



Audit Committee Report

REPORT OF	Senior Finance Manager (Internal Audit)	DATE 14 th Jan 2016
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SUBJECT	Summary of the key recommendations made in the medium-high opinion audit reports issued by Internal Audit during the 2014/15 financial year as requested by Audit Committee Members
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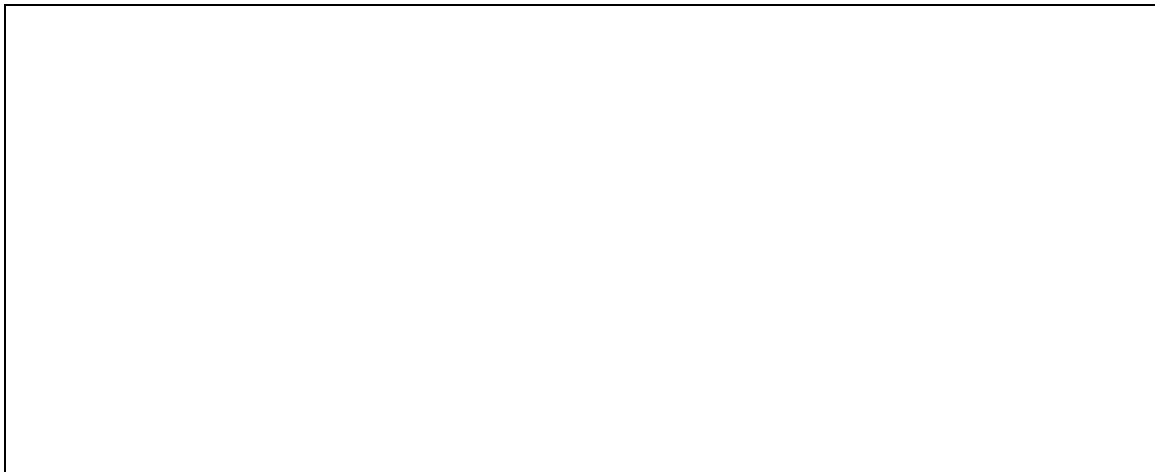
SUMMARY	The attached is a summary of the key recommendations and executive summaries from the medium-high audit reports issued in 2014/15.
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RECOMMENDATIONS	To note the contents of the Report
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FINANCIAL IMPLICATIONS CLEARED BY	No K Inman	PARAGRAPHS
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BACKGROUND PAPERS

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**CATEGORY OF
REPORT**

Open

Statutory and Council Policy Checklist

Financial implications
YES /NO Cleared by: K Inman
Legal implications
YES /NO
Equality of Opportunity implications
YES /NO
Tackling Health Inequalities implications
YES /NO
Human rights implications
YES /NO
Environmental and Sustainability implications
YES /NO
Economic impact
YES /NO
Community safety implications
YES /NO
Human resources implications
YES /NO
Property implications
YES /NO
Area(s) affected
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council? YES/NO
Press release
YES /NO

Report of the Senior Finance Manager **14 January 2016**

1. The purpose of this report is to detail the headline recommendations in the medium-high opinion audit reports issued by Internal Audit during the 2014/15 financial year. This was requested by Audit Committee members following presentation of the Senior Finance Managers' annual report in September 2015.
2. Given the individual nature and scope of each review it was not possible to summarise key themes across all 34 medium-high opinion reports issued, results have however, been amalgamated when a similar review has been conducted in different portfolios.

Handling of Serious Incidents (Communities)

Executive summary

3. The audit focused on the pilot of the Serious Incident SharePoint site undertaken by Adult Provider Services (APS). No testing has been undertaken on any individual Serious Incidents.
4. The Serious Incident SharePoint site is used to record an incident and as such is not a system to help manage the process of investigating and managing an incident.
5. It is acknowledged that APS was chosen to undertake the pilot as the team had a strong existing knowledge and understanding of the management of serious incidents. Internal Audit are aware that other service areas within the Communities Portfolio are less familiar with the identification, investigation and management of serious incidents and therefore, a recommendation to reflect the additional training and support required has been included in the implementation plan.
6. Serious Incident reporting to PLT ceased in September 2013 pending the implementation of the SharePoint site. The implementation has been significantly delayed, however the previous reports have not been reinstated leading to a gap in information provided to PLT and the Executive Director.
7. High priority recommendations:
 - The live Serious Incident SharePoint site should produce management information appropriate for PLT and Cabinet Members.
 - Automatic alerts from the Serious Incident SharePoint site to the Coroner's Office and Safeguarding Office should be explored.
 - Training and support should be tailored and provided to each service area prior to the Serious Incident SharePoint going live.

- Serious Incident Management Information should be made available to Communities PLT on a quarterly basis.
- Ensure the live Serious Incident SharePoint site contains filters to enable effective and efficient user management

Care Contributions, Payments in Dispute (Communities)

8. High priority recommendations:

- Debt recovery arrangements should be reviewed to ensure appropriate & timely Dispute, DCA and Write Off actions take place.
- Formal risk management arrangements should be established and maintained.
- Actions taken to recover debt and resolve disputes should be recorded on OEO.

Libraries Governance (Communities)

9. High priority recommendations:

- Management should comply with the policy of reporting bad debts, raise invoices for all outstanding debts, develop and implement a formalised debtor policy and seek to get payment up front for all services.
- All libraries leasing inventory items should be subject formal lease agreements.
- All libraries should have proper inventories in place.
- All libraries should have signed data processor agreements in place.

Choice Based Lettings system (Communities)

10. High priority recommendations:

- Management should continuously monitor performance and actions taken to ensure targets are met;
- Separations of duties should be put in place.
- Quality assurance processes should be reviewed to incorporate random spot checks on details input onto the Choice Based Lettings system to ensure accuracy and consistency.

Use of Dedicated Schools Grant (DSG) (CYPF)

Executive summary

11. Although there is compliance with legislative requirements, and no specific examples were identified during the audit of malpractice, or non-adherence to procedures, the Internal Audit opinion was given on the basis that;
 - The DSG is a reducing budget (due to the academy conversions) and currently, this grant fund contributes to a large number of central budgets.
 - There are significant differences between the planned spend which is reported to the schools forum, and the actual spend position.
 - DSG is currently offsetting negative cash limit balances with no strategy currently in place as to how this can be resolved.

Schools Critical Incident Planning (CYPF)

Executive summary

12. All 21 schools sampled provided a completed CRSA questionnaire, however, only 16/21 schools sampled provided a copy of their current CIP to Internal Audit. Due to the lack of information provided, Internal Audit can offer no assurance as to the adequacy of the CIP, at those schools who did not provide a copy to Internal Audit.
13. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that all the responses recorded in the Brunswick Community Primary's CRSA questionnaire were "yes", with very little detail to support the responses. Compared to Gleadless Primary, their return was very comprehensive with evidence attached. Also, Arbourthorne Community highlighted 7 action points that they needed to address post CRSA questionnaire return.
14. It is noted that only Arbourthorne Community subscribe to CYPF Contingency Service to review and assist in the compilation of the CIP.
15. There were also issues identified by Bents Green Secondary that required advice and guidance in two areas in terms of how they regularly practice the plan under different scenarios. These have been referred to the CYPF Contingency service for assistance.
16. The Director of Business Strategy (CYPF) will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training

issues, lack of expertise/ skills in managing CIP, reduced resources and increased workloads.

School Improvement Planning (CYPF)

Executive summary

17. All 20 schools sampled provided a completed CRSA questionnaire, however, only 8/20 schools sampled provided a copy of the current School Improvement Plan (SIP) to Internal Audit. Due to a lack of engagement and information provided, Internal Audit can offer no assurance as to the adequacy of the SIP, at those schools who did not provide a copy to Internal Audit.
18. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that the responses detailed in the CRSA questionnaire did not always correlate or match to the information detailed in the respective SIP or supporting documentation (for the sample of schools who submitted a SIP to Internal Audit). This raises concerns about the reliability of the data/ details recorded on the CRSA.
19. As an example, only 1 out of 8 schools that provided their SIP had a 3 year plan, but the CRSA questionnaires did not reflect this and implied all 8 schools that provided a SIP had a 3 year plan in place. There was also an issue identified with the approval of the SIP by Governors. The CRSA questionnaires portrayed a different situation than that reflected in the Governor meeting minutes. It is acknowledged that minute taking may be inadequate and the minutes may not accurately reflect discussions and approval of the SIP by the Governors.
20. The Director, Inclusion & Learning Services will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training issues, lack of expertise/ skills in managing school improvement, reduced resources and increased workloads.
21. High priority recommendations:
 - As an area of best practice and to aid future planning and any budget constraints, a SIP should be produced and cover at least a 3 year period, with the current year in detail and the subsequent 2 years at a strategic level.

School Business Continuity Planning (CYPF)

Executive summary

22. All 21 schools sampled provided a completed CRSA questionnaire, however, only 8/21 schools sampled provided a copy of their current BCP to Internal Audit. Due to the lack of information provided, Internal Audit can offer no assurance as

to the adequacy of the BCP, at those schools who did not provide a copy to Internal Audit or who provided a Critical Incident Plan (CIP) in error and not the required BCP.

23. Internal Audit has based the majority of the findings on the written detail provided in the CRSA questionnaire. It should be noted that the responses recorded on five (Ecclesfield Primary, Mossbrook Primary, Nether Edge Primary, Watercliffe Meadow and Westfield Sports) CRSA questionnaires had little detail to support the responses. Compared to High Storrs, their return was very comprehensive and supported by numerous attachments/ evidence.
24. There were three schools that admitted to not having a BCP. These have been referred to the CYPF Contingency service for assistance.
25. The Director of Business Strategy (CYPF) will need to ascertain if this is a representative sample for the schools in Sheffield as a whole and if extrapolated, whether a similar picture would be identified. The reasons for this level of non-compliance identified within the findings/ recommendations in this report also needs to be established, as it could indicate wider issues, for example, training issues, lack of expertise/ skills in managing BCP, reduced resources and increased workloads.
26. High priority recommendations:
 - The Head Teacher should ensure that there is a robust, up-to-date and detailed BCP. The BCP should state the timescale/ date of next review. Advice and guidance is available on Sharepoint and also by contacting the CYPF Contingency Planning Manager.

City Deal – Skills (CYPF)

Executive summary

27. This audit opinion is given on the basis that results to date indicate that the key objective of City Deal (to create 4000 new apprentices by 2016, and gain 2000 'upskilled' people) is unlikely to be achieved.
28. Although the governance arrangements appear sound on paper, little documented evidence has been seen during the audit of scrutiny and challenge of the project set up, operation and results via the structures/processes that have been formally put in place. Following the issue of the draft report, Lifelong Learning Skills and Communities (LLSC) Management have stated that communication, advice and guidance from the Local Enterprise Partnership (LEP) has tended to be verbal rather than documented, and the actual governance structure in place is different from that detailed on documentation provided during the audit.
29. In our opinion, the documented updates provided by SCC through to the LEP and Skills for Growth Board do not adequately evidence that issues

encountered, regarding the operation of the deal, and the adverse impact this is having on the overall number of apprenticeships created, are being reported.

30. Similarly, meeting minutes and other documented records of discussions produced by the Skills for Growth secretariat, provided during the audit do not appear to show challenge, by the LEP governance structure, of the actual performance/ results being achieved or note any agreed actions on the steps to be taken to remedy this.
31. This lack of documentation, to evidence strong governance arrangements between SCC and the LEP, could result in reputational damage to SCC as the accountable body (especially if the final achieved targets/outputs fall short of those stated in the funding agreement), and the LEP may not apply lessons learned from this deal against future 'deals'.
32. There is also a potential risk to SCC of clawback, as the funding agreement clearly states that the City Deal should be delivered in the most efficient and economical way and that if the City Deal does not achieve its objective or the grant is not used properly, then all or some of the grant used may be recovered.
33. High priority recommendations:
 - LLSC Management should work with their Finance Business Partner to ensure that the budget position with regard to achieving at least a 'break even' position is monitored and reported internally on a monthly basis. Consideration should be given to raising this issue with the LEP, as this could have an impact of the structure of subsequent projects of a similar nature that are currently in the pipeline.
 - LLSC Management should raise concerns to the LEP about the effectiveness of the documented and actual governance arrangements in place, seeking guidance as to changes that could be made to strengthen them for the duration of this project, and to take this issue forward as part of any lessons learned exercises so that they can be applied to future 'deals' that are currently being planned (ie the Growth Deal).
 - Management need to work with 'Skyblue' who have undertaken the external evaluation to enable the report to be published and issued to the LEP as soon as possible. Management should give due consideration to discussion/implementation of the recommendations contained in the draft report whilst the final versions of reports are still in progress, in order to effect change as soon as possible.

Thornbridge Centre (CYPF)

34. High priority recommendations:

- The Head of Outdoor Education Service should ensure that Thornbridge has a specific service plan, detailing aims/ objectives, service provision enhancement and long term planning of 3-5 years.
- The Head of Outdoor Education Service should produce a full set of system and process notes that covers out-of-hour bookings and knowledge from past bookings, e.g. the diplomats, for example. These process and system notes should ensure business as usual and continuity once their experienced staff leave the Service.
- The Head of Outdoor Education Service should update Insurance annually of all activities currently being delivered and immediately if the services offered during the year changes, which may affect the cover/ premium.
- All instructors used at Thornbridge for providing activities should be DBS checked and these should be kept up-to-date, although legislatively it may not be required. Locally and reputationally a DBS check is highly recommended for all instructors used at Thornbridge. Only the instructors on the Approved List should be used at Thornbridge when an activity is requested. A rigorous process should be devised in order for an instructor to register on this Approved List. Thornbridge should revise their pre-employment checklist to assist them in registering instructors on the Approved List. This document will help to ensure all the required pre-employment checks have been performed and documentation has been retained, such as eligibility to work in the UK / ID verification, DBS, qualifications, references, etc.
- An employment status check through HM Revenue and Customs' Employment Status Inquiry (ESI) Tool should be performed, at least annually, and attached ideally with the purchase order and recorded on G drive. Management should ensure if the terms of the engagement change, then another status check is performed.

Cash Handling (Place, CYPF, Communities and Schools) (4 reports)

Executive summary

35. Internal Audit carried out the cash-handling audit in Place, CYPF, Communities and within Schools via a CRSA – essentially a questionnaire which asked 42 questions under a number of section headings. It was designed so that services/schools could self-assess their internal control environment with regard to cash income and cash handling.
36. The CRSA is a recognised auditing tool and it should be acknowledged by management that any 'no' responses indicates a potential weakness that requires addressing.
37. The return rates are detailed below.
 - Schools: 100% (20/20)

- CYPF: 74% (42/57)
- Place: 71% (17/24)
- Communities: 34% (28/82)

38. Most sections/ services that provided a completed CRSA questionnaire to Internal Audit did not support their return with any additional evidence. As a result the audit findings and opinions recorded in the reports were solely based on the statements and responses provided by the service areas/schools in their CRSA return. It should also be noted that the responses to the controls in a number of the CRSA questions were not very detailed, considered poor and showed either a lack of understanding of controls or questions not being read properly.
39. The CRSA questionnaires that recorded a 'partial' compliance did not always provide details of what this assessment was based on or indicate the area of concern/ weakness. Certain controls within the CRSA's were also left blank, therefore Internal Audit was unsure as to whether the control is in place or not.
40. For the sections/ services that did not return their CRSA questionnaire, Internal Audit cannot provide any assurance as to the adequacy or robustness of cash handling arrangements within these service areas. This was most significant in the Communities portfolio, where only 34% of services returned the questionnaire. These details have been provided to the relevant Director of Business Strategy for follow up and action.
41. Within Place, post return, Internal Audit was notified of a petty cash loss within the Regeneration Service. Following discussions with the responsible officer who completed the questionnaire it was obvious that the assurances detailed in the questionnaire were not fully accurate and weaknesses in security were evident. From discussions it was identified that the float was rarely used and reconciled. The Director of Business Strategy and Regulation should make enquiries about the float use and cash security arrangements. Superfluous floats should be returned if not used.
42. It is noted that Internal Audit could not obtain an up-to-date list of areas that received cash income and/or handled cash within the Place, CYPF and Communities portfolio and had to rely on information produced by the Finance Business Partner (as part of the removal of the Cashiers function) and local knowledge. Therefore, it was expected that the lists tested were not wholly accurate.
43. The relevant Director of Business Strategy will need to ascertain if the areas of 'no and partial' compliance, with cash handling arrangements, identified within the findings/ recommendations in the reports, indicates wider issues. For example, training issues, lack of expertise/ skills in managing cash handling, reduced resources, and increased workloads. The Directors of Business Strategy will need input and commitment from all portfolio Directors/ Head Teachers/ Governors to help address any weaknesses in relation to cash handling.

44. Management should also consider issuing the CRSA to all new service areas transferred into the Portfolios and also any changes of senior staff whose role now involves the handling of cash.

Section 106 Planning Income (Place)

Executive summary

45. Internal Audit acknowledges that the work to reconcile historical S106 income records held in Planning to the Council's OEO records was lengthy, represented a significant staffing resource commitment on the part of Planning and Finance services and that this may have been contributory to some of the findings in this report. This work has now been completed and the monthly reconciliation will provide the basis for prompt and effective funding allocation (and reporting) in future.

46. High priority recommendations:

- Internal Audit re-iterates the previous Audit Report recommendation. "Risks associated with Section 106 arrangements and associated mitigation strategies should be identified and documented at a [Planning] Service Level in accordance with the Corporate Risk Management Framework. These risks should be allocated review dates and reported to Portfolio management accordingly to ensure risks are up to date and treatment plans are still relevant and achievable. "...and further recommends that this is extended to incorporate risks (and associated mitigation strategies) relating to the forthcoming introduction of CIL. Specific consideration should be given to the impact of staffing resources on the service's ability to administer the S106 and CIL schemes. The Planning Service Risk Management Plan should be reviewed on a regular basis (quarterly or half yearly) to determine whether those risks were still applicable and mitigation strategies remained effective. Risks rated as high (residual risk) should be put forward for escalation to the Regeneration & Development Services Risk Management Plan.
- The Urban and Environmental Design Manager, as S106 budget officer, should monitor the submission of Open Space project proposals by the Parks Service to ensure the allocation and best use of S106 resources within individual obligation agreement deadlines. Access to the Capital Finance Manager's monthly S106 reconciliations (as referred to at 1.3) will further aid the Urban and Environmental Design Manager's monitoring arrangements.

Business Planning (Corporate) (4 reports)

Executive summary

47. This Internal Audit was been assigned a medium-high opinion due to the strategic importance of balancing the budget every year. 2015/16 was the fifth year of large-scale budget reductions, which had to be balanced against the

desire to preserve the organisations values and outcomes for the city. This makes the business planning process inherently difficult.

48. It is acknowledged that the process is very resource intensive and a lot of work went into achieving a balanced budget for 2015/16. That being said all those involved in the process recognised that finding savings across the council via a large number of individual schemes is proving increasingly challenging.
49. It is recognised that there is a corporate process in place for business planning and a central business planning group. Within this structure, proposals have been put forward to meet the 'savings' required for the past few years, however the actual savings achieved to date have not always correlated with the proposals put forward. Given the increasingly difficult resourcing situation, it is recognised by Internal Audit and acknowledged by Directors that change is required, and the process behind business planning needs to be amended to identify robust and achievable savings. Management have stated that for 2016/17 the Council is considering revising its approach to focus on a much smaller number of areas where it believes that savings can be achieved.
50. With regard to the 2015/16 budget, on paper there are sufficient options to establish a balanced budget, but many of these proposals have been assessed by management to be of 'high risk'. At the time of the review, there was considerable variability in the quality of business cases provided to Internal Audit to support the 'headline' savings figures quoted, and thus limited evidence to provide assurance that these savings are in fact achievable, or that alternative contingencies are in place.
51. Due to the timing of this review, elements of the business planning process occurring December 2014 onwards have not been tested, and are considered to be outside the scope of this review.
52. High priority recommendations:
 - The process of identifying savings proposals for 16/17 (and beyond) should commence as soon as the 15/16 budget is finalised in order to provide management with as much time as possible for this process.
 - As part of an overall review on roles and responsibilities within the business planning process, the responsibilities of both Portfolio Management and their Finance Business Partner (FBP) should be clarified. Whilst portfolios should always retain ownership for proposals, ideally, all of the information provided for Qtier data fields should be reviewed and challenged where appropriate by FBP's. Alternatively, a 'minimum framework' of information to check should be created, to ensure consistency of approach across FBP teams, and reducing the potential for inaccurate assumptions being made about the robustness/achievability of the proposal.
 - Where proposals are particularly complex, or will take time to implement (due to staff notice periods/consultation etc.) then management need to consider that either the savings amounts initially quoted are pro-rated to reflect this, or

implementation plans are put in place as soon as possible to ensure the full savings are achieved.

- There needs to be a realisation and acceptance across management that viable savings have to be identified, and management need to take steps to ensure that sufficient proposals are put forward by the deadlines set in future years.
- All savings proposals need to have detailed justification/documentation that demonstrates exactly how the saving is to be achieved.
- There should be greater transparency and reporting of where budget savings for previous year(s) are clearly not being achieved, and may have an adverse impact on the savings targets required going forward.
- There is a need to integrate budget and corporate processes and be prepared to consider options that run counter to Council priorities if the austerity agenda continues and savings cannot otherwise be found. Consideration should be given to evaluating whether members should review and revise its priorities/strategy for the City, and then apply weightings, so that budget allocations and savings targets can reflect Sheffield's key priorities in a more meaningful manner. This will then demonstrate clear priorities and help clarify how money is spent in the City.

Payroll (MFS)

53. High priority recommendations:

- Payroll performance reporting should be documented and produced for management on a regular basis.
- Sufficient documentary evidence should be retained for employees leaving the council.
- Payment deduction calculations for employee led schemes should be checked for accuracy prior to processing monthly payroll.
- Applications for employee led schemes should be authorised by the relevant SCC manager. This should be checked by payroll staff and evidence retained.

City Wide Alarms (Resources)

54. High priority recommendations:

- There should be monthly monitoring of the way Tunstalls handles calls. We should access the calls received by Tunstalls and select a representative random sample for review to ensure that they are answering to our protocols.

Any failure to follow protocols should be noted and discussed with Tunstalls to rectify and eliminate this going forward.

- There should be adequate monitoring of the calls that relate to the Sheffield contract on a monthly basis. This should either be performed by SCC or by Tunstalls with the results of this monitoring fed back to SCC.
- There should be an established set of management information reports that are provided to Sheffield City Council on a monthly/quarterly basis as appropriate. This should include as appropriate any background information that is used to compile the performance indicators.

Information Governance – Information Strategy (Resources)

55. High priority recommendations:

- It is recommended that BIS develop a clear work plan for the IGF supporting work that needs to be undertaken. The tasks to be undertaken should be fully detailed with a timescale applied for completion of the tasks. The Information Governance Board should monitor that the tasks are being completed as planned, in line with the work plan.
- It is recommended that BIS now review the Officers who fulfil the key information governance roles across the Council, ensuring that these staff are fully aware of the framework and understand their key roles and responsibilities in relation to information governance. Where specific training is required on this, to aid understanding of the roles and responsibilities, this should be provided as appropriate. The training needs of all staff should also be considered and relevant training implemented as appropriate.

Information Governance – Data Security (Resources)

56. There are no high priority recommendations on this report as the opinion level was based on the number of medium priority recommendations.

- Although the review concentrated on the security arrangements at the Moorfoot building, Internal Audit are aware that arrangements at the Town Hall also require review and significant improvement. Management are concerned that there is an unacceptable level of risk of security breaches. The security arrangements at the Town Hall are planned to be over hauled and mirror the set-up at the Moorfoot building.
- No testing was undertaken in relation to the Town Hall's security arrangements. Further reviews of physical security, e.g. access to buildings, are planned to be undertaken in future years. Internal Audit will expect the recommendations made in this report to be implemented, where appropriate, across the Council's estate.

- Internal Audit also identified issues in relation to the devices used by the Council staff and them not being logged on to the network, Capita not recording assets in the Configuration Management Database (CMDB) uniformly, inadequate disposal procedures with assets being disposed of inappropriately and assets not being decommissioned properly (assets being logged as being used after they had been decommissioned).
- Management are aware of these issues and Internal Audit has reported at length on them and is currently following up on management actions. Further work is planned in this area and will be reported separately.
- Desktops are not encrypted. A Request for Change (RFC) has been raised to encrypt the desktops. This has been considered by the Information Governance Board and if approved will remove this risk going forward.

Financial Implications Sign-Off Process (Resources)

57. High priority recommendations:

- The outcomes of the project work must include the defining of Officers responsibilities in relation to implications sign off. These should be clearly defined with emphasis on early engagement with Finance, HR, Legal etc.
- It is recommended that Finance clearly communicate with managers across the Council, the risks associated with amendments made post sign off. Where this does occur, this should be escalated to appropriate Portfolio management. An agreed system of version control should also be agreed with managers that clearly records the changes made to the reports over time. Over time, consideration should be given to the use of an IT solution that could control the approval required in the key decision process.

Fair Processing Notices (Resources)

58. High priority recommendations:

- All existing Lagan applications to be updated to contain the FPN.
- The Data Matching page on the SCC website should be updated to better reflect the ongoing nature of the Fair Processing Notice. The Data Protection section on the website should also provide a link to the Data Matching page to give service users looking at the Council's Data Protection Policy the opportunity to easily access the Fair Processing Notice.

Treasury Management (Resources)

59. High priority recommendations:

- All procedure notes should be brought up to date. These should reflect the latest systems used, any changes to personnel and when applicable, the new banking system. It would be preferable to use job titles in conjunction with names as this better defines the authority required at each level. Ideally all of the procedure notes should be collated into one procedures manual. This should enable a conjoined document which is easier for cross referencing and updating. The revised procedure notes should be reviewed and signed off by the relevant Assistant Director of Finance to ensure that they give adequate governance.
- There should be at least one member of the Treasury Management team with formal Treasury Management qualifications. Internal Audit recognises that this is in the process of being remedied as the Finance Manager is studying the certificate level of the International Treasury Management qualification.
- There should be a fraud risk assessment completed of the Treasury Management and Banking service. This should be regularly reviewed and presented to senior management. This risk assessment should be completed prior to the new banking arrangements and then reviewed when they are in place.

Employee Expenses (Pro-active Review)

60. High priority recommendations:

- It is recommended that HR investigate these payments and identify whether making these payments via a subsistence claim is the most appropriate way to reimburse the Officer for this work. HR should liaise with the Service and advise appropriately. HR should also remind managers that all expenses claims should be submitted on a timely basis - this could be via a notification on the manager's area of the intranet following this audit review.
- Internal Audit recommends that managers are made aware of the issues raised in relation to the correct payment of individuals - as detailed above. As noted previously, this information could be provided under the manager's area on the intranet following the audit review. Payroll should be asked to review this case and determine if any additional payments to HMRC are required. If an additional payment is required, this should be charged directly to the service.
- As it is generally acknowledged that the expenses process is always vulnerable to fraud, it is recommended that a fraud risk assessment is now completed.
- It is recommended that managers are reminded of the risks in relation to the expenses process. It would be useful to include some fraud indicators under the manager's area on the intranet for their reference.
- It is recommended that HR management request periodic reports on mileage and subsistence claims from Capita. This could be a periodic report on high value claims which could then be reviewed for reasonableness and referred to

the relevant managers across the Council where necessary. This does not have to be an onerous task but would allow visibility of services where there is high spend in this area - prompting discussions on appropriateness of the spend (indeed there may be valid reasons for high value spend) or lack of adherence to policy (for example, in the case of subsistence claims).

Mobile Phone Billing (Pro-active Review)

61. High priority recommendations:

- It is recommended that management now consider and develop plans for how call usage will be monitored going forward under the new contract. Managers need to have access to the information that will allow them to monitor device usage effectively. As the Electronic Communications Policy allows 'occasional appropriate and reasonable personal use', it is important that guidelines are set to enable managers to interpret this appropriately and monitor in line with these guidelines. For example, the guidance could allow for 30 minutes of personal 'talk time' per month and should total less than the time used for work purposes. Information would need to be provided to managers that would allow this monitoring to take place. Under the Council's ICT Acceptable Use Policy, it is noted that Council email addresses should not be used for private use. As texts would come from a Council number, it is recommended for consistency purposes that personal text messages are not sent from mobile devices. It is important that the mobile devices are a work requirement and cannot be seen by the public as an employee benefit. Where this is viewed to be the case, it could bring the Council in to disrepute.

Budget Setting and Implementation of Savings (Corporate Review) (4 reports)

62. High priority recommendations:

- A standard savings proposal document should be created to include all key information, agreed by all portfolios and implemented Council wide. This will ensure consistency between Portfolios and Outcomes and that all the key information is held within one document. This document should be as a minimum, if services require more information, then this should also be attached. The development of a Budget Savings area within SharePoint, similar to that of the Equality Impact Assessment (EIA) area, would enable a standard savings proposal e-form to contain 'prompts' for mandatory information, the form could then be completed and stored.
- Consideration should be given as to the inclusion of a documented savings proposal review by the relevant Assistant Director of Finance as part of the budget setting process and included within the budget setting timetable. This would enable a more transparent challenge of the proposed savings.
- All of the savings proposals should identify, by sensitivity analysis, the potential likelihood of the savings being achieved. This would show the likelihood of under achieving the saving and the potential impact to enable Service

Management to formulate robust plans to support the timely implementation of the saving or consider other areas where a partly achieved saving could be mitigated. It would also indicate the likelihood of overachieving on the saving. It is appreciated that some savings achievement may impact on the sensitivity of other savings and where this is identified, this should be noted.

- Where appropriate in relation to demand led services the activity assumptions on which the budget is set should be clearly stated in the budgets as well as the sensitivity analysis of costs in relation to changes in the actively levels seen.
- The Executive Director should then be asked to report to the Chief Executive and S151 officer on instances where the requirement has not been met and the corrective action that has been put in place to mitigate this. This would give transparency to the process and allow for the requirement of the protocol to be demonstrated.