Q3			0	N/a
Ukraine Payment Scheme			Q1-Q2	Testing in progress			
Sub Total						35	
Council Tax*	Underpins City Plan requirements	FS-SRK-004	Q4			6	Partner Split Budget. Rolling Programme
Benefits*	Underpins City Plan requirements	FS-SRK-004	Q4			8	Partner Split Budget. Rolling Programme
NNDR*	Underpins City Plan requirements	FS-SRK-007, FS-SRK-004	Q4			6	Partner Split Budget. Rolling Programme
Transitional New System Support*	Underpins City Plan requirements	FS-SRK-004	Q1 - Q4	Checking / Testing in progress		25	Partner Split Budget
TOTAL						80	

Corporate (incl. CP&S)							
Emergency Planning/IT Audit*	Underpins City Plan requirements	CRK-012	Q4			15	Partner Split Budget. Cyber & Leavers
Project Management	Underpins City Plan requirements	N/a	Q2			15	New approach embedded
Disabled Facilities Grants (limited scope - grant issue sign off)	Stronger and Connected Communities	Statutory requirement for the provision of grant	Q1 - Q2	Liaison with County underway		0	Annual requirement for County. To charge for.
GDPR	Good Governance & Best Practice.	N/a	Q2 – Q3	Testing in Progress		15	Retention
SUB TOTAL						45	
Communities							
Car parking	Stronger and Connected Communities	CS-SRK-004	Q2			12	PCN's – process of issue, cash collection, cancellation, consistency of decision making
Community Grants - Project Monitoring				Final Report issued 29 th July 2022			
Operations							
Business resilience	Stronger and Connected Communities	OP-SRK-009,010 & 011	N/a	Watching brief. CMT desktop exercise undertaken 05/09/2022.			Ongoing focus which has been stress tested during pandemic years
Trade Waste	Stronger and Connected Communities	N/a	Q1	Final Report Issued 24/07/2022		12	Trade Waste Dr accounts
Legal & Democratic							
Guildhall	Sustaining and Improving our Assets	N/a	Q1 -Q2	No longer required as bar decommissioned		10	Guildhall Bar: ordering, stock, reconciliation, income, Licensee requirements/expectations
Strategic Housing							
Benefit Subsidy Review				Testing in progress			

Affordable Housing Delivery/Temp Accommodation (Management)	Stronger and Connected Communities	SH-SRK-002	N/a	Watching brief			Potential emerging risk area. One to watch.
Property & Assets						N/a	
Planning							
Customer Journey	Sustaining and Improving our Assets	EP-SRK-014	Q1-Q2	Planning Review		20	Customer journey through processes and service performance data
Other Operational Work							
Contingency, advisory, consultancy (incl. Museum Fund raising Charity), fraud and enquiry and investigations incl. NFI	N/a	N/a	Q1 -Q4	Special reviews have been undertaken in Q1 & Q2		22	
Completion of prior year's audits	N/a	N/a	Q1 -Q4	Completed		10	
Report Follow Up (previous reviews)	N/a	N/a	Q1 -Q4	Ongoing		12	
SUB TOTAL						98	
TOTAL						143	
Support budget incl: all meetings, annual planning, reports, committee support	N/a	N/a	Q1 -Q4	Ongoing		77	
TOTAL						77	
TOTAL CHARGEABLE						300	

Finalised Reports for 2022/23

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Trade Waste ~ Customer Data Base and Invoicing 2022-23

27th July 2022

Distribution:

To: Head of City Services
Environmental Operations Waste and Recycling Manager
Technical Supervisor

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1. Introduction

- 1.1 The audit of Trade Waste – Customer Data Base and Invoicing was carried out in accordance with the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2022/23 as approved by the Audit and Governance Committee on 23rd March 2022. The audit was a risk-based systems audit of the Trade Waste – Customer Data Base and Invoicing as operated by Worcester City Council.
- 1.2 This review does not relate directly to the Worcester City Council theme but does link to Enhancing and sustaining our beautiful city for future generations. This area is a major revenue stream for the Council.
- 1.3 There were no risks on the Service Risk Register relevant to this review. The Corporate Risk relevant to this review was:
 - CRK-021 “Covid-19” Loss of Income

- 1.4 There is a potential for fraud through collusion and deals between the trading customers and the crew carry out the waste collections if controls are not in place and working effectively.
- 1.5 This review was undertaken during the months of May and June 2022.

2. Audit Scope and objective

- 2.1. The review is being undertaken to provide assurance that there is a robust processing in place to ensure that customers are being charged correctly and that debts are being chased to ensure all income due to the council is received by the Council.
- 2.2. The scope covered:
 - Reconciliation of the data held by the debtors' team to the data held by the depot
 - Analysis of Loss of customers in the last 3yrs (Covid -19)
 - process from collection to receipt of payment - including new customers, customers who cancel the service and chasing of debt.
- 2.3. This review covered the process in place at the time of the audit.
- 2.4. This review did not cover
 - Domestic Waste
 - Garden Waste
 - The setting of fees and charges

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A.

However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.

3.2 We have given an opinion of **significant** in this area because there is a generally sound system of internal control in place designed to meet the organisation’s objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.

3.3 The review found the following areas of the system were working well:

- Overall processes in place are effective
- Dataset system is effective, very detailed and works resourcefully.
- There is an excellent scheduling system designed to allow employees to pick up schedules via an app (Job viewer).

3.4 An analysis found that there was no significant loss of customers in recent years and the customer base was retained during the Covid-19 pandemic. Where customers have been closed on the Finance system it was due to data cleansing back in 2011 and 2014. The service is aware that there needs to be an up-to-date reconciliation between the finance and the trade waste databases and due to the vacant post being filled this will now take place. In addition to this when a customer leaves there has not been much understanding as to why they have left, and this will also be part of the new officers’ role.

3.5 The review found the following areas of the system where controls could be strengthened:

	Priority (see Appendix B)	Section 4 Recommendation number
Exported data for Invoicing of customers	Medium	1

4. Detailed Findings and Recommendations

The issues identified during the audit have been set out in the table below along with the related risks, recommendations, management responses and action plan. The issues identified have been prioritised according to their significance / severity. The definitions for high, medium, and low priority are set out in the "Definition of Priority of Recommendations" table in Appendix B.

Ref.	Priority	Finding	Risk	Recommendation	Management Response and Action Plan
New matters arising					
1	M	<p>Exported data for invoicing of customers</p> <p>The downloads from the dataset system used for the invoice of customers are exported into an excel spreadsheet, these are then copied into another spreadsheet to accommodate the format the debtors team require.</p> <p>As with any download of data from a system into a spreadsheet there is a need for removing or reducing opportunities for error or manipulation that could have a financial impact.</p>	<p>Reputational damage and or financial loss if there is an opportunity for errors or data manipulation.</p>	<p>Now that the vacant post has been filled thus providing more resources there should be segregation of duty - one person downloads and checks data, highlights any changes and another person signs off any changes ready to be forwarded to the Debtors Team for invoicing.</p>	<p>Responsible Manager: Technical Supervisor</p> <p>Implementation date: Immediate (July 2022)</p> <p>Any downloads from Dataset for the purpose of being used for invoicing will follow the below process.</p> <p>Technical Professional Officer will download the data into excel and copy and format ready for sending to debtors.</p> <p>Technical Professional Officer to email spreadsheet to Technical Supervisor for checking.</p> <p>Technical Supervisor to perform a separate download and check against Technical Professional Officer spreadsheet.</p>

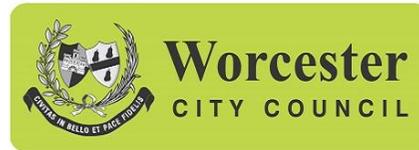
						If all correct, then Technical Supervisor to send email confirmation to Technical Professional Officer for data to be sent to Malvern finance team for invoicing.
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5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

Community Grants – Project Monitoring 2022-23

29th July 2022

Distribution:

To: Head of Homes and Communities
Lead Projects and Voluntary Sector Officer
Business Administrator – Community Services

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1. Introduction

- 1.1 The review of the Community Grants – Project Monitoring was carried out in accordance with and additional request from the consultation budget as included in the Worcestershire Internal Audit Shared Service Audit Plan for Worcester City Council for 2022/23 as approved by the Audit and Governance Committee on 23rd March 2022. The review was a risk-based systems audit of the Community Grants – Project Monitoring as operated by Worcester City Council.
- 1.2 This review relates to all 5 themes as detailed in the Worcester City Council’s City Plan 2022-2027. These Themes are, ‘Stronger and Connected Communities’, ‘A Prosperous City’, ‘A Healthy and Active City’, ‘A Heritage City for the 21st Century’ and ‘Sustaining and Improving Our Assets
- 1.3 There were no risks on the Corporate or Service Risk Register that was directly relevant to this review.
- 1.4 This review was undertaken during the months of May and June 2022.

2. Audit Scope and objective

- 2.1. This review was undertaken to provide assurance that the use of the Community Grants is monitored and is being used for the purpose that it was originally granted.

3. Audit Opinion and Executive Summary

- 3.1. From the audit work carried out we have given an opinion of **significant assurance** over the control environment in this area. The level of assurance has been calculated using a methodology that is applied to all Worcestershire Internal Audit Shared Service audits and has been defined in the "Definition of Audit Opinion Levels of Assurance" table in Appendix A. However, it should be noted that statements of assurance levels are based on information provided at the time of the audit.
- 3.2. We have given an opinion of **significant assurance** in this area because the controls in place are working effectively however no process can be 100% risk free especially when there is reliance upon third parties.
- 3.3. The Council especially during the pandemic has administered and awarded various grants. This report has concentrated on the Community Grants only which has an overall budget of £70,000 with a maximum grant of £5,000.
- 3.4. The team should be given credit for the fact that with a small resource they manage the Community Grant process efficiently. The Council only provides a maximum of 50% towards a project in the form of a grant. The grant recipient must then match this amount for instance with cash contributions, volunteer hours, gifts in kind. This means that the actual value to the Council is double that which it actually grants. In one case where Health and Safety Equipment was purchased for a show event with the grant the organisation are now lending this out to other organisations providing continual value to the Community.
- 3.5. Even before the Council considers a grant, certain measures to reduce the risk of fraud are built into the application form. This includes the requirement for the organisation to hold a UK Bank Account with at least two signatures. The two signatories cannot be from the same household or related in anyway.

- 3.6 Once the application is received checks are made on the charitable organisation itself e.g. internet searches. In some cases, they will already be known either through previous grant applications or from being a 'Good Cause' benefiting from the Worcester Community Lottery. It should be noted however that the Community grants are for new projects and not to provide core costs or to keep already existing projects going. There is also a panel which reviews and scores the grants and includes Members of the Council to ensure independent scoring.
- 3.7 Once a grant is given it is then the expectation that the project will run in line with that stated within the original application. If for some reason, there is a change even on timelines of delivery this must be referred back to the Council. Depending on the change will then depend on the action taken. A small change in the timeline for delivery would be acceptable but if this resulted in the Project being delayed significantly or a change in the project being delivered then this would be referred back to the panel and, if necessary, the Council would request the return of the grant and encourage the applicant to reapply at a later date. The requirement to inform the Council of any changes and possibility of having to return the grant in part or in full is clearly defined within the Terms and Conditions. These can be viewed on the Council's website and are referred to in the grant award letter where the recipient must agree to these terms before the grant is paid.
- 3.8 For some Community events Officers of the Council will attend and, in some cases, lend a hand as part of their role. This can be events such as the Worcester Show, litter picks etc. These projects are therefore witnessed first-hand and will often attract media attention helping to highlight the work of the Council.
- 3.9 At the end of all projects an 'End of Project' report is required. This is completed by the grant recipient and returned to the Council. A spreadsheet is maintained of Project end dates and where an End of Project report has not been received then this will be chased, and a polite reminder issued. The end of project report asks for, an overview of the project delivered, variations from the original proposal and if these were approved by the Council, spending analysis, impact/outcomes, demographics of those benefiting and differences that the funding made. Photographic evidence is encouraged along with any participant feedback.
- 3.10 Receipts for proof of expenditure would only be requested if there was a reason to do so. The Council grant is only up to a maximum of 50% of the project costs and therefore providing receipts on total project costs could be resource heavy especially where the charitable organisation is mainly volunteer run. When received the council would have to provide resources for an officer to match the receipts to the expenditure. Pre checks and other controls in place already minimise the chance of fraudulent or non-use of the grant for the intended purpose. The Council also wants to encourage

applications from different charitable organisations to maximise the impact that the Community Grant funding has across all of Worcester. Networking and the work that the Community Services Team already undertake within in the areas that they operate would also highlight where the communities are not benefiting from projects that have been part funded by the Council.

- 3.11 Where deemed necessary charitable organisations would be requested to repay the grant if the project was significantly delayed or could no longer be spent in line with the original project proposal. It would also be reclaimed if it was identified from the 'Project End Report' or from information from other sources that it had been spent but not to deliver the original project. All attempts would be made to recover the monies. Should this fail then this would be referred to Legal Services. When and only when every avenue had been explored would the monies be written off and that organisation not provided with future grants. At the time of the review there had been no referrals to Legal Services for the chasing of a grant repayment or a request made for repayment as the Grant had not been spent as per the application or subsequent agreed changes.

4. Conclusion

- 4.1 It must be recognised that there will always be some risk inherent when providing grants however with the pre checks and the post application checks that the Council undertakes and the fact that there are officers out in the Communities themselves witnessing the impact of these grants the risks are minimal. To reduce the risks to zero would be outweighed by the resources required to achieve this. An 'End of Project' report highlights the benefit the Community is gaining from this which in turn is far greater than the current resources of the Council could achieve.

No individual grant is material. A maximum £5,000 grant would result in a project benefiting the community up to at least £10,000 and in some cases more. The current requirements for administration from the charitable organisations receiving the grant is in proportion to the grant itself. A lot of the Charitable organisations are volunteer run and to increase the administration considering the amount of grant could in turn put Charitable organisations off applying.

Assurance can be given at this point in time that the controls in place mitigate the risk to a level which is tolerable and that any cost of additional controls would far outweigh the reduction in risk.

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

APPENDIX A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet it's objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 to 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 3 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

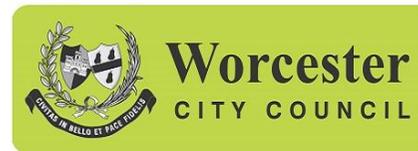
APPENDIX B

Definition of Priority of Recommendations

Priority	Definition
H	<p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives.</p> <p>Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.</p>
M	<p>Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.</p>
L	<p>Control weakness that has a low impact upon the achievement of key system, function or process objectives.</p> <p>Implementation of the agreed recommendation is desirable as it will improve overall control within the system.</p>

Follow Up Reporting During 2022/23

Worcestershire Internal Audit Shared Service



Car Parking 2020/21

**2nd Follow-up Report
26th May 2022**

Distribution:

To: Parking and Enforcement Manager

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Section A - Justification of Audit Follow-up Approach

The date of the final audit report was 5/11/2020. The first follow up report was dated 13/07/2021. It is being followed up again because:

- 4 medium priority recommendations remained outstanding; and
- At least six months have passed since the previous follow-up:

Please note that recommendations implemented from the previous follow up have not been included in this report.

The following audit approach has been applied:

- 4 medium priority recommendations that remained outstanding from the first follow up have been updated with the current position.
- Where required, recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Moderate Assurance** over the control environment, and this is the second follow-up. The first follow up report found that 3 recommendations had been partially implemented and WIASS was unable to provide assurance on 1 recommendation.

The Parking and Enforcement Manager and Technical Supervisor are still actively monitoring the parking machine faults and reporting them through to the Contractor as well as investigating the use of fake coins. The Check in and Check out facility is currently switched off until a decision is made if and when this will be re-introduced.

Since the original audit, the car parks have experienced flooding twice. The relevant car parking machines were successfully removed to prevent any damage to them from the flood water.

It would be advisable to review the agreement between Worcester City Council and Pivotal Security (previously known as Jade Security), to ensure it remains fit for purpose as Internal Audit are unable to establish when the agreement was last reviewed.

Internal Audit are satisfied that the service is moving in the right direction. They know what their risks are and have controls in place to mitigate them.

This follow up was undertaken during the month of February, March 2022 and the reconciliation process May 2022.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 21st June 2021</u>	<u>2nd Follow up Position as at 24th May 2022</u>
<p>1 High</p>	<p>Recording of faults</p> <p>To add to the fault recording spreadsheet an additional two columns to record</p> <ul style="list-style-type: none"> The date when faults have been referred to the contractor; and The date when it has been repaired and the cause of the fault. <p>This will allow the monitoring of timescales, trends and cost of repairs that were previously under warranty (except for damage caused by flooding).</p> <p>Ensure Legal is kept updated with any outstanding or new breaches of the contract.</p>	<p>Responsible Manager: Parking and Enforcement Manager</p> <p>Action completed 22nd October 2020:</p> <ol style="list-style-type: none"> Faults spreadsheet updated to include historical data, including outcomes and rectification dates. A process for timely recording, updating and evaluating faults is now in place. The faults spreadsheet comprises an additional column to highlight any contractual breaches or faults that lead to the same. Each escalation will be considered by a fully informed conversation and recorded within 	<p>Partly Implemented</p> <ol style="list-style-type: none"> The spreadsheet has been updated with information available such as the month of the resolution. However, there are still some faults which have been reported to the contractor but the cause and outcome have not been recorded on the spreadsheet. The spreadsheet has been updated with new headings which includes a column for contractual breaches. However, it is not being completed. While faults are being monitored, completing this would evidence if a breach of contract has been considered, prompting a need to refer to Legal. 	<p>Implemented.</p> <ol style="list-style-type: none"> The Parking and Enforcement Manager and Technical Supervisor are regularly monitoring the fault spreadsheet and following up with the contractor with any concerns. The parking and Enforcement Manager and Technical Supervisor can identify trends and potential breaches from the spreadsheet without the need for the additional column. A meeting with Legal was held and the parking team were advised to record all faults on the

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
		<p>contractual meeting minutes.</p> <p>3. Flood repairs have concluded with some changes made to connections to increase water resistance and ability to remove and store machines during flood events.</p> <p>4. A flood response process has been established with Property Services contractors to ensure machines can be removed and reinstated with a matter of hours. Although this process is in place and has been tested, we await the first live event to test effectiveness.</p>	<p>A meeting with Legal and the Director of the service has been requested to discuss the continuing issues with the parking machines and to understand if any of the faults fall under the definition of a breach. The recent meeting with the contractor concerned the issues around the Check in and Check out.</p> <p>3. A flood procedure has been produced which explains the actions required, contacts and step by step instructions for disconnecting and removing the parking machines from the known flood areas within certain car parks. Since the procedure has been written the service await the first live event to test effectiveness.</p>	<p>spreadsheet and to notify the contractor of the issues where trends have been identified. The Check in and check out function is currently not in operation.</p> <p>3. The flood procedure has been tested live and was successful.</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
<p>2 High</p>	<p>Contract Management</p> <p>Actions from the monthly meeting with the contractor should be re-visited at the next meeting and documented if they have been resolved or not and where possible should detail the cause of the fault.</p> <p>Ensure an audit trail is kept for any faults that are likely to be a breach of contract including evidence.</p> <p>As soon as possible Parking Services and the contractor to agree KPI's and to advise Legal of the agreed measures.</p> <p>Ensure contracts have been correctly executed for the contractors and that a copy is retained by the Car Parking Team for monitoring purposes.</p> <p>Legal to inform Parking Services of the current position with regards to the</p>	<p>Responsible Manager: Parking and Enforcement Manager</p> <p>Completed Action 22nd October 2020:</p> <ol style="list-style-type: none"> 1. Our first contract meeting since audit findings were presented has taken place. Minutes from previous meeting have been reviewed in more detail, with action points confirmed and clearly recorded in the current meeting minutes as suggested. 2. Contractual breaches are now identified in the machine fault spreadsheet, any additional breaches included in meeting minutes. There were no breaches other than those currently outstanding. <p>In progress</p>	<p>Partially Implemented</p> <ol style="list-style-type: none"> 1. Rather than the previous scheduled contract meetings with the contractor, they are now ad hoc to address issues as and when they arise such as the Check in Check out. The contractor recorded the Zoom meeting and the service are awaiting a copy of this recording which acts as the minutes. Actions from this are still outstanding. 2. There is a column within the fault spreadsheet. However, information hasn't always been entered into this column. <p>As and when faults are happening on a frequent basis, the service are requesting the contractor to investigate.</p> <p>It is unclear if the previous breaches have been addressed and a meeting with Legal has been requested by the service to discuss further issues with the car parking machines.</p>	<p>Implemented</p> <ol style="list-style-type: none"> 1. The Last Meeting with Contractor was the 3rd February 2022. Meetings will be monthly or quarterly going forward depending on the business need. 2. Meeting between Car parking and Legal Services was held. Agreed action was to log all faults and report to the contractor once any trend had been identified. 3. The Technical Supervisor advised that the user acceptance document had been agreed prior to receiving the new machines. 4. There was no new contract with the contractor at the time of this audit.

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
	<p>communication with the contractor and explain any effect on the management of the contract and how this will now be resolved. Consider regular communication/meetings between Legal and Parking Services while there are outstanding actions regarding this contract.</p> <p>Legal and Car Parking Services to meet and agree a current position/assessment of the machines before the warranty runs out (beginning of October 2020) documenting any outstanding issues concerns and putting this in writing to the contractor.</p>	<p>3. User acceptance testing has been discussed during a meeting with Legal Services, a draft User Acceptance Testing document has been distributed and awaits legal sign off, this relates solely to CICO. Legal Services will confirm if any further breaches should be progressed.</p> <p>Phase 1 testing due to commence 1st November 2020.</p> <p>Phase 2 testing 1st December 2020</p> <p>Phase 3 testing 4th January 2021.</p> <p>Timescales are subject to agreed legal parameters.</p> <p>Responsible Manager Solicitor</p> <p>Forward to Audit and Car Parking Services a copy of the</p>	<p>Unable to clarify if actions have been completed</p> <p>3. The User Acceptance Testing Document was not available to view during this testing. An update from Legal has been requested.</p> <p>4. The signed copy of the contract was not available to view during this testing. A copy has been requested from legal.</p> <p>5. An update has been requested from Legal following the meeting on the 24th September 2020 as to the agreed actions and progress.</p>	<p>5. As per point 2.</p>

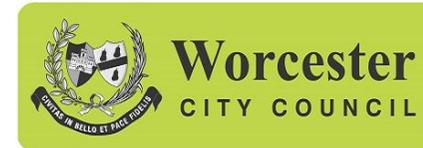
Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
		<p>signed contract once this has been scanned.</p> <p>Implementation date 30th November 2020</p> <p>Responsible Manager Deputy Director (Governance)</p> <p>Legal and Car Parking had a meeting on 24 September to agree the next steps as regards contract management. Those agreed actions are in the process of being implemented</p>		
<p>3 Medium</p>	<p>Jade Security Contract/Procedures</p> <p>Ensure the procedure is version controlled and that there is evidence when it is reviewed and updated.</p> <p>Retain a copy of the contract/Core Specification within the Car Parking folder to enable the service to properly monitor the contract especially where</p>	<p>Responsible Manager: Parking and Enforcement Manager</p> <p>In progress</p> <p>1. Request updated procedures from Jade in relation to version control and date.</p>	<p>Partially Implemented</p> <p>The original framework documents have been received. However, the procedures agreed between the contractor and WCC are still to be located and reviewed. The Car Parking and Environmental Enforcement Manager has changed the invoicing to monthly to monitor the costs more closely. There is no evidence that updated</p>	<p>Implemented</p> <p>Jade Security are now known as Pivotal. Collection and Delivery procedures have now been provided. A site visit has been made by the Technical Supervisor.</p> <p>The Parking and Enforcement Manager and Technical Supervisor are regularly monitoring cash collections and will amend collections to</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
	<p>there are cash discrepancies.</p> <p>Understand what extra costs there may be to the service for additional collections due to the cash collection boxes in the parking machines (provided by the contractor) being smaller and therefore holding less coinage.</p> <p>Ensure any differences are explained by Jade or investigated and the reason recorded. An internal tolerance level could also be agreed to ensure that resources are used efficiently and should be agreed with WCC Finance so that they are aware if challenged by external audit.</p>	<p>2. Obtain a copy of the agreed contract or progress the contractual position with legal services.</p> <p>Documents requested with a completion date of 4th January 2020 set.</p> <p>Completed 22nd October 2020</p> <p>3. At the contract review meeting, review control measures and performance against agreed standards.</p> <p>4. Financial spread sheets have been updated to reflect daily recording and reporting. There are clear accountability, notes, escalations and a sign off.</p>	<p>procedures from Jade have been received.</p> <p>Unable to clarify that action 3 has been completed.</p> <p>The financial spreadsheet has not been provided to ensure the changes are embedded.</p>	<p>minimise any risk due to security alerts.</p> <p>A revised financial spreadsheet has been produced and monitored for variances. It is currently being completed by one officer but will be shared with others to provide resilience within the team. This will be monitored by the Technical Lead within the Parking and Enforcement Team.</p>

Ref./ Priority	Recommendation	Management Response and Action Plan	1 st Follow up Position as at 21 st June 2021	2 nd Follow up Position as at 24 th May 2022
4 Medium	<p>Reconciliation</p> <p>There needs to be a reconciliation undertaken which reconciles the income back to the original source which is the audit ticket.</p> <p>Identify why the ticket numbers are different and agree with Jade what number will be used in the future so that if there was a query, it is clear as to what audit receipt is being referred to.</p> <p>Ensure the audit tickets are checked to ensure they show the collection amount and all tickets are retained.</p> <p>Review the method of retaining the audit receipts so that if there is a query, the ticket can be accessed in a timely manner. If considering scanning them and retaining them electronically ensure the scan image is clear and shows the whole image</p>	<p>Responsible Manager: Parking and Enforcement Manager</p> <p>Completed 22nd October 2020:</p> <ol style="list-style-type: none"> 1. Reviewed the process to include a revised reconciliation spreadsheet that is now completed daily (by collection date). 2. Audit tickets have been replaced with daily report from web office. 3. Variances are demonstrated within the reconciliation excel file with an action recorded against each, those action are reviewed and confirmed by a Supervisor. 4. Ticket number discrepancy identified, although no longer relevant as audit data is now system generated, however there will be monthly checks to ensure 	<p>Unable to provide assurance</p> <p>Information has not been provided to check that the changes are effective, and process embedded.</p>	<p>Implemented</p> <p>The Reconciliations process has been reviewed and revised. Variances are now easily visible and where necessary, investigated. The service has set a tolerance level at £10. However, will investigate if the excess or shortage is less than £10.00 but the excess or shortage has occurred on more than two occasions from the same Pay & Display machine during any four-week period.</p>

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 21st June 2021</u>	<u>2nd Follow up Position as at 24th May 2022</u>
	<p>including the audit ticket number and that all the tickets are scanned on.</p> <p>Investigate the reason for the delay in the banking of the £25.65 and review if there was a failing in a control and discussing any finding with the relevant 3rd party. Agree with Malvern that the service will be informed of any money that is missing or if there is a discrepancy. Likewise if there is any discrepancies on the Jade Spreadsheet, Malvern Finance should be advised of this as they use the spreadsheet sent to them by Jade as a control.</p>	<p>the data remains comparable.</p> <p>5. Storage and electronic filing system put in place.</p> <p>6. Delay in banking investigated, recorded and concluded as contractor error.</p>		

Worcestershire Internal Audit Shared Service



Benefits 2021-22

1st Follow-up Report - 16/05/2022

Distribution:

To: Service Delivery Manager

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Section A - Justification of Audit Follow-up Approach

The date of the final audit report was 05/04/2022 and was followed up because:

- Two medium priority recommendations were made.

The following audit approach has therefore been applied:

1. The two medium priority recommendations have been updated with the current position.
2. Where required recommendations against weaknesses in key controls have been tested substantively/ evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Significant Assurance** over the control environment and this is the 1st follow-up.

In relation to the original findings evidence has been sought to identify if the recommendations had been implemented in a timely manner. In the case of both findings satisfactory evidence and progress has been made to confirm that the completion of the recommendations and subsequent reduction/removal of associated risk will be achieved in the near future.

This follow up was undertaken during the month of May 2022.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position as at 16/05/2022</u>
1 Medium	<p>Policies held on Council Website</p> <p>Update each authority website as soon as possible with the final version of each policy or identify an alternative means of updating the policies held on the Council websites to ensure they are access compliant and up to date.</p>	<p>Management Response:</p> <p>Policy with a third party for update, this will be available and on the websites for 1st April 2022. Note: 3rd party (ACS) will update each year until CTS schemes change.</p> <p>Implementation Date: 1st April 2022</p>	<p>Partially Implemented</p> <p>The final versions of updated schemes for Malvern, Worcester City and Wychavon for 2022/23 have been provided to audit. They are yet to be updated on each authorities respective website, however the web team have been chased and the upload of the new scheme will be completed shortly.</p>
2 Medium	<p>Evidence of DBS checks</p> <p>Ensure that on a periodic basis (to be decided) all Officers provide a new DBS certificate and a clear process ensures this is maintained.</p>	<p>Management Response:</p> <p>All DBS checks are in place, checks will continue to be maintained and new certificates provided. We have a rolling process in place to ensure this happens.</p> <p>Implementation Date: 7 March 2022</p>	<p>Implemented</p> <p>An updated list of DBS checks had been received, as with any certification required periodically a number of Officers had been chased for new certificates but have not yet provided. Civica have a plan to manage those who do not respond by removing access to the system (Academy) by 31st May 2022 and therefore remove the risk of Officers with no valid DBS accessing the system.</p>