Cheltenham Borough Council

Report of Internal Audit Activity

Plan Progress 2018/2019
September 2018

SWAP
INTERNAL AUDIT SERVICES
Assuring – Improving – Protecting

Internal Audit ▪ Risk ▪ Special Investigations ▪ Consultancy

Contents

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Our audit activity is split between:

- **Governance Audit**
- **Operational Audit**
- **Key Control Audit**
- **IT Audit**
- **Other Reviews**

Role of Internal Audit

The Internal Audit service for Cheltenham Borough Council is provided by SWAP Internal Audit Services (SWAP). SWAP is a Local Authority controlled Company. SWAP has adopted and works to the Standards of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS), and also follows the CIPFA Code of Practice for Internal Audit. The Partnership is also guided by the Internal Audit Charter.

Internal Audit provides an independent and objective opinion on the Authority's control environment by evaluating its effectiveness. Primarily the work includes:

- Governance Audits
- Operational Audits
- Key Financial System Controls
- IT Audits
- Other Special or Unplanned Review

Internal Audit work is largely driven by an Annual Audit Plan. This is approved by the Section 151 Officer, following consultation with the Council's Management Team. The 2018/19 Audit Plan was reported to, and approved by, Audit Committee at its meeting in April 2018.

Audit assignments are undertaken in accordance with this Plan to assess current levels of governance, control and risk.

SWAP work is completed to comply with the International Professional Practices Framework of the Institute of Internal Auditors, further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS) and the CIPFA Local Government Application Note.

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Internal Audit Plan Progress 2018/2019

Outturn to Date:

We rank our recommendations on a scale of 1 to 3, with 1 being a major area of concern requiring immediate corrective action and 3 being a minor or administrative concern

- ## Internal Audit Work

Each completed assignment includes its respective "assurance opinion" rating together with the number and relative ranking of recommendations that have been raised with management. In such cases, the Committee can take assurance that improvement actions have been agreed with management to address these. The assurance opinion ratings have been determined in accordance with the Internal Audit "Audit Framework Definitions" as detailed in **Appendix A** of this document.

The schedule provided at **Appendix B** contains a list of all audits as agreed in the Internal Audit Annual Plan 2018/19. It is important that Members are aware of the status of all audits and that this information helps them place reliance on the work of Internal Audit and its ability to complete the plan as agreed.

As is shown in **Appendix B** progress is being made on the 2018/19 audit plan, following the completion of the 2017/18 plan.

As agreed with this Committee where a review has a status of 'Final' we will provide a summary of the work and further details to inform Members of any key issues, if any, identified.

Further information on all the finalised reviews can be found within **Appendix C**.

At **Appendix D** we have included a schedule of the high priority recommendations that were identified during 2017/18. These will be updated when the follow-up audit has been completed.

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We keep our audit plans under regular review to ensure that we audit the right things at the right time.

- ## Approved Changes to the Audit Plan

The audit plan for 2018/19 is detailed in **Appendix B.** Inevitably changes to the plan will be required during the year to reflect changing risks and ensure the audit plan remains relevant to Cheltenham Borough Council. Members will note that where necessary any changes to the plan throughout the year will have been subject to agreement with the appropriate Service Manager and the Audit Client Officer.

We have taken days, held in contingency, to allow for a review of Ubico Finances, which was requested by the Deputy Section 151 Officer.

We have also used one day from contingency for offering advice in respect of an update to the Disabled Facilities Grants process.

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At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

- **No Assurance**
- **Partial**
- **Reasonable**
- **Substantial**

• Audit Framework Definitions

Control Assurance Definitions

No Assurance	The areas reviewed were found to be inadequately controlled. Risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Partial	In relation to the areas reviewed and the controls found to be in place, some key risks are not well managed, and systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Reasonable	Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives.
Substantial	The areas reviewed were found to be adequately controlled. Internal controls are in place and operating effectively and risks against the achievement of objectives are well managed.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The "advice" offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

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Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.

• Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

Categorisation of Recommendations	
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major ⟷ 1 = Minor Recommendation					Comments
						5	4	3	2	1	
2017/18 Audits – Draft / In Progress at Annual Opinion											
ICT	Protection from Malicious Code		Position Statement								
ICT	ICT Policies		Final Report	Reasonable	1			1			
ICT	Public Services Network Submission (PSN)		Final Report	Reasonable	2			2			
Key Financial Control	Fighting Fraud Locally		Final Report	Reasonable	5		1	4			
Key Financial Control	Serious and Organised Crime Checklist		Final Report	Reasonable	1			1			
Key Financial Control	Serious and Organised Crime Audit		Final Report								
Governance	Audit Committee Effectiveness		Discussion Document								
Follow-Up	Safeguarding		Final Report								10 of the 11 Recommendations have been actioned
Advice and Consultancy	Equalities and Diversity		Complete	Non-Opinion							

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
2018/19 Audit Plan									
Governance	Annual Governance Statement	1	In Progress						
Operational	Licencing / Planning / Planning Enforcement	1	ToR Drafted						Waiting for Management Approval
ICT	Data Protection Act 2018 (GDPR)	1	Initial Meeting Arranged						Deferred by request of Client in quarter 1, audit re-commenced
Advice and Consultancy	Workforce Strategy	1							
Operational	Procurement and Contract Management	1	Deferred						Deferred by request of Client to quarter 3 / 4
Other Audit Involvement	Disabled Facilities Grant Certification	1	Complete	N/A					
ICT	Public Services Network Submission (PSN)	2							
Operational	Members and Officers Gifts and Hospitality and Declarations of Interest	2	In Progress						
Operational	Regulatory Awareness and Compliance	2	In Progress						
Operational	Business Continuity Management	2	In Progress						

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
Follow-Up	Ubico Recyclates	2	Deferred						Deferred
Follow-Up	Ubico Data Monitoring	2	Deferred						Deferred
Advice and Consultancy	Ubico Finance Review (New)	2	Draft Report						Days taken from contingency
Advice and Consultancy	DFG Process (NEW)	2	In Progress						Day taken from contingency
Advice and Consultancy	P & ED Transformation Project	1 – 2							
Key Financial Control	Revenues and Benefits	3	Initial Meeting Arranged						
	• National Non-Domestic Rates								
	• Council Tax								
	• Council Tax Benefit								
Key Financial Control	Core Financials	3							
	• Accounts Payable								
	• Accounts Receivable								
	• Main Accounting								
	• Payroll								

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Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
	• Treasury Management and Bank Reconciliation								
Key Financial Control	Systems Administration	3							
Key Financial Control	Human Resources	3							
Key Financial Control	Other Support Service provided by Publica • Procurement	3							
Advice and Consultancy	Commissioning	3							
Governance	Risk Management	4							
Governance	Performance Management	4							
Key Financial Control	Serious and Organised Crime	4							
Operational	Discretionary Housing Payments (DHP)	4	In Progress						
Operational	Corporate Culture	4							
Advice and Consultancy	CBC Organisational Change Project (Not yet defined)	3 – 4							

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
Follow-Up Audits	Follow-Ups of Recommendations made in Substantial and Reasonable Audits	1 – 4	On Going						
	• MTFS								All recommendations Actioned
	• Grant Payments to Third Parties								Waiting for Management Response
	• S106 Agreements and Funds								Waiting for Management Response
Advice and Consultancy	Cemetery and Crematorium Development	1 – 4	On Going						
Advice and Consultancy	Parking Strategy / Cheltenham Task Force	1 – 4	On Going						
Advice and Consultancy	Publica Governance	1 – 4	On Going						
Advice and Consultancy	Change Programmes	1 – 4							
Other Audit Involvement	Provision for Grant Certifications	1 – 4							
Other Audit Involvement	Management of the IA Function and Client Support	1 – 4	On Going						
Other Audit Involvement	Contingency – Provision for New Work based on emerging risks								

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
	Other ICT Audits – to be agreed with SWAP ICT Auditor and ICT								
	Leisure and Culture Trust – Days from 2017/18								Scope to be discussed with CFO

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Summary of Audit Assignments Finalised since the last Audit Committee

Audit Assignments finalised since the last Audit Committee:

- Summary of Audit Findings and High Priority Service Findings

The following information provides a brief summary of each audit review finalised since the last Committee update.

2017/18 Protection from Malicious Code – Position Statement
We were unable to complete all sufficient system control testing in order to provide an audit opinion at this time due to the availability of key staff, however we have assessed the residual risk and provided this position statement based on the strategic approach and systems that Publica have in place to protect the Council's network, systems and data from the effects of viruses and malicious code.

We have also based our findings on recent audit reviews of the independent IT Health Checks (ITHC) and PSN submission activities, and our review of ICT Policies (Data backup and Ransomware Policies).
here were no significant issues and we noted that progress has been made against the independent ITHC, internal audit, and Publica - ICT's own findings.

Initiatives were underway to improve the security of the Council's network and Partner data using the latest intelligent threat protection products.

All high-risk vulnerabilities to Council systems, including those arising from a number of unsupported systems have been resolved, and key corporate systems had either been updated with the latest software, or software updates were being tested prior to deployment.

The Patch Management and, Change Control Policies, have been revised and updated. The Information Security Standards Policy has also been revised and updated to provide consistent direction and guidance to

users across all Council Partners. As at March 2018, Publica – IT were also in the process of creating a Cloud Computing Policy, to better inform their clients as to the risks from future use of open system providers, and to govern the use of this technology.

The PSN Authority have issued Publica with new annual certificates, that commenced in May 2018, for each of the four Councils.

There were several well controlled areas, and whilst we consider that there are sufficient controls to avoid a high impact attack, and it is likely that attacks will be confined to a user's computer and file shares, there will always be a risk from a virus infection, as those who target find more ways to cheat defences, and anti-virus products.

Therefore, we have assessed that there is a Medium residual risk.

2017/18 Public Services Network Submission – Reasonable Assurance
Our findings are based on reviewing the PSN activities, the PSN submission timeline, and meetings held with the Chief Technology Officer and the ICT Audit and Compliance Manager.

We are able to provide a reasonable audit opinion on the status of submission of the annual PSN Commitment Statement (Code of Connection) and supporting documentation.

The IT External and Internal Health Checks (ITHC) were carried out in November 2017, identified no critical or serious vulnerabilities. They neither raised any high vulnerabilities during external penetration testing, which demonstrated that the Council's network was designed to a sufficient standard to mitigate the known risks of being attacked from an outside source. Only medium and Low risk vulnerabilities were found during external testing.

High risk vulnerabilities were only discovered on the internal network after the Chief Technology Officer provided independent penetration testers with passwords, upon request from the testers. This identified

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client software which was unsupported, and therefore could not be updated to bring the software security up to current standards. Publica IT then proceeded to work with their clients to remove those vulnerabilities, which caused a delay in the original submission.

At the time of our initial review, in February 2018, not all actions arising from the independent Internal and External IT Health checks had been completed.

The compliance statement and supporting documentation was initially submitted to the Cabinet Office on 8 January 2018, after being signed off by the Senior Officer at each Partner Authority, prior to the certificate expiring on 19 January 2018. This submission was accepted by the PSN Authority with the caveat that the actions to address the high vulnerability areas were carried out by the 31 March 2018, and for an updated Remediation Action Plan to be resubmitted to PSN A.

There were originally 36 high risk vulnerabilities raised, on the ITHC, and at the time of resubmission, on 23 March 2018, only 1 high risk vulnerability was outstanding. In the period, whilst addressing the actions, there had been liaison between Publica IT and the PSN team at the Cabinet Office to inform them of the progress.

At the time of writing this report, PSN A have now validated the re-submission from Publica IT and have passed it to their assessors before issuing a new PSN certificate.

Out of the 47 medium and low risk issues, raised on the ITHC, 18 actions remained open, and 29 actions had been reported closed. Out of the 29 closed risks, there were thirteen low risk vulnerabilities that had been risk assessed and accepted by the Chief Technology Officer, rather than having actions assigned to them.

Addressing these vulnerabilities was being carried out with the background of 'Meltdown' and 'Spectre' vulnerabilities which have arisen from the flawed design of the commonly used processor chip and highlighted on 3 January 2018 as a World issue. This will mean software / firmware upgrades and engineering visits, by Publica IT, to desks and all IT equipment rooms to make configuration changes to the Bios on computer equipment.

We concluded that all mandatory documentation had been submitted to the PSN A and that care had been taken in ensuring that only accurate information had been entered onto the PSN Commitment Statement. The results from the Internal and External ICT Health Checks had been accurately transferred onto Remediation Action Plan.

We took assurance on the effectiveness of the design of the security controls from the independent Internal and External ICT Health checks that had recently been commissioned, the response to the security risks that had been identified, and a review of a sample of the joint information security policies, risk registers, and interviews with key staff.

There were four security gaps detailed in the PSN Commitment Statement. Resource had been made available to address these gaps in compliance. One of the 4 gaps identified, 'Cloud computing', represented no current risk, as this technology was not used, however a Cloud computing policy is being drafted, so that the Partnership is ready for future considerations of this technology and have an understanding to the risks open to system providers.

ICT Operations Patch Management Policy, headed with CDC, FODDC and WODC logos and updated by Publica in August 2017, needed updating to include CBC and make it explicit how networked, unsupported systems will be treated by Publica IT, and the Policy needed an understanding and approval from each of the 4 Councils.

We found that risks were assessed and communicated across service and corporate risk registers, and that mitigating controls listed on those registers were monitored and evidenced. We have, however, made two Priority 3 recommendations, that when implemented will further improve the risk control framework.

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2017/18 Fighting Fraud and Corruption – Reasonable Assurance

We have reviewed the current arrangements in place to combat fraud and corruption across Cheltenham Borough Council (CBC). The 'Fighting Fraud Locally Checklist' has been completed to assess operations in relation to the three core principles of the Local Government Counter Fraud and Corruption Strategy (2016-2019): Acknowledge, Prevent and Pursue.

The Counter Fraud Unit (CFU) was established across Gloucestershire and West Oxfordshire in April 2017, and CBC have appointed them to provide assurance over their counter fraud practices. The Counter-Fraud & Anti-Corruption Policy (2017) has been shared with CBC Members for their consideration and it is available on the Council website; meeting minutes support Members have approved this policy. The following documentation is also in place at the Council to help communicate its approach to fraud and provide guidance for Members and Officers;

• Council Constitution • Member Code of Conduct • Officer Code of Conduct • Whistleblowing Policy

Going forward, we would suggest the CFU and Internal Audit are consulted when reviewing the Constitution, Member and Officer Codes of Conduct and all Council policies to ensure current fraud and risk themes are considered and guidance reflects this. The Council has a Corporate Risk Register in place, but fraud risks are not easily identifiable; this has been flagged as an area of improvement by the CFU and we would agree with this assessment.

An Annual Governance Statement (AGS) is documented and shared with Audit Committee. Any risks identified in the AGS are followed up in line with the annual audit plan; the CFU are also consulted on the drafting of the annual Internal Audit plan.

At the time of audit work, CFU Awareness training was delivered to Council Staff and it was confirmed the training slides would be added to the Council intranet for Officer information. We would suggest the current Counter-Fraud & Anti-Corruption Policy is also added to the Council intranet to ensure Officers and Members can easily access the guidance.

The Council takes part in the National Fraud Initiative (NFI) and publishes Counter Fraud data on its website annually. CFU staff have relevant experience within the Public sector to undertake the work included within the annual plan and can work with other agencies when necessary to ensure professionally trained staff undertake work.

Member registers of interest and gifts can be requested from the Council, but they are not published on its website. The GOSS Procurement Strategy is now outdated and needs to be reviewed. Further reviews of procurement and registers will be undertaken by the CFU and Internal Audit in their 2018/19 work plans. BPSS checks should be undertaken on all Council staff however the CFU have identified that this is also an area which will be reviewed further in the 2018/19 work plan.

Our review has found controls are in place to help the Council fight fraud locally, and the improvements suggested within this report will help to strengthen what has already been implemented. Ensuring controls are consistently adhered to across the CFU's partners will provide a joined-up approach across the local area and help all partners acknowledge, prevent and pursue fraud in line with government guidance.

2017/18 – Serious and Organised Crime Audit and Checklist – Reasonable Assurance
The Serious and Organised Crime Strategy (2013) was introduced by the government and confirms;

"There is no legal definition of organised crime in England and Wales. For the purposes of this strategy, organised crime is serious crime planned, coordinated and conducted by people working together on a continuing basis. Their motivation is often, but not always, financial gain."

The Strategy estimates there were roughly 5,500 active Organised Crime Group's (OCG) in the UK at the time who were responsible for;

• The trafficking of drugs, people and firearms • Organised illegal immigration • Large-scale and high-

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volume fraud and other financial crimes • Counterfeit goods (including medicines) • Organised acquisitive crime • Cyber crime

Since the Strategy was implemented, the Counter Fraud Unit (CFU) was established across Gloucestershire and West Oxfordshire (April 2017) and this Council has appointed them to provide assurance over its counter fraud measures. Meeting minutes support the CFU report bi-annually to Members, and the CFU's Counter Fraud and Anti-Corruption Policy (2017) and Whistleblowing Policy (2016) have been approved and adopted.

The 'Serious and Organised Crime Checklist Self-assessment' has been completed by the CFU and has identified areas where controls should be in place, and areas which they acknowledge need improvement.

The Council is a member of the National Fraud Initiative (NFI) and Counter Fraud data is published on its website annually. The CFU Manager and Internal Audit Assistant Director meet quarterly to discuss any areas of concern and an annual meeting is held with the Councils External Audit provider. CFU staff all have previous experience in relevant areas of the Public Sector and have good links and to relevant external organisations. The CFU Manager is also the serious and organised crime single point of contact for the region and they have quarterly meetings in relation to this role which also provides good links for intelligence sharing.

Risk Management and Procurement processes in relation to serious and organised crime have been identified as areas requiring improvement and we would agree with this assessment; further work will be undertaken to provide assurance over these practices in 2018/19. The CFU have also stated that controls in relation to licensing and planning are currently due to be followed up, so we have been unable to provide an assessment in these areas.

Working with the CFU should help the Council keep up to date with current threats, so any vulnerabilities can be identified and mitigated against as much as is possible. By appointing the CFU the Council is demonstrating it has implemented measures to try and tackle Serious and Organised Crime in accordance with the government's strategy, which should also feed into helping the Council to achieve its aim/vision by

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acknowledging and understanding its risks.

2017/18 – ICT Policies – Reasonable Assurance

We offer a reasonable audit opinion. Most of the areas reviewed were found to be adequately controlled. Generally, risks are well managed, but some systems require the introduction or improvement of internal controls to ensure the achievement of objectives

Three Councils out of the four, that Publica ICT provide IT services to, had a comprehensive suite of policies available to provide guidance to officers and IT users, however we were unable to offer more than a Reasonable audit opinion as CBC's published IT Policies required work to bring them up to date.

We found that work was in hand by Publica ICT to align all the guidance and direction under one new Information Security Standards Policy, and this approach has been agreed by all four Councils. The main benefit that this single policy will provide is a consistent message on the key IT controls across all Councils, that accurately relate to the operational undertaking that Publica ICT implement on behalf of the Councils. The secondary benefit is that the single policy would have one point of control.

During the audit of ICT Disaster Recovery Planning, carried out in 2016-17, we examined backup and recovery strategy, procedures and systems. We provided Reasonable assurance that systems and procedural documentation were in place to enable the Council to recover from data loss, whether that was caused by a virus or malware, or a loss of a specific IT system.

Main Findings of this review: • Neither the CBC published Policies or the Shared ICT Policies, used by CDC, FODDC and WODC, contained a Backup Policy or Strategy that was available to users. • CBC Policies needed updating. • The CBC Information Security Policy differed from the Information Security Standards Policy used by CDC, FODDC and WODC. • The Shared ICT Policies, used by CDC, FODDC and WODC, contained a greater range of guidance, direction and controls for the prevention and reporting of virus and malware infections than the CBC Policies. • The Shared ICT Policies, used by CDC, FODDC and WODC, included controls that were aligned to the Public Services Network (PSN) controls and in-turn were broadly aligned to ISO 27001:2013. • The Backup Strategy and Procedures, owned by Publica ICT, were robust and up-to-date.

We advised the ICT Audit and Compliance Manager that a paragraph on the organisation's backup policy would be a useful inclusion in the new Information Security Standards Policy, alongside a section on prevention of viruses/ malware, to provide the users with awareness that there is a regular cycle of backups taken which is a key control to countering Cyber-threats, in particular ransomware.

It has since been evidenced that after the fieldwork testing was completed that CBC have now agreed and approved the shared Information Security Policy which brings the suite of control document access in line with partner authorities. The Information Security Policy has also been updated to include actions to be taken to mitigate exposure to/or to minimize the impact of exposure to viral or malicious threats.

Within the last 18 months there had been a review and amalgamation of the Shared IT policies used by CDC, FODDC and WODC, and this work was continuing to align the IT controls within a common Information Security Standards Policy which can be adopted by all four Councils.

Safeguarding Follow-Up

11 of the recommendations made in the 2016/17 Audit Cotswolds report have been completed and one recommendation has not been started. Guidance currently available to managers with regards to new starters, does not refer to safeguarding responsibilities and training, which we have discussed with the Publica Learning & Organisational Development Manager. We recommend that the Safeguarding & Partnerships Manager liaises with Publica (Human Resources) to ensure the guidance is appropriately updated.

Observations made during the field work for this review include:

• The new Safeguarding Policy was agreed by Cabinet in October 2017, however version published on the intranet was 'Draft v3 August 2017'

• At the October 2017 Cabinet meeting, Members requested that the telephone number of the Designated Safeguarding Officer be included on the list of useful numbers, this was not updated.

• The Safeguarding Policy published on the Council's internet was dated February 2013.

We can confirm that the above observations were actioned after issuing the draft report.

We can conclude that monitoring processes to comply with the Safeguarding policy have been improved since the 2016/17 report and that if the outstanding recommendation is implemented the control environment would be further enhanced.

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Audit Name	Priority	Recommendation	Management Response	Due Date	Update Sept 2018
2017/18 – Ubico Recyclates and Data Monitoring	2	The Lead Commissioner- Housing Services & Waste (LC-HS&W) has agreed to seek assurance, supported by appropriate evidence, from the JWT that CBC is receiving value for money for its recyclates.	This weakness was identified by the JWT CM and since the audit the Council has completed a re-procurement of the materials contracts and included a requirement for the re-processors to show how they calculate the price being offered against the Lets Recycle indices. This calculation is now used by the JWT CM to check the price offered by the individual re-processors at each review point. If the price offered is below that based on the calculation, then the necessary challenge is being completed. In addition, as a result of a long standing arrangement between the CDC/JWT CM and the Salvation Army, an increase in income for the authority on textiles and shoes has been secured as detailed in the Tender Acceptance Report for Textiles & Shoes. A significant reduction in the price paid for the recycling of wood/timber has also been secured resulting in a reduction in cost for the authority as detailed in the Tender Acceptance Report for Wood. The JWT CM is updating the GOSS BPA on a monthly basis of any movement in the material prices and the likely effect that might have on the income being received by the Council. From April 2018 the JWT CM will also present the latest prices to the Cabinet Lead as part of the monthly meeting together with the amount of income received and any variances likely at year end."	30/04/18	Follow-Up deferred until October 2018
2017/18 – Ubico Recyclates and Data Monitoring	2	Budget Variances The LC-HS&W has agreed to ensure that: -	The JWT CM is now discussing budget variances with the GOSS BPA on a monthly basis.	30/11/18	Follow-Up deferred until October 2018

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| | | | controls are put in place to monitor the Ubico budget to ensure CBC is receiving value for money and realising benefits as new partners join.
the KPI's being reviewed provide the Council with meaningful measures, are approved and implemented in a timely manner.
Robust information regarding budget variances are discussed at regular intervals and communicated to the ESPB where necessary.
Risks of reduced recyclate income is identified and monitored accordingly." | Income updates (current income against projected budgets) will be built in as part of the monthly meetings with the Cabinet Member and CL-HS&W. This will be implemented from April 2018 and the update will be recorded in the action notes. This will also be extended to the quarterly ESPB meetings with Ubico in order that a fuller understanding of budget pressures (or otherwise) is available to all relevant parties.

The JWT have reviewed the Ubico performance template and revised KPIs have been put forwards which will be used in all ESPB meetings from April 2018

We have agreed with UBICO that there is a requirement for more robust variance reporting so that a narrative is provided to accompany any variances, and that analysis is undertaken by Ubico each quarter to provide the council with greater confidence that the end of year projected variance is as accurate as possible. Ubico have advised that additional resources are required to support their financial reporting, and that they will be looking to provide this from April 2018 at no additional cost to CBC. We will closely monitor how effectively Ubico implement our requirements as we change our conversation at our quarterly monitoring meetings to more strategic discussions from the new financial year.

The Client Officer and Customer Relations Manager will attend meetings between JWT Contract manager and finance staff and will be proactively engaging with Ubico Managers so that the budget is managed in a more proactive way.

We have built into the Terms of Reference the requirement for Ubico to demonstrate any growth/efficiency | | |

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			opportunities going forward. Contained within the 2018/19 Joint Waste Committee Action Plan is a 'Benchmarking review of current collection services to understand the relative cost and performance of current waste and recycling services across Gloucestershire'. The target date for completion is October 2018 and this will give us valuable data in which to further scrutinise the services being provided by Ubico to the Council and challenge any discrepancies going forwards. Notwithstanding the work included in the action plan CBC have commissioned a consultant with extensive experience in the industry. He is networking with five councils, with a mix of DSO and contracted services. A report on findings will be presented to CBC by end of May."		
2017/18 – Ubico Recyclates and Data Monitoring	2	Budget data The LC – HS should ensure that a breakdown of each service charge, used to compile the annual budget, is received to ensure it is appropriate and reflects the service being charged to CBC, in comparison to other service users. Furthermore, this will allow CBC to challenge the value for money service."	Each of the services operates differently so direct comparisons from cost information can be misleading. For instance, Tewkesbury council recently introduced a co–mingled collection of recycling in wheeled bins. CBC have introduced a kerbside sort requiring specialist vehicles. This results in staff having to hand pick materials and sort them into relevant compartments in the vehicle. In the more urban areas of Cheltenham, traffic congestion, access issues and servicing flats are likely to slow collections down compared to the other councils. Gloucester City Council and Forest of Dean Council operate similar systems to Cheltenham i.e. kerbside sort on specialist vehicles. It is important that councils operating the same methodology are focussed upon. The consultant is gathering cost date from Gloucester and Forest of Dean. In addition research is being carried out with several councils that use different operational systems provided by both private sector contractors and Direct Service Organisations. Research findings will be reported to the Lead Commissioner –	30/11/18	Follow-Up deferred until October 2018

			Housing Services and Waste and Managing Director, Place & Economic Development. The findings of this research will determine discussions and any potential actions with Ubico. This work is due to be reported by the end of May 2018. Contained within the 2018/19 Joint Waste Committee Action Plan is a 'Benchmarking review of current collection services to understand the relative cost and performance of current waste and recycling services across Gloucestershire'. The target date for completion is October 2018 and this will give us valuable data in which to further scrutinise the services being provided by Ubico to the Council and challenge any discrepancies going forwards. In addition, the JWT will compile and provide quarterly information, along the lines of Appendix A, to Senior Management Group, which is comprised of Officers from each of the districts, from the new financial year (18/19) onwards.		
2017/18 – Council Tax	2	Council Tax Completion Notices must be considered during the Council Tax Base calculation and evidenced accordingly.	Estimates will be included in tax base at 3th November for any properties where completion notices have been served but not yet included on valuation list.	30/11/18	Will be followed-up during core financial audit in quarter 3
2017/18 – Other GOSS Area Health and Safety	2	GOSS HS should produce a list of duties carried out at each of its clients and document any associated risks. Appropriate policies should then be written on behalf of each client and approved at the appropriate level.	HS policies are already in place at CBC, CDC, FoDDC, Ubico and WODC. These will continue to be reviewed in line with current procedures. The working practices of officers transferring into Publica aren't due to change significantly, therefore existing Council HS policies will be branded for Publica use and approved by the Board. In the interim period until Publica Board can meet to approve these policies, the GOSS HS Manager (in his role as advisor to Publica) has produced a transformation document stating there will be a brief transition period, until all policies have been adopted by Publica, which all Publica employees will be required to	30/03/18	Will be followed-up during core financial audit in quarter 3

			comply with Council policies."		
2017/18 – Other GOSS Area Health and Safety	2	The GOSS HS Manager should work with senior management from each of GOSS's clients to ensure each appoints a 'responsible person' in line with the Regulatory Reform (Fire Safety) Order 2005. This should be a senior officer who is made aware of all responsibilities that come with the position.	OSS HS, in consultation with their clients, have identified Responsible Persons at each client (including Publica). Training on the role and responsibilities of the position will be provided to each officer at which time appointment letters will be issued."	31/01/18	Will be followed-up during core financial audit in quarter 3
2017/18 – Accounts Payable (Creditors)	2	The Accounts Payable Accountancy Manager should ensure that a quarterly review of all payments made during the past four months is undertaken to highlight any duplicate payments made.	We will run this new process for the middle of each quarter, i.e. February, May, etc. This will allow us time to make any necessary adjustments before quarter end."	01/06/18	Will be followed-up during core financial audit in quarter 3
2017/18 – IR35	2	To ensure compliance with HMRC guidance, all supplier request forms should be updated to state the service manager from the hiring authority is responsible for completing the ESS to determine employment status.	Revise the new supplier request form to reflect the responsibilities on the public body not sole trader."	31/07/18	Will be followed-up during core financial audit in quarter 3
2017/18 – IR35	2	An individual / service area should be assigned to oversee and own the IR35 process to ensure accountability.	Each Group Manager should appoint a person responsible for Overseeing the IR35 process and maintaining a register of 'off payroll' workers to avoid delays with recruiting."	31/07/18	Will be followed-up during core financial audit in quarter 3
2017/18 – Fighting Fraud and Corruption	2	The CFU should be consulted when the Procurement and Contract Strategy is reviewed to ensure fraud in relation to procurement is fully considered.	CFU Manager – CFU to work with Procurement as required."	01/09/18	

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