

AGENDA ITEM: 12

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Meeting	Audit Committee
Date	24 March 2011
Subject	Exception Recommendations Report
Report of	Assistant Director of Finance - Audit and Risk Management
Summary	Members are asked to note the progress against internal audit recommendations.

Officer Contributors	Assistant Director of Finance - Audit and Risk Management
Status (public or exempt)	Public
Wards affected	None
Enclosures	Appendix A: Internal Audit Recommendations
For decision by	Audit Committee
Function of	Council
Reason for urgency / exemption from call-in (if appropriate)	Not applicable

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1. RECOMMENDATIONS

- 1.1 That the Committee note the contents of the Report and the actions being taken to address some cases of non implementation of recommendations.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 At the meeting of the Committee on the 17th February 2011 it was decided that a report would be prepared quarterly regarding those internal audit recommendations not implemented.
- 2.2 The Committee also requested that the table of priority 1 recommendations should in future indicate what date recommendations were made to service areas and the implementation date.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 All internal audit planned activity is aligned with the Council's objectives, particularly the "Better Services with Less Money" priority, and, thus, supports the delivery of those objectives by giving an auditor judgement on the effectiveness of the management of the risks associated with delivery of the service.

4. RISK MANAGEMENT ISSUES

- 4.1 All Internal Audit activity is directed toward giving assurance about risk management within the areas examined. By so doing the aim is to help maximise the achievement of the Council's objectives. Internal Audit does this by identifying areas for improvement and agreeing actions to address the weaknesses.
- 4.2 Internal Audit work contributes to increasing awareness and understanding of risk and controls amongst managers and thus, leads to improving management processes for securing more effective risk management.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Effective systems of audit, internal control and corporate governance provide assurance on the effective allocation of resources and quality of service provision for the benefit of the entire community. Individual audits assess as appropriate the differential aspects on different groups of individuals.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 When risk, and assurances that those risks are being well managed, is analysed alongside finance and performance information it can provide management with the ability to measure value for money.

7. LEGAL ISSUES

7.1 No legal issues in the context of this report.

8. CONSTITUTIONAL POWERS

8.1 The Constitution Part 2 Paragraph 3.3 recognises that the annual audit opinion plays an essential part in advising the Council that risk management procedures and processes are in place and operating effectively.

9 BACKGROUND INFORMATION

9.1 This report lists all those recommendations rated as amber and red in the last paper prepared for the Audit Committee and provided an update on the progress of those recommendations. This list has now reduced and we are left with those we are still monitoring through to implementation.

9.2 In addition, the Committee asked when the contract for cashless parking was signed and when the contract commenced. For background, at the time of the audit the contract with the provider of cashless parking could not be found, this was found in November 2010. Audit sought evidence of that contract and found that date of start of service was 23rd March 2009, the signature obtained on contract dates back to the start of service. As such there was no service provided before the contract was signed.

10. LIST OF BACKGROUND PAPERS

10.1 Any person wishing to view any of the background papers should telephone 020 8359 3167.

Legal: MM

Finance: MC

Audit Name	Service	Recommendation/Risk	Management Response	Responsibility	Date agreed to be implemented	February assessment	March position	Further action to be followed up/due date:
Blue Badge Scheme	Adults Social Services	Risk: Data Recording Without identifying necessary management information and statutory data requirements effectively and in the absence of robust systems for capturing information, including accurate data processing, there is a risk that necessary information may not be available to monitor service delivery effectively and that fraud or error may not be prevented or detected.	Agreed. a) Management information requirement on statutory areas and other operational areas will be identified in order to establish an effective framework of management information and reporting. b) Data requirements will be specified to ensure effective capturing of management information on the database system. The data base will be amended to ensure the effective capturing of data and report generation. c) Routine data quality checks will be implemented to ensure the accuracy and completeness of records on the database system.	Assistant Director (Adults)	Apr-10	April 2010 Partly implemented: Further Action required: As per recommendation b) and c). Revised implementation date: 19 February 2011	Partly implemented	As per recommendation. Implementation Date: Immediate
Remote Access	Commercial Services	Risk: Unacceptable level of risk exposure Where risk registers are incomplete, inaccurate or out of date, there is a risk that the Council may be unaware of the key risks in relation to implementing and managing remote access to the Council network.	Risk management training is being organised through the corporate risk officer.	Head of Information Systems	Jun-10	Partly Implemented Further Action required: - Review of risks relating to remote working in risk register. - Development of risk identification and assessment process. Revised Implementation Date: TBC	Partly implemented	Review of risks to remote access to be completed. Implementation date: End of March 2011
Leisure Management	Environment and Operations	Risk: Strategic Service Delivery There is a risk that the partnership may not be in line with or meeting Council strategic objectives which may lead to value for money not being achieved and a lack of clarity on the financial approach adopted by the service provider.	Agreed. The Leisure & Arts Programme Board will continue to oversee and set an overall direction for the service. A Partnership Board (consisting of Council and Greenwich Leisure Limited officers) will be set up to provide a high level forum to discuss strategic issues on a quarterly basis. The partnership review will provide further opportunity to clarify strategic issues such as Closed Book approach etc.	AD (Environment & Operations)	Dec-10	December 2010 Partly Implemented: Meetings between Council and Greenwich Leisure Limited (GLL) have been held, however the final reporting template for the Council to receive financial information has not been agreed. Further Action required: Agree the reporting for the open book accounting. Revised Implementation Date agreed: 1st March 2011.	Partly implemented	Confirm receipt of financial report once GLL accounts have been audited. Revised implementation date June 2011

Audit Name	Service	Recommendation/Risk	Management Response	Responsibility	Date agreed to be implemented	February assessment	March position	Further action to be followed up/due date:
Leisure Management	Environment and Operations	Risk: Operational Service Delivery There is a risk of inappropriate or untrained staff being employed; poor equipment, facilities, support services (e.g. food/cafes) being provided which may compromise health and safety of customers leading to potential legal challenge and reputational damage.	Agreed. A risk log will be drawn up alongside the Action Plan to enable activities to be prioritised and monitored accordingly.	AD (Environment & Operations) & Leisure Contract Manager	Dec-10	December 2010 Not Implemented All policies have been reviewed. Compliance will be managed through the monthly audit visits. The Leisure Contracts Manager will include these high risk areas identified in last audit report. Further Action required: The monthly audit visits to incorporate and prioritise high risk areas. Revised Implementation Date agreed: 1st March 2011.	Partly implemented	Confirm receipt of catering services audited reports for review and monitor. Revised implementation date June 2011.
Leisure Management	Environment and Operations	Risk: Performance Management There is a risk of poor decision making and financial loss if poor performance of the contractor (and therefore service delivery) is not identified or rectified.	Agreed. Key Performance Indicators will be established, monitored, validated where necessary and reported regularly. Poor performance will therefore be identified and rectified.	Leisure Contract Manager	Mar-11	March 2011 Now due for implementation	Partly implemented	Review of risk to be completed following receipt of financial report and audited accounts for catering services. Revised implementation date June 2011.
Cashless Parking	Environment and Operations	Management should obtain the signed contract with the provider, and agree and document the process for ensuring the Council's income is accounted correctly on the SAP (financial recording system). Appropriate advice should be obtained from the Value-added-Tax (VAT) Manager, Senior Management Accountant and the Cash Book team. The relevant processes should be agreed with Verrus.	We will obtain the signed contract with the provider. We will agree and document the process for ensuring the Council's income is accounted correctly on the SAP financial recording system. Appropriate advice should be obtained from the VAT Manager, Senior Management Accountant and the Cash Book team. The relevant processes will also be agreed with Verrus.	Parking Manager	Sep-10	Due date: Sept 2010 Audit comment: Partly implemented A signed contract has now been obtained. Copy of contract was obtained by the service in November 2 10. It is noted that the service is currently considering an extension of contract for one year from 1st April 2011. However, consideration of formalising processes to ensure that the Council's income is accounted correctly on the SAP financial system will be undertaken when the contract extension is completed. Further Action required: Formalise the arrangements for obtaining services from the provider going forward, and agree processes for ensuring that cashless parking income is correctly accounted on the council's financial system. Revised Implementation date: February 2011	Partly implemented	Formalise processes for ensuring that cashless parking income is correctly accounted on the council's financial system. Implementation date: Immediate

Audit Name	Service	Recommendation/Risk	Management Response	Responsibility	Date agreed to be implemented	February assessment	March position	Further action to be followed up/due date:
Cashless Parking	Environment and Operations	Information on both any fraudulent use of cards and instances of refunds claimed by service users, should be obtained and reported to Management for identifying any impact on business benefits that may need to be considered in developing and planning the future roll out of the service.	Information on both any fraudulent use of cards and instances of refunds claimed by service users will be reported to Management and the impact on business benefits will be considered for informing the further roll out of the service.	Parking Manager	Sep-10	Due date: Sept 2010 Audit comment: partly implemented Process for a Manager/Team Leader to authorise ALL refund requests in place. (Implemented) However, information relating to fraudulent card use has been requested from the provider hence the process is still to be developed. Further Action required: As above. Revised Implementation date: February 2011	Partly implemented	Due immediate
Cashless Parking	Environment and Operations	Management should formalise the process for reconciliation of income collected by Verrus, and VAT amounts, deposited into the Council's accounts, in conjunction with all relevant parties: Verrus, Finance and Accountancy as well as Cash Book team, to gain the confidence that all incomes collections are banked in full in to the Council's bank account. Reasons for differences identified from such reconciliation, and the level of debtors, should be reported to the Management. A review of VAT accounting for parking income from all off street sources should be prioritised.	We will formalise the process for reconciliation of income collected by Verrus, and VAT amounts, deposited into the Council's accounts, in conjunction with all relevant parties: Verrus, Finance and Accountancy as well as Cash Book team, for gaining the confidence that collections of income are banked in full in to the Council's Bank account. Reasons for differences identified from such reconciliation will routinely be reported to the Management. A review of VAT accounting for parking income from all-off street sources will be prioritised.	Parking Manager	Sep-10	Due date: Sept 2010 Audit comment: partly implemented Training undertaken and further meetings scheduled to review reconciliations and differences. According to the service, the implementation date has been extended to facilitate the contract extension and any relevant work which may arise from this, including the format of the data which is received from Verrus. Further Action required: as per action agreed. Revised Implementation date: May 2011	Partly implemented	As per recommendation - Implementation date: May 2011
Cashless Parking	Environment and Operations	Arrangements with the provider should be reviewed routinely to identify improved reporting arrangements, where required, for ensuring that the council is receiving sufficient information for monitoring purposes	In the light of the Audit, we will review the current reporting arrangements with the provider and identify improvements, where required, for ensuring that the council is receiving sufficient information for the purpose of monitoring the contract	Parking Manager	Sep-10	Due date: Sept 2010 Audit comment: Partly implemented Additional reports as required by the Finance Officer have been requested. Further Action required: as per actions agreed Revised Implementation date: March 2011	Partly implemented	Implementation date (same as previous): end of March 2011
Cashless Parking	Environment and Operations	Robust arrangements for verification of the provider's invoices should be implemented to ensure the number of transactions completed, which informs the pay amount, are confirmed directly from the reconciliation produced by Service Accountants from the Council's SAP accounting system.	Robust arrangements for verification of the provider's invoices will be implemented to ensure the number of transactions completed, which inform the pay amount, are confirmed directly from the reconciliation produced by Service Accountants from the Council's SAP accounting system.	Parking Manager	Sep-10	Partly implemented Additional reports as required by the Finance Officer have been requested. Further Action required: as per action agreed Revised Implementation date: March 2011 confirmed	Partly implemented	Implementation date (same as previous): end of March 2011
Cashless Parking	Environment and Operations	Routine independent checks on the accuracy of the transactions reported (parking spaces sold, and charges levied) by Verrus should be instituted.	Routine independent checks to verify the accuracy of the transactions reported (parking spaces sold, and charges levied) by Verrus will be instituted.	Parking Manager	Sep-10	Due date: Sept 2010 Partly implemented As a part of the work being completed to rationalise Pay & Display machines on street, regular checks and reports on transactions are being completed. Routine checks will be carried out by the Maintenance Manager. Further Action required: as above (Priority M) Revised Implementation date: March 2011	Partly implemented	Implementation date (same as previous): end of March 2011