

Cheltenham Borough Council

Report of Internal Audit Activity

Plan Progress 2018/2019

April 2019

Contents

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●	Role of Internal Audit	Page 1
●	Internal Audit Work	Page 2
●	Approved Changes to the Audit Plan	Page 3
●	Appendices:	
	Appendix A – Internal Audit Definitions	Page 4 – 5
	Appendix B – Internal Audit Work Plan Progress	Page 6 – 11
	Appendix C – Executive Summary of Finalised Audit Assignments	Page 12 – 18
	Appendix D – High Priority Recommendation Follow-Up	Page 19 – 25
	Appendix E – Summary of All Recommendations	Page 26

Internal Audit Plan Progress 2018/2019

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.

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 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.

Appendix E summarises all 2017/18 and 2018/19 recommendations and the progress made against these.

Internal Audit Plan Progress 2018/2019

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.

The following changes have been made to the plan:

The Risk Management Audit has been deferred due to a change in officer and proposed changes to service provision, therefore an audit won't add any value at this time.

The Performance Management audit was originally included to review the Corporate Plan. As this has recently been updated and due to be presented to Council the audit was deemed unnecessary. The days have been allocated to support a new audit on Data Integrity.

Workforce Strategy and Corporate Culture have been deferred, following discussion with the client, and will be undertaken during 2019/20 to coincide with the new People Strategy and support the Modernisation Programme.

The Commissioning Audit has been deferred to 2019/20. We currently have two procurement audits in progress and data gathered from these audits will help to develop the scope.

The audit of Members ICT has been deferred to 2019/20 due to the changes being made to Members ICT arrangements.

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.

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.

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.

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.

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.

Internal Audit Work Plan Progress 2018/2019

B

APPENDIX

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	5 = Major		↔	1 = Minor		Comments
						Recommendation					
						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							

Internal Audit Work Plan Progress 2018/2019

B

APPENDIX

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
2018/19 Audit Plan									
Governance	Annual Governance Statement	1	Final Report	Substantial	-				Reported January 2019
Operational	Licencing / Planning / Planning Enforcement	1	Position Statement Issued	N/A	-				Reported January 2019
ICT	Data Protection Act 2018 (GDPR)	1	Final Report	Reasonable	1		1		See Appendices C, D & E
Advice and Consultancy	Workforce Strategy	1	Audit Deferred						Audit deferred to 2019/20 following discussion with the client
Operational	Procurement and Contract Management	1	In Progress						
Other Audit Involvement	Disabled Facilities Grant Certification	1	Complete	N/A					
Operational	Members and Officers Gifts and Hospitality and Declarations of Interest	2	Final Report	Reasonable	5		2	3	See Appendices C, D & E
Operational	Regulatory Awareness and Compliance	2	Complete						Desktop research identified that only one area included regulatory change which has been actioned. Days added back into contingency

Internal Audit Work Plan Progress 2018/2019

APPENDIX B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
Operational	Business Continuity Management	2	Final Report	Reasonable	5	1	3	1	Reported January 2019
Follow-Up	Ubico Recyclates	2	Complete	N/A	-				See Appendices D & E
Follow-Up	Ubico Data Monitoring	2							
Advice and Consultancy	Ubico Finance Review (New)	2	Final Report	Position Statement	1			1	Reported January 2019
Advice and Consultancy	DFG Process (NEW)	2	Complete						Short consultancy piece of work to review change in process
Advice and Consultancy	P & ED Transformation Project	1 – 2							No IA Involvement requested
Key Financial Control	Revenues and Benefits	3							
	• National Non-Domestic Rates		Final Report	Substantial	-				See Appendix C
	• Council Tax		Final Report						
	• Council Tax Benefit		Final Report	Substantial	2			2	See Appendices C & E
Key Financial Control	Core Financials	3							
	• Accounts Payable		Final Report	Substantial	1			1	See Appendices C & E
	• Accounts Receivable		Final Report	Reasonable	2		1	1	See Appendices C, D & E
	• Main Accounting		In Progress						

Internal Audit Work Plan Progress 2018/2019

APPENDIX B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
	• Payroll		Draft Report						
	• Treasury Management and Bank Reconciliation		Final Report	Substantial	1			1	See Appendices C & E
Key Financial Control	Systems Administration	3	In Progress						
Key Financial Control	Human Resources	3	In Progress						
Key Financial Control	Other Support Service provided by Publica • Procurement	3	In Progress						
Advice and Consultancy	Commissioning	3	Audit Deferred						Deferred to 2019/20
Governance	Risk Management	4	Audit Deferred						Request by client, audit won't add value due to proposed changes in system
Governance	Performance Management	4	Audit Dropped						Days allocated to the Integrity of Data audit following agreement with client
Key Financial Control	Serious and Organised Crime	4	In Progress						
Operational	Discretionary Housing Payments (DHP)	4	Final Report	Reasonable	5			5	See Appendices C & E
Operational	Corporate Culture	4	Audit Deferred						Audit deferred to 2019/20 following discussion with the client

Internal Audit Work Plan Progress 2018/2019

APPENDIX B

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Priority			Comments
						1	2	3	
ICT	Public Services Network Submission (PSN)	4	Audit Deferred						Deferred to 2019/20 due to timing of submission to Cabinet Office
ICT	Cybersecurity	4	In Progress						
ICT	Members ICT	4	Deferred						Audit deferred to 2019/20 due to the forthcoming changes in Members ICT arrangements
Operational	Integrity of Data (NEW)	4	In Progress						
Advice and Consultancy	CBC Organisational Change Project (Not yet defined)	3 – 4							No IA Involvement requested
Follow-Up Audits	Follow-Ups of Recommendations made in Substantial and Reasonable Audits	1 – 4	On Going						
Advice and Consultancy	Cemetery and Crematorium Development	1 – 4	Complete						
Advice and Consultancy	Parking Strategy / Cheltenham Task Force	1 – 4	On Going						
Advice and Consultancy	Publica Governance	1 – 4	On Going						
Advice and Consultancy	(Publica) Benefits Realisation	1 – 4	In Progress						
Advice and Consultancy	Change Programmes (Publica Transformation Programme)	1 – 4	Position Statement						

Internal Audit Work Plan Progress 2018/2019

APPENDIX B

Internal Audit Work Plan Progress 2018/2019

APPENDIX B

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Audit Assignments finalised since the last Audit Committee:Summary of 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.

2018/19 Data Protection Act 2018 – Reasonable Assurance

The Data Protection Policy was reviewed and approved by Cabinet in June 2018 to reflect the requirements of the Data Protection Act 2018. The Council's Monitoring Officer fulfils the statutory role of the Data Protection Officer (also approved by Cabinet in June 2018). The Officer is supported by the One Legal client support officer and the Council's SPOC (Single Point of Contact). Currently this role is undertaken by the Corporate Governance, Risk and Compliance Officer.

A new suite of Information Security Policies including a Data Breach Policy and Procedures have been developed by Publica which have been adopted by the Council. We were advised that One Legal and the Corporate Governance Group reviewed the policies and that the GDPR Project Team approved the policies, however, there is no record of either of these actions. We have recommended that the policies are formally approved by the appropriate authorising body.

We have been advised that data audits and a gap analysis have been undertaken and service area Action Plans developed to help achieve compliance. Progress against these plans is currently being monitored by the Project Manager and temporary resource has been appointed to help with data management activity. We have not undertaken testing in individual service areas as this falls outside of the scope of this review, but we are aware that actions to meet full compliance will take several years to achieve and therefore the assurance we can offer is reasonable.

One Legal provided initial training to staff and members. The Project Manager advised that on-going training and awareness materials were being developed to ensure that data protection considerations become embedded within

the organisation.

A sound process has been set up between One Legal and the Council's SPOC for reviewing/reporting data breaches; a register and supporting documentation is maintained by the SPOC. We can confirm no incidents have had to be reported to the Information Commissioner. Our review identified a couple of minor administrative errors that have been reported to the SPOC. Finally, we can confirm that observations from our previous review have been considered and implemented.

2018/19 Council Tax and NNDR – Substantial Assurance

New property valuations for Council Tax and NNDR are processed regularly and in accordance with Valuation Office guidelines, and the Civica Revenues and Benefits system is kept up to date with relevant notes. Reports are periodically run for outstanding referrals made to the Valuation Office who are then pursued for action or updates. Notifications issued by the Valuation Office are actioned accurately and in a timely manner. Samples of new and amended property valuations for both Council Tax and NNDR were tested and no issues were detected.

Reconciliations for Council Tax and NNDR are completed accurately, approximately twice per month to the General Ledger, and includes daily checks of the cash receipt load files in to the Council Tax and NNDR system. The Valuation Office Listings are reconciled weekly. The reconciliations are checked by an independent Officer, at minimum, on a monthly basis.

Exception reports for areas including arrears, credits and suppressed accounts are run each month and found to be actioned appropriately. The suspense accounts are checked and actioned on a daily basis by a Revenues Officer working with a Finance Officer to correctly re-allocate funds.

Following last year's Council Tax and NNDR audit one recommendation was made to include growth in new Council Tax Base calculations. We can confirm that properties that have been referred to the Valuations Office, but have not yet been added to the valuation listings, have been included in the 2019/20 Council Tax base calculations which have subsequently been approved by the Section 151 Officer.

Following the Grant Thornton audit of 2018, a recommendation was made to introduce an additional officer to undertake system administration duties. The Head of Revenues and Benefits is working on a restructure which will introduce a post to include these dedicated responsibilities.

2018/19 Housing Benefit / Council Tax Support – Substantial Assurance

Civica OpenRevenues system parameters are updated annually by the Deputy Revenues and Benefits Manager and the updates made are checked and agreed by an independent Officer. We were satisfied testing was performed on both test and live systems by the Benefits Team Leader and Senior Officer ensuring claims are calculated correctly prior to go-live, although evidence and sign off of the testing was not available to view. A recommendation is made to document the testing and results for the Deputy Revenues and Benefits Manager to review and sign off.

Cheltenham Borough Council is implementing a new Council Tax Support scheme for 2019/20. The new scheme was approved by Council in December 2018, and the implementation plan is being managed by the Deputy Revenues and Benefits Manager. We are satisfied the project is on target for completion.

We can confirm monthly reconciliations of the Housing Benefits system are completed. There was evidence of independent sign off of the reconciliations.

A new process, supporting the Verify Earnings and Pensions (VEP) alerts, was introduced in 2018 by the DWP, these are real time information notifications issued by HMRC. The system is portal based with limited reporting functionality. The alerts are managed and processed daily by the Benefits team and are in addition to the existing daily ATLAS (Automated Transfers to Local Authority Systems) alerts. Completed alert processing is subject to quality checking. Due to the increase in alerts processing as well as future changes to the Council Tax Support scheme, a recommendation is made to consider introducing a regular management information report which could help identify peaks, troughs and trends and any challenges in the workload received.

Following last year's Housing and Council Tax Support audit one recommendation was made to improve the Housing Benefit and Council Tax Support appeals information on the CBC website. We can confirm the CBC website has now been updated with full details of the HB and CTS appeals processes.

2018/19 Accounts Payable – Substantial Assurance

We are pleased to offer Substantial Assurance over the following procedures with Accounts Payable:

- Timeliness of payments

- Re-coding of invoices
- Feeder system payments
- Ensuring duplicate suppliers are not set up within Business World
- Identifying and recovering duplicate payments

One recommendation has been made in regard to extending a process already undertaken by the AP Team Leader to identify duplicate payments. The current process identifies duplicate payments made by a single client but does not identify if the same invoice had been paid by two clients. Our testing identified all duplicate payments made from the same client had been identified and recovered (or in the process of being recovered). However, we found one invoice that was paid by two partners (£764.57 overpayment) and another two invoices paid by two partners (£1352.70 overpayment) that had not been identified as part of the Service's current process. The service had therefore not contacted these suppliers to recover these duplicate payments.

2018/19 Treasury Management and Bank Reconciliation – Substantial Assurance

Treasury Management

Treasury Management (TM) advisers, Arlingclose, now provide services to CBC, CDC, FODDC and WODC. This was determined after a tender exercise in September 2017 and approved by each Council. The contract will run until 2020 with the option of extending for a further 2 years. Records of investments and diversification were reviewed regarding Treasury Management investments, which were found to be in line with the approved strategies of the authorities.

Bank Reconciliation

Our testing showed that although bank reconciliations were being carried out, there was no set procedure on who or when these should be completed. This had resulted in, as at 26th November, the September and October bank reconciliations for CBC and CDC not being verified and approved at a senior level. We can confirm this has since been addressed and a recommendation has been made to improve current processes.

2018/19 Accounts Receivable – Reasonable Assurance

We are pleased to offer a (high) Reasonable Assurance over the following procedures within the Accounts Receivable service:

- Debt recovery
- Debt write-offs
- Amending invoice subscriptions

The controls implemented by the Accounts Receivable (AR) Team Leader since December 2017 have been shown to ensure the Service's key tasks, i.e. Direct Debit runs and debt recovery have improved. We can confirm the outstanding debt is low at each of AR's clients investigated as part of this review. We can also confirm all debt write-offs have been approved in accordance with each authority's scheme of delegated authority.

However, we identified that AR officers are not recording evidence that debt recovery procedures are being followed or that the budget holder's authorisation to write-off unrecoverable debt has been obtained, in accordance with AR's procedures. We have therefore made a recommendation around this control weakness.

During a separate audit we identified three instances where requests had been received to amend invoice subscriptions; a new subscription was created but the original subscription remained active. This resulted, on two occasions, of a customer paying twice for the same service from the Council. We have therefore recommended that the AR team carry out a review of all active subscriptions to identify and rectify any other duplicate subscriptions.

2018/19 Discretionary Housing Payments – Reasonable Assurance

Meeting minutes (February 2018) were supplied to support the current DHP policy has been approved by Cabinet. We have identified some amendments to consider when the policy is next reviewed to improve clarification and transparency of the scheme.

A sample of awarded and refused DHP applications were examined to check accordance with Council policy and DWP guidance. All claims have evidence of a completed Council DHP application form and system notes which explain the rationale for the decision, but testing has found some inconsistencies with documentation to support how claims were calculated which should be addressed to ensure a full audit trail is maintained.

DHP decisions are not checked by a second officer, but all reconsiderations are processed by a more senior officer who was not involved with deciding the original claim; evidence was seen to support this during testing. Consideration should be given to introducing quality checks on refused DHP claims to check awards are decided consistently.

There are currently no formal measures in place to record and monitor DHP targets. Not all applicants in our test sample were informed of their DHP decision within the Council's 14-day target, but satisfactory explanations were provided for those which had not been.

Evidence was supplied to support the 3 mandatory DWP returns were submitted by the Council for 2017/18. We were advised the Council does not provide any additional DHP funding and this is a historical decision. Review of the Council's DHP spend over the last 3 years has found it has not utilised its DWP contribution, so no additional funding was required.

DHP's are promoted on the Council's website and with local organisations such as the Citizens Advice Bureau, and with Cheltenham Borough Homes; CBC should consider providing more information on DHPs to Housing Benefit claimants to further promote the scheme, this may help to make use of more of its government contribution.

DHP's are not formally monitored or reported internally but we were advised the DHP fund is monitored on an ad-hoc basis in Civica by the Head of Revenues and Benefits and Deputy Revenues and Benefits Manager.

2018/19 Members' and Officers' Gifts, Hospitality and Declarations of Interest – Reasonable Assurance

We are able to offer a Reasonable Assurance over the Members' and Officers' Declarations of Interest, Gifts and Hospitality process at Cheltenham Borough Council.

Members

The processes in place for elected Members to declare interests, gifts and hospitality are generally robust and effective. We are satisfied that adequate arrangements are in place to promote awareness of the process and to ensure that any relevant interests or offers of gifts and hospitality are declared by Members. The Monitoring Officer has in place a register of Members' interests and the information from the register is available on request.

Two recommendations have been made in the following areas: - Improvement of the secure storage of hard copies of Members' declarations information - Using electronically scanned forms to allow the Monitoring Officer to review declarations information in a timely manner

Officers

There is a process in place for officers to declare interests, gifts and hospitality. We are satisfied that adequate arrangements are in place to obtain declarations of interest from CBC officers annually, with a high return rate. There is little evidence to suggest that the content of declarations is reviewed, however, so there is room for improvement.

Information is available to officers on the staff intranet regarding the declaration of gifts and hospitality, but this information is not promoted meaning there is a risk that there is little engagement or awareness of the process.

Although there is a process in place and information is collected, the responsibility for the monitoring and review is unclear. This results in an increased risk that declarations made by officers, that could affect the reputation of the Council, are missed.

Two recommendations have been made to improve the current process:

- Officers' declaration forms should be reviewed to ensure the information provided does not leave the Council open to reputational risk
- Raising of awareness of the declaration process for officers

There is further opportunity for improvement in the overall governance and implementation of this process to reduce risk and increase efficiency. In addition to the above, the Counter Fraud Unit (CFU) plan to consult with Governance Officers to discuss the introduction of a risk-based approach to conflict of interest forms as part of their 2019/20 plan. This would provide an opportunity for collaborative working between CBC and the CFU to review the approach to the overall declarations process.

Audit Name	Priority	Recommendation	Management Response	Due Date	Update April 2019
017/18 – 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.	<p>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.</p> <p>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."</p>	30/06/19	<p>Evidence was provided of the JWT (Joint Waste team) reviewing and challenging the recycle prices where necessary, however we were advised that they were not undertaking any proactive activity. For example, benchmarking against other organisations to determine whether the best values were being offered or contacting other partners to see whether there was scope to work together.</p> <p>Cabinet agreed in November 2018 to withdraw from the JWC (Joint Waste Committee) and to increase inhouse contract management facilities. Therefore, this proactive work will be undertaken by CBC officers once the JWT are no longer involved.</p> <p>We were advised that new prices had been negotiated with the Re-processors, and that from April 2019 the management of the new contracts would be handed back to the Council which would mean that the Council would have direct control over its recycle sales. We can confirm that operational monthly meetings between officers from Ubico, Publica Finance and the Council are now taking place which cover discussions regarding recycle values. Following a review by an independent consultant a new Environmental Services Strategic Partnership Board was set up in January 2019 and will meet on a quarterly basis.</p> <p>Further follow-up will be undertaken during 2019/20</p>

High Priority Recommendation Follow-Up

APPENDIX D

Audit Name	Priority	Recommendation	Management Response	Due Date	Update April 2019
2017/18 – Ubico Recycles and Data Monitoring	2	<p>Budget Variances</p> <p>The LC-HS&W has agreed to ensure that:</p> <ul style="list-style-type: none"> - 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 recycle income is identified and monitored accordingly." 	<p>The JWT CM is now discussing budget variances with the GOSS BPA on a monthly basis.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>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</p>	30/11/18	<p>Robust budget monitoring controls have been introduced as follows: • The Interim Client Manager and the JWT Client Officer are working much closer so that there is an informed hand-over when the JWT's services are ceased. • Monthly operational meetings between Ubico, Publica Finance and the Interim Client Manager, Environmental Services are being held. • Ubico provide monthly KPI reports at these meeting which include commentary on any variances and associated risks. • Strategic quarterly meetings were introduced in January 2019. • The Cabinet Lead has regular 1:2:1 meetings. We have suggested that these discussions should be documented to evidence discussions held.</p> <p>These controls should ensure that the Council has a better understanding and awareness of performance and to address any concerns in a timely manner.</p> <p>Recommendation Complete</p>

High Priority Recommendation Follow-Up

APPENDIX D

Audit Name	Priority	Recommendation	Management Response	Due Date	Update April 2019
2017/18 – Ubico Recyclates and Data Monitoring	2	<p>Budget data</p> <p>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."</p>	<p>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 data 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 – 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.</p> <p>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</p>	31/07/19	<p>We were advised that following the Client arrangements for the Ubico Contract being brought back inhouse, the interim Client Manager will be working with the Public Finance Business Partner to undertake a value for money piece of work in close liaison with Ubico.</p> <p>Further follow-up will be undertaken during 2019/20</p>

High Priority Recommendation Follow-Up

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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 to work with Procurement and assist with a revised Strategy"	01/06/19	

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High Priority Recommendation Follow-Up

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2018/19 Data Protection Act 2018	2	To comply with the Policy Framework (Appendix C) of the Constitution, the revised ICT policies must be formally approved by Senior Management.	Policies are going to be reviewed by CMT board on the 12th February 2019.	28/02/19	
2018/19 Business Continuity Management	1	A procedure is drawn up for authorised persons to follow to help guide them in determining if the plan should be actioned and, if so, what the actions following activation of the plan should be to ensure the necessary steps are taken when invoking the BCP.	We have the document, EAP Procedure Plan, which details the actions to be carried out in a variety of scenarios. Links to the relevant documentation to satisfy this requirement will be corrected/added within the CBCP. The documentation will be revision stamped and reviewed on a regular basis.		Recommendation Complete
2018/19 Business Continuity Management	2	Consideration could be given to aligning the BCP with the international standard ISO22301, as this provides a framework to plan, establish, implement, operate, monitor, review, maintain and continually improve a business continuity management system.	Consideration will be given to aligning the BCP with the international standard ISO22301 following the review of the Business Continuity Planning process which will be undertaken by the Civil Protection Team after April 2019.	30/06/19	
2018/19 Business Continuity Management	2	Consideration should be given to the clarity of the existing template and its ability to guide an officer in difficult and stressful times, and adopting an existing template, to better meet the authority's responsibilities.	An independent review of the CBC BCPs has been agreed with the Civil Protection Team this will commence after April 2019 when resources become available. The Corporate BCP will be identified as the first plan to be reviewed.	30/06/19	

High Priority Recommendation Follow-Up

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2018/19 Business Continuity Management	2	Consideration could be given to the utilising the out of hours automated phone system, already in place, as an emergency information line for providing information to staff and / or the public if other methods of communication are down.	Consideration will be given to utilising the out of hours automated phone system already in place as an emergency information line after the review of the Business Continuity Plans.	30/06/19	
2018/19 Accounts Receivable	2	A review of all active subscriptions should be carried out, on behalf of each client, to identify any other duplicate subscriptions and these should all be corrected. Priority	Agreed. This will be carried out. Additional training will also be provided to AR officers to prevent this occurring again in the future.	31/03/19	
2018/19 Members' and Officers' Gifts, Hospitality and Declarations of Interest	2	We recommend that consideration is given to work between CBC and the Counter Fraud Unit (CFU) to refresh the approach to the declarations process as part of their planned work discuss the introduction of a risk-based approach to conflict of interest forms in 2019/20. Priority	The CFU manager agrees to review this with the support of SWAP and Governance Group as part of the 2019/2020 work plan. The Programme Manager agrees to work with the CFU to review their risk-based approach and see if this is appropriate for implementation at CBC.	31/03/20	
2018/19 Members' and Officers' Gifts, Hospitality and Declarations of Interest	2	We recommend that actions are taken to increase officer awareness on the responsibility to declare interests, gifts and hospitality. This may include (but not be limited to): - Regular reminders posted on the staff intranet - Sending out email reminders - Periodic training	he Programme Manager agrees to increase officer awareness through reminders on a quarterly basis and ensure periodic training is undertaken.	30/04/19	

