

Crawley Borough Council

	Report No: FIN/290	
--	-----------------------	--

Report to Audit and Governance Committee

11th December 2012

Internal Audit Progress Report as at 20th November 2012

1. Key Points

- 1.1 The purpose of this report is primarily to update the Committee on progress towards the completion of :-
- 2011/12 and 2012/13 Internal Audit Plans; and
 - to report on the progress made in implementing previous recommendations.

2. Recommendation

- 2.1 The Committee is asked to receive the report and to note progress to date.

Gillian Edwards
Audit and Risk Manager

3. Background

Work Completed

- 3.1 Since the last progress report, as at 26th September 2012 the following reviews have been **completed**:

Audit Title	Audit Opinion
IT FMS	Substantial Assurance
Tilgate Management Project: <ul style="list-style-type: none">• Tender• Transitional Arrangements	Full Assurance Limited Assurance
Worth Park Restoration Project	Limited Assurance

Work in Progress

- 3.2 The reviews in progress and other work that we have undertaken in the period are shown at Appendix A.

3.3 High priority findings in this period

3.3.1 **IT FMS Audit 2012/13**

The FMS system is the Council's core accounting package underpinning all payments made by or to the Council, the accounting for that income or expenditure, and the safe storage of all the information in line with accounting principles, and legal requirements

During this review, we found that most of the controls that we would expect to see in the system were present. However, we identified two areas where controls needed to be strengthened.

The first of these related to whether a check was made by a responsible officer to ensure that new users and amendments to user profiles, as actioned by the Systems Administrators, were appropriate. At the time of the review, this control was not present. A recommendation was made to management that a check of this nature should be undertaken on a regular basis, and this was agreed. We will confirm that this is operating satisfactorily and report our findings to the March meeting of this Committee.

We also found that in a small number of cases, a new user had been set up without formal written approval, or approval was not from a line manger. We are satisfied that these users were set up appropriately and a recommendation has been agreed by management to ensure that proper authorisation is obtained.

3.3.2 Tilgate Park Management Project 2012/13 – Tender and Transitional Arrangements

As part of our role of providing independent assurance to management, we were asked by the Head of Amenity Services to undertake a review of the tendering exercise for the transfer of management of Tilgate Park's Nature Centre Walled Garden, Lakes and Woodland area from Crawley Borough Council to private companies.

We also reviewed the transition arrangements for cash handling in April 2012, to ascertain whether there were any issues that required immediate attention from management, and again at the end of August 2012, to ensure that procedures were adequate, now that the service had had sufficient time to become established.

Whilst we were able to provide full assurance that the tendering exercise had been conducted appropriately, we were able to provide only limited assurance on the cash handling procedures operating at the park and weaknesses identified are outlined as follows:

During the Easter holidays, a member of the Audit and Risk Section visited Tilgate Park to review arrangements for the handling and security of cash and discussed the measures that would be put into place. We went back to visit the park at the end of August 2012 to assess progress and found a number of weaknesses:

- Cash handling procedures had not been formally documented and passed to relevant staff. This may lead to inconsistency in approach and inappropriate practices.
- Cash received from the Tilgate Nature Centre is brought to the Cashiers in unsealed bags. This does not provide adequate security over the cash.
- During the visit at the end of August, it was found that a substantial amount of cash was being counted in unlocked premises, by a single officer. This poses a security risk to the officer concerned and also invalidates any insurance claim in the event that the money is lost or stolen. Additionally, this practice does not provide for adequate segregation of duties.

We made recommendations at the time of the audit to address these weaknesses and these have been agreed by management. Staff are now aware of the procedures that they should follow and Management have advised us that these recommendations will be formally implemented by 30th November 2012. We will confirm that they have been satisfactorily implemented and report our findings to this committee in March 2013.

3.3.3 Worth Park Restoration Project Audit 2012/13

As part of the planned audit work for 2012-2013, an audit was performed in respect of the Worth Park Restoration Project.

Crawley Borough Council has been awarded a grant of £2,422,000 from the Heritage Lottery Fund and The Big Lottery Fund to restore Worth Park to its former Victorian glory. The money from the funds' joint Parks for People programme will be used to restore and enhance the area and ensure that more people visit and enjoy this historic park

A further sum of £975,000 was approved by Cabinet in January 2012. This is made up of a capital contribution of £350,000 in relation to the flood attenuation works to The Grattons and Worth Park lake, signed off under delegated powers by the Portfolio Holders for Environmental Services and Leisure and Cultural Services, as part of town-wide flood attenuation works, a capital contribution of £125,000 towards repair of the park's infrastructure, submitted through the current budget process and a revenue contribution of £100,000 per annum to pay for enhanced grounds maintenance and delivery of the Activity Plan.

The Flood Alleviation Budget contains £34,000 to fund a water level survey at the Lake. This was dealt with under the Head of Property's delegated powers in October 2012 and is separate from the Worth Park Budget.

The total for the project is £3,397,000.

As this project is to run over a number of years, the Audit and Risk Section has broken down their work into discrete areas, for example review of project arrangements, confirmation that tender exercises are properly carried out, budgetary control and we will report on each piece of work upon completion. The reason for this approach is that in order for recommendations to be of value, they need to be discussed with management, and acted upon, in a timely manner.

The first piece of work we undertook included work:

- to confirm that the a Project Sponsor had been appointed, who was of a sufficiently senior position within the Council;
- to ensure that an appropriate project management team was put together and appointed; with responsibilities and reporting lines clearly identified between CBC staff, external consultants, members, the Portfolio Holder and the Friends of Worth Park
- to confirm that all risks were identified and assessed and that any appropriate mitigating action has been taken to bring residual risk down to an acceptable level.

From this work, we confirmed the Project Sponsor was the Director of Community Services, who is of an appropriate level of seniority.

We also identified two high priority findings, being that the roles and responsibilities of the Project Board, Internal Project Manager, and the External Project Manager had not been drafted, defined and documented prior to the project commencing and that the project's risk register was not complete.

We made recommendations in relation to the areas of weakness, which management accepted and these were implemented shortly after the conclusion of this piece of work.

3.4 Freedom of Information (FOI) Requests

In July 2012, the Audit and Risk Section assumed responsibility for the administration of FOI requests. Our responsibilities cover logging the requests, confirming our receipt with the requester, sending them to the relevant member of staff for their response to the request, monitoring the timescales for dealing with the request, ensuring that the provisions of the FOI Act 2000 and the Data Protection Act 1998 are complied with, and responding to the requester within the 20 working day deadline.

Between 9th July 2012 and 31st October 2012, we have processed 155 new requests and of these, 11 responses were sent to the requester outside of the 20 working day deadline, due to annual leave, complexity of requests and awaiting the outcome of a relevant tribunal. We wrote to the requester in all cases to apologise for the delay and provided the information as quickly as possible.

6 Unplanned Work

6.1 There was no unplanned work during the period under review.

7. Ward Members' Views

7.1 Internal Audit Coverage does not impact directly on any specific ward.

8. Staffing, Financial and Legal Implications/Powers

None.

9. Risk Implications

9.1 Identified in individual audits.

10. Environmental Impacts

10.1 None.

11. Links to the Sustainable Community Strategy and Corporate Plan

The proposals contained in this report relate to the following key areas of the Sustainable Community Strategy

Community Cohesion	y	Community Safety	y
Young People and Children	y	Health and Well Being	y
Older People	y	The Environment	y
The Local Economy	y	Social Inclusion	y

The following key principles are applicable:-

(i)	Working together	y
(ii)	Dignity, respect and opportunities for all	y
(iii)	Involving People	y
(iv)	Making it last	y

The report relates to the following areas in which the Council operates to enhance the town and the quality of life of local people:-

(i)	Prosperity	y
(ii)	Community	y
(iii)	Environment	y
(iv)	Value for Money	y

12. Reasons for the Recommendation

To enable Members of the Audit and Governance Committee to review the effectiveness of the internal control framework, in line with their responsibilities under the Constitution.

Contact Officer:- Gillian Edwards - Audit and Risk Manager
 Direct Line:- 01293 438384

Internal Audit Plan 2011/12 and 2012/13
Progress Report as at 20th November 2012

Audit	Audit Plan Year	Audit Opinion-Assurance	Number of High Priority Findings	Comments
A. Work Completed in the Current Period				
IT FMS	2012/13	Substantial Assurance	2	
Tilgate Park Management Project:	2012/13			
<ul style="list-style-type: none"> • Tender Exercise • Transitional Arrangements 		Full Assurance Limited Assurance	2	
Worth Park Restoration Project	2012/13	Limited Assurance	2	
B. Work In Progress				
Proactive Fraud Work	2012/13			
Risk Management Training for Staff	2012/13			
NFI Data Matching 2011/12	2012/13			
NFI Data Matching 2011/13	2012/13			
IT Programme and Project Management	2012/13			
FOI Requests – day to day work	2012/13			
Commercial Rents – Horsham DC	2012/13			
Play Service	2012/13			
Cyclical and Programmed Work	2012/13			
Civil Parking Enforcement	2012/13			
Other Work				
Investigations:				
CI1112.07	2012/13			
CI1213.08	2012/13			
Management of Confidential Information	2012/13			
C. Follow Up Audits				
Community Centres	2011/12			