

Policy, Finance and Performance Management Committee – 10<sup>th</sup> March 2021

Agenda Item 5. Update on Action Points from Internal Audit Report 2019/20

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
<b>Visit 1 – 30/10/2019</b>					
14.1 – Carry out agreed audit recs	<p>Given the number of recommendations made in relation to the newly re-opened boat park in 2018/19, I was asked to carry out a follow-up. This was carried out in Sept 2019. Recommendations graded L or M were followed up by way of an update from the Visitor Services Manager. Recommendations graded H were followed up by reviewing evidence of compliance.</p> <p>I found that 2/9 recommendations had been implemented. Of those not implemented, I found that:</p> <ol style="list-style-type: none"> <li>1. A medium level recommendation to re-do the boat part grid lines (due April 2019) has not been fully implemented. 'D' row (which was the most troublesome one) had been repainted, but the VSM plans to complete the rest of the re-marking row by row (moving boats as needed) over the winter period.</li> <li>2. A high level recommendation to upgrade the bookings software to include a debt management module (due Dec 2018) has not yet been implemented. The VSM noted that a significant upgrade is due to be carried out to the bookings system over the winter season 2019, and that the debt</li> </ol>	H	<ol style="list-style-type: none"> <li>1. Plans are still being made regarding the re-lining of the bays. This work will be undertaken in the spring (2020), although it may be done over a two year period as moving boats is a particular challenge.</li> <li>2. The debt management element for Avalon is still being progressed and will hopefully be in place over the winter 2019/20.</li> </ol>	TIC1	April 2020

	<p>software will be installed then. The VSM provided a copy of the current debt report, which is on excel. There has been more active debt management in 2019, and there is only one debt outstanding at the audit date, with a note on the spreadsheet of one further invoice which needs to be raised. This is a considerable improvement on 2018/19.</p> <p>I recommend that these items are carried out as soon as possible.</p>				
<p><b>Update:</b>  <b>1: The final work was planned for March 2021, but due to Covid it was not possible to move boats. The final work therefore will be done in March 2022. In the meantime, other solutions will be considered for 2021.</b>  <b>2: This has now been completed within the Avalon system and will go live during spring 2021.</b></p>					
14.2 – Reconciliation of tickets issued	<p>In addition, the VSM noted that whilst void receipts should be being kept, the reconciliation of issued receipts is not currently up to date. The reconciliation is carried out to ensure that the number of tickets used equals tickets sold less voided tickets, and acts as a check to make sure only valid tickets are issued.</p> <p>I recommend that the reconciliation is brought back up to date, and that it is then completed monthly.</p>	L	This will be undertaken for 2020.	TIC1	May 2020
<p><b>Update:</b>  <b>Significant work has been undertaken during winter 2020-21 to improve all boat park administration systems.</b></p>					
14.3 – Signage	I found that 1/9 recommendations (relating to improving signage at the entrance to the boat park, to ensure all users were aware that charges applied at all times) had been	L	To be reviewed.	TIC1	April 2020

	<p>implemented, but noted that the signs put in place are quite small (about A4).</p> <p>I recommend that the Council considers whether it would be useful to place a larger sign next to the 'Welcome to Peveril Point Boat Park' sign at the edge of the boat park to note that 'Charges apply at all times'.</p>				
<p><b>Update:</b> New signs are being procured for March 2021.</p>					
20.1 – Right of audit	<p>The Council has renewed the licence to operate the Swanage Market, which is held by an external market operator. The fee consists of a set amount plus a percentage of turnover based on the operator's figures. The agreement does not contain a right of audit (which would enable the Council to review the underlying records that go to make up the operator's figures, in order to ensure that income is correctly stated).</p> <p>It was recommended in the 2016/17 internal audit that a contractual right of audit be inserted into the market agreement at the next opportunity.</p> <p>I recommend that a right of audit be included within the next contract or licence agreement signed in relation to the operation of the market.</p>	H	Agreed: To be reviewed when considering any new licence agreement.	TH1	April 2020
<p><b>Update:</b> Not applicable at current time as market operated in-house.</p>					

<p>21.1 – Daily sheets (radio) – depot stocks and stores</p>	<p>The Council bought a new radio system in March 2019, shortly after the move to the new depot. There are 6 radios for the Operations Team (whose issue is managed by the Stores Officer, and 2 radios for the Enforcement Officers. One base unit is located in the depot reception. Daily issue sheets are maintained for the radios owned by the Council. I found that not all of the daily issue sheets have been retained on file, which is a risk when single sheets are used (as opposed to a book). There is a sheet from early February 2019, and another from mid-June 2019, but that a complete record of the daily issue of radios does not start until 12/07/19. From that point, a complete set of records are held and, with the exception of two days in August (19&amp;20/08/19, when radios were not signed back in again) each sheet has been signed to confirm the issue and return of the handsets.</p> <p>I confirmed on my visit on 20/09/19 that the two radios not contained in the charging unit at the depot had both been signed out on the daily issue sheet.</p> <p>I recommend that all daily issue sheets are completed fully and retained, and</p>	<p>L</p>	<p>The correct control systems and checks have been reactivated and control sheets are now fully completed and retained as a record.</p> <p>The recommendation to use a book to record the issues of radios is noted and will be implemented.</p>	<p>OPS1</p>	<p>October 2019</p>
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	that the Operations Manager considers whether to use a book to record the issue of radios, as this would reduce the risk of mislaying daily sheets.				
<b>Update:</b> <b>A book is now used to record issue and return of radios. The contents of the book are periodically scanned and held securely on the Town Council IT system.</b>					
<b>Visit 2 – 05/12/2019</b>					
3.1 – Error on minute date	<p>Minute 14 of the Annual Meeting of Council on 13/05/19 refer in error to the approval of the minutes of the 29/04/18 meeting. The minutes being approved were from the 29/04/19 meeting.</p> <p>I recommend that this error is amended at the next Council meeting in order to ensure that there is a complete record of the formal business and decisions of the Council.</p>	L	<p>Agreed.</p> <p>Error re: incorrect date noted and will be raised at the next Council Meeting being held on 16<sup>th</sup> December 2019.</p>	TH2	16/12/2019
<b>Update:</b> <b>Error corrected; Minute No. 159 of the Monthly Council Meeting held on 16<sup>th</sup> December 2019 refers.</b>					
15.1 – Update cemetery fees and charges	I checked to see that memorial forms were properly completed, correctly coded and raised for the correct amount. I found that forms were properly completed and income correctly coded, but that the fee charged was the prior year fee for 4/5 samples. This was due to the Committee's recommendations for changes to memorial charging being omitted in error from the revised scale	M	Agreed.	TH3	January 2020

	<p>of fees and charges for 2019/20. The updated figures were formally approved on 29/05/19, and a revised schedule issued for the updated charges, but this change wasn't applied to 3/4 samples where the service was performed after 29/05/19, leading to a £12 total undercharge across the samples.</p> <p>The error came to light during the year, and revised copies of the fees and charges schedule was provided to the Administrator and to the local Undertakers and Stone Masons.</p> <p>I recommend that in future years a check is made to ensure that all changes to fees and charges are incorporated in the updated schedule of fees and charges which is approved by Council and distributed to relevant officers.</p>				
<p><b>Update:</b>  <b>This will be an ongoing issue. Minutes will be checked and actioned when required.</b></p>					
18.1 – TIC cash	I carried out a physical count of the petty cash and cash floats held at the TIC. I found that the TIC petty cash was 50p over and the TIC till was initially 10p under, but that 10p had fallen out of the till when it was removed for the count (meaning that the till balanced overall), giving a total error of 50p on petty cash and floats totalling £200	L	Staff will be reminded that all cash receipts and deposits need to be accurately recorded each. This will be done through the weekly staff update	TIC1	December 2019

	(0.3% by value).  I recommend that staff are reminded to double check cash receipts and payments to ensure the correct amounts are recorded.				
<b>Update:</b> This was undertaken and continually monitored.					
<b>Visit 3 – 08/12/2019</b>					
15.1 – Chase non-payment of ECTs promptly	<p>I tested a sample of 5 Excess Charge Notices (ECNs) to see that income is received in respect of notices raised. I found that income was promptly received for the correct amount for 1/5 samples, and appeals properly processed with valid write-offs for 2/5 samples.</p> <p>For 1/5 samples, the due date for the payment of the notice has just passed (without appeal) so further information will be obtained to pursue the payment of the ticket.</p> <p>I recommend that the Council issues letters chasing the non-payment of overdue ECNs at the earliest opportunity.</p>	M	Agreed. The responsible officer will be reminded of the importance of issuing notification letters in a timely manner.	TH6	With immediate effect
<b>Update:</b> Due to the pandemic and working from home some difficulties were encountered with issuing notifications within the time required. However, this has now been rectified and is now up to date.					

<p>15.2 – Phone and pay tariffs</p>	<p>I checked to see that the income from phone and pay (car parks) is complete. I found that the transaction records held by JustPark (who provide the phone and pay service) agreed to the Council's records for the sample date, and that the income raised had been correctly coded, invoiced, and that all funds had been received. However, I found that the prices charged by JustPark did not agree to the Council scale of fees and charges for 3/7 samples. 1/7 samples included additional charges levied by JustPark in relation to a notification fee. 2/7 samples were related to JustPark's failure to update the car park tariffs for the summer charges (in spite of repeated reminders and chasing by the Finance Manager). There was also an issue with incorrect tariffs being applied and some duplicated payments (resulting in a higher-than-normal number of refunds being issued).</p> <p>The Finance Manager has calculated the loss and is currently withholding a payment to JustPark pending the agreement of the compensation due to the Council under the terms of the phone and pay contract.</p> <p>I recommend that the matter is resolved as soon as possible.</p>	<p>M</p>	<p>Agreed. A meeting will be held with the account manager to resolve the issues seen in the summer of 2019 to ensure that this is not replicated in 2020.</p> <p>Compensation for the loss of income will be pursued.</p>	<p>TH3</p>	<p>To be resolved by March 2020</p>
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**Update:**  
**This matter is ongoing. Due to the pandemic a proposed meeting did not take place. The amount outstanding is currently being agreed and will be discussed with our account manager as soon as possible.**

<p>17.1 – Retrospective approval for change in fee charged for winter market licence</p>	<p>I checked to see that the income from the winter market was charged at the correct amount, and that funds had been received. I found that the Council has started operating a winter market this year, and that the two stallholders have both been granted licences. Both licences have been invoiced, paid, and coded to the correct nominal code in the accounts. However, the price charged does not agree with the prices set by the Council in September 2019.</p> <p>Council originally agreed three charges based on pitch size. When the market was set up, the Visitor Services Manager realised that the market would be more inviting if the stallholders were able to spread out (as it would show all goods on offer). The VSM, in consultation with the Mayor, agreed to charge the lowest fee of £230 for the first year, regardless of pitch size. The stallholders have indicated that trade has been good, raising expectations that the winter market could be a regular activity.</p> <p>I recommend that the price change is retrospectively agreed by Council, and that Council considers whether to grant the Visitor Services Manager discretion over the winter market stall prices (in</p>	<p>M</p>	<p>The price change will be put to Council to be retrospectively agreed. It will also be put to Council to consider whether to grant the Visitor Services Manager discretion over the winter market stall prices (in consultation with appropriate Members) to allow for pro-active pricing.</p>	<p>TIC1</p>	<p>16<sup>th</sup> December 2019</p>
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	consultation with appropriate Members) to allow for pro-active pricing in future years.				
<b>Update:</b> <b>This was approved through Council retrospectively and all future charges will be approved.</b>					
<b>Visit 5 – 28/02/2020</b>					
2.1 – Authorise invoices	<p>I checked to see that a sample of payments made in the year were supported by invoices, authorised (signed by an appropriate officer to confirm that the invoice was correct and related to a genuine supply to the Council) and minuted for approval by Members. I found supporting paperwork in place for all 17 payments (covering 37 invoices) in the sample, and that all were properly minuted for approval by Council. I noted that 2/37 had not been authorised for payment by an officer (one sample related to tennis balls bought for the Beach Gardens, the other to an investment made by the Council).</p> <p>I recommend that all invoices or supporting paperwork is checked prior to payment, and signed to evidence that the payment should be made.</p>	L	Agreed.	TH3	Actioned Feb 2020.
<b>Update:</b> <b>A large package of tree works was compiled in late 2020 and 3 contractors were asked to provide prices. All submitted quotations and works was provided to the cheapest contractor. Future ad hoc/emergency tree works will be passed to this contractor on this basis there is greater surety that the Council is receiving value for money. Wherever possible, when there are tree works that can be grouped, 3 contractors will be asked to quote.</b>					

<p>2.2 – Procurement arrangements for non-tendered revenue expenditure</p>	<p>I checked that items or services above the de minimis (£60k under the old Financial Regulations; £25k under the new ones) have been tendered, and that procurement arrangements are satisfactory. I found that all larger value single-item contracts have either been tendered or that the Council has procured them through a compliant framework agreement.</p> <p>I noted that most of the Council's significant recurring expenditure has also been through a compliant procurement process, but that there remain some areas of ad-hoc expenditure (such as tree works, and electrical services) where the Council places work directly with suppliers who are familiar with the Council properties. Ideally these works would be packaged up (looking at a typical basket of services over a 3-5 year period) and let as one contract. This will enable the Council to prove that it is obtaining value for money.</p> <p>Where the works are deemed sufficiently specialist to fall under a financial regulation exemption from carrying out a competitive process, then this should be documented in order that the Council can agree the</p>	<p>M</p>	<p>Agreed.</p>	<p>OPS 1</p>	<p>September 2020</p>
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	<p>approach, and to ensure that expenditure is compliant with the Council's Financial Regulations.</p> <p>I recommend that such works are either tendered or, where an exemption exists, that a note is made of the exemption that applies.</p>				
<p><b>Update:</b>  <b>In respect of tree works, one of the areas raised in the audit report, a package of tree works was put together and 3 contractors were asked to provide quotes. A contractor was appointed on this basis providing surety that any tree works we undertake on an ad hoc basis represents value for money. Wherever possible, when there are works that can be grouped, then a minimum of 3 suppliers will be asked to quote.</b></p>					
3.2 – Review of policies	<p>I checked to see that there is consistency as between the risk register (which should note policies that need to be updated, or key policies relating to on-going risks faced by the Council), the Council's website (which should contain all policies adopted by the Council), and the Council's freedom of information publication scheme. I found that the list of policies across the three locations was not consistent.</p> <p>I also noted that the Council does not have a published policy for GDPR, IT Security, Budget Management, Business Continuity or Member training &amp; development.</p> <p>I recommend that comparison carried out during the testing is used to</p>	M	Agree. Preparation of a Policy Register with relevant dates of review will be produced and used as a monitoring tool to ensure compliance.	TH1 and management team	March 2020

	<p>identify where documents should be included in the risk register or FOI scheme, or published to the Council's website, and that the Council considers whether the named policies should be adopted and/or published. This will help to ensure that the Council's risk register and policy documents are up to date.</p>				
<p><b>Update:</b>  <b>Not yet actioned – need to obtain list from internal auditor.</b></p>					
<p>3.3 – Policy control sheet</p>	<p>I found that a number of the policy documents are older (one dates from 2006), and that none contain a note of the review date or policy owner. The inclusion of a review date, and the identification of a policy owner, will help to ensure that the policies remain fit for purpose.</p> <p>I recommend that a policy control sheet is drawn up (this could be based on the comparison sheet created during the audit) to show the policy name, its purpose (or the risk it is managing), the date of adoption, the review date, and where the policy is published, along with a note of who is responsible for the policy. This will make it easier to ensure that policy</p>	<p>M</p>	<p>Agreed – see above.</p>	<p>TH1 and management team</p>	<p>March 2020</p>

	updates are carried out in a timely manner, and that all published versions of the policies are updated when changes are made.				
<b>Update:</b> <b>As 3.2 above.</b>					
3.4 – Update risk register dates	<p>During the testing I noted that the 2018/19 risk register contained several target dates which have passed.</p> <p>I recommend that the risk register is updated with revised dates put in place for actions still in progress, and that any completed risks are removed.</p>	L	Agreed.	TH1	March 2020
<b>Update:</b> <b>Agreed – this is an annual process and this was actioned last year. This year’s review is in progress and the risk register will be updated once it is finalised in mid-March 2021.</b>					
3.5 – Transparency Code data	<p>I also noted that the Council's publications under the Transparency Code are not up to date, with payments lists only published to June 2017, tender and contract information to Q1 2015/16, and no information published in relation to other required items such as information on Council properties.</p> <p>I recommend that this information is published as soon as possible in order to ensure compliance with the Transparency Code.</p>	H	The required information is published (via agenda papers, minutes and the Dorset Explorer website), however, it is acknowledged that this should be made more readily accessible from the relevant web page.	TH1	September 2020
<b>Update:</b> <b>To be actioned. Will be raised at next management meeting.</b>					

<b>Visit 6 – 29/05/2020</b>					
10.1 – Audit update report	<p>I checked to see that agreed audit recommendations have been implemented. I found that some recommendations relating to more complex matters (e.g. the resolution of issues with one of the Trusts administered by the Council, which rely on responses from a third party) had not been implemented by the agreed deadline.</p> <p>I recommend that an audit action plan is maintained for agreed recommendations that have not been fully implemented, with an update report made to the Policy, Finance and Performance Management Committee on a regular basis, in order to ensure that progress with implementing recommendations is monitored.</p>	M	The progress of the implementation of agreed actions following audit recommendations should be reported to the Policy, Finance and Performance Management Committee for review.	TH1/TH3	October 2020
<p><b>Update:</b>  <b>Members to be updated on all action points from the 2019/20 internal audit report at the Policy, Finance and Performance Management Committee on 10th March 2020.</b></p>					