

Corporate Governance and Standards Committee Report

Ward(s) affected: n/a

Report of Chief Internal Auditor

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## Summary of Internal Audit Reports - October 2017 – March 2018

### Recommendation

The Committee is requested to note the summary of audit reports and other associated work for the period 1 October 2017 to 31 March 2018.

#### Reason for Recommendation:

To ensure an adequate level of audit coverage.

### 1. Purpose of Report

- 1.1. To present a summary of audit work for the period 1 October 2017 to 31 March 2018.

### 2. Strategic Priorities

- 2.1. The audit of Council services supports the priority of providing efficient, cost effective and relevant quality public services that give the community value for money.

### 3. Summary of Audit Reports – October 2017 to March 2018

- 3.1. The summaries of the audit reports that we have carried out in the period October 2017 to March 2018 are set out below. Internal Audit uses a scale to categorise the findings and audit opinion under five classifications. These are:

- **No Opinion** – Results of one-off investigations or consultancy work ranging from investigations into potential fraud or misappropriation or other projects such as value for money reviews on which no audit opinion is given.
- **No Assurance** – Fundamental control weaknesses that need immediate action. The area reviewed has significant control weaknesses and/or significant problems were found in the course of the audit.
- **Limited Assurance** – Some assurance that the controls are suitably designed and effective but inconsistently applied and action needs to be taken to ensure risks are managed. The area reviewed has some control weaknesses and there is a risk of loss or problems identified in the course of the audit.
- **Reasonable Assurance** - Assurance that the controls are suitably designed consistently applied and effective but we have identified issues that if not addressed, increase the likelihood of risk materialising in this area. This rating reflects audits where the systems are sound and there are only low level risks.
- **Substantial Assurance** – Assurance that the controls are suitably designed consistently applied and effective. The area reviewed is well controlled and no material problems were found.

3.2. The classifications are included in the reports to managers and have been included here to provide the Committee with an overall conclusion on the findings of the audits. The reports are ranked in order of audit opinion.

#### 4. **No Opinion**

4.1. There were no reports with “No opinion” in this period.

#### 5. **No Assurance**

5.1. There were no reports with a “No Assurance” opinion in this period.

#### 6. **Limited Assurance**

6.1 The limited assurance audit reviews were included in the Annual Governance Statement considered by the Committee on 14 June 2018. The main findings are set out in the table below and will be subject to review in the next three months and progress against the recommendations will be reported back to this Committee.

Cyber Security		
Recommendations	Actions Agreed	Implementation Date
The Council must migrate all IT devices onto operating systems that are supported by the developer. Where this is not possible, the devices running	The on-going PSN remediation work includes the retirement of a number of legacy systems. The residual risk will be managed via the use of hardware	This was started in January 2018 and is part of the ICT refresh project which is due to

<b>Cyber Security</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
unsupported operating systems must be isolated from the Council's IT network.	based security measures to isolate any unsupported systems which cannot be decommissioned prior to the full refresh programme.	complete in March 2019
There should be a defined patch management procedure in place.	Work was already underway prior to the audit to address this in a proportionate manner and, whilst this is not fully automated, significant improvements have been made in assessing and applying patches. The refresh programme fully addresses patch management.	Implemented

<b>Fire Risk Assessments</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
The Council should have a designated officer and appropriate responsibilities are assigned to a single named individual within the Council. The Council should establish a specific group for fire risk management, whereby responsibility of management of fire risk is clearly assigned. Responsibilities for the Group should include, but not be limited to, following-up the recommendations arising from FRAs for the Council's properties.	A Fire Safety Group with representatives from Service areas is now established. The Group will take forward recommendations and will monitor overall compliance. There is a designated responsible officer and performance will be monitored by the Corporate Management Team.	Implemented 31 May 2018
A procedure should be established to review the FRAs annually, in line with the requirements of the Corporate Fire Safety Policy.  All residential properties should be identified and managed. The list should include the date of the latest FRA and the next assessment due date for each property. The listing should be kept up to date to reflect the status of the FRA for each property.	The matrix in the policy is for guidance only, as the FRA should always be re-performed in accordance with the contractors suggested review date. The new Fire Safety Group has been tasked with ensuring the Council has up to date fire risk assessments, which will be reviewed annually in accordance with the recommendations in the Council's Corporate Fire Safety Policy.	Partially implemented
Following the completion of a FRA, management should develop an action plan to ensure that all recommendations raised are RAG-rated and prioritised.	An action plan is being developed to ensure the Council can clearly identify and sign off what actions need to be undertaken in accordance with the latest fire risk assessments.	Implemented

<b>Fire Risk Assessments</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
The action plan should be kept up to date to reflect the status of recommendations.	Outstanding actions will be reviewed by the Fire Safety Group.	

<b>Asbestos</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
The Council should ensure there is an up-to-date register, which clearly details all properties owned by the Council where asbestos containing materials (ACM) are present	An up-to-date asbestos register is being developed which will identify all properties where asbestos containing materials have been detected. This will provide a clear record identifying what actions need to be undertaken in accordance with the latest asbestos management surveys and will allow re-inspections to be dated and signed.	Corporate review started 30 April 2018
<p>The Council should ensure that accountability for asbestos management and appropriate responsibilities are assigned to a named individual within the Council.</p> <p>The Council should establish a Corporate Asbestos Management Group – with individual working groups feeding into it, whereby responsibility of asbestos is clearly assigned.</p>	A new Asbestos Management Group is being established with representatives from service areas. The Group will agree Terms of Reference as well as reviewing and updating the Corporate Asbestos Policy. In addition, they will ensure that corporate processes, procedures and training are put in place to provide full and safe management of asbestos. There is a designated responsible officer who, together with the Group, will review outstanding actions on the asbestos registers. Performance will be monitored by the Corporate Management Team.	Implemented

<b>Legionella</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
The review found that not all properties had an up to date legionella risk assessment (LRAs) in place. Risk assessments should be completed every two years or sooner if work has been carried out. There is also a concern that in a limited number of instances work had been carried out without Mechanical and Engineering	<p>Management should review the dates of the latest LRAs for the Council's properties and ensure that an assessment is completed for all properties where an assessment is overdue.</p> <p>An appropriate process should be established whereby M&amp;E are notified of</p>	Property review started 30 June 2018

<p>staff being informed and therefore the risk assessments have not been updated.</p> <p>Not performing LRAs in a timely manner increases the risk of legionella going undetected</p>	<p>all works on properties that will result in the requirement of a new LRA being completed.</p>	
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<b>Business Continuity</b>		
<b>Recommendations</b>	<b>Actions Agreed</b>	<b>Implementation Date</b>
<p>CMT considers the findings of the audit report and decides how it wants to approach Business Continuity.</p> <p>If the decision is that the Council should have a robust and resilient Business Continuity Plan, it is recommended that a new BCP is developed.</p> <p>Appropriate resources should be identified and allocated to drawing up and maintaining a new BCP based on the findings of the audit report.</p>	<p>There is now a corporate review to update all business continuity plans and revise the current processes and carry out the recommendations of the report</p>	<p>This will go to service leaders in August 2018</p>

<b>Contract Management</b>	<b>Recommendations Made</b>	<b>Implementation Date</b>
<p>The purpose of the review was to consider the design and effectiveness of the controls in place around contract management and to highlight any areas where the controls might be improved. Procurement at Guildford Borough Council has been delegated to Directorates, each of which appoint officers responsible for procurement and subsequent contract monitoring. The following areas of good practice were identified.</p> <ul style="list-style-type: none"> <li>Financial and Procurement Procedure Rules set out the requirements for effective contract management;</li> <li>Of the contracts that we reviewed, associated responsibilities have been allocated and documented.</li> </ul> <p>However, we found the following areas for improvement:</p> <ul style="list-style-type: none"> <li>There needs to be an up to date</li> </ul>	<p>Establish and maintain a single contracts register</p> <p>Introduce a contract management handbook and templates</p> <p>Contract Performance monitoring</p>	<p>30 September 2018</p>

Contract Management	Recommendations Made	Implementation Date
<p>contract register</p> <ul style="list-style-type: none"> <li>• There needs to be a more standard and consistent approach across the Council</li> <li>• There needs to be monitoring so that contracts do not continue after their expiry date</li> <li>• There needs to be performance management to monitor expenditure against contracted values</li> </ul> <p>Responsibility for contract management has been delegated to individual directorates and this has increased the risk of inconsistency in our contract management processes.</p>		

## 7. Reasonable Assurance

### 7.1 Data Quality

One of the main areas in the audit plan this year was the focus on data governance and the emerging risks, notably the introduction of the General Data Protection Regulation, which came into force in May 2018.

- 7.2 We produced a suite of process maps to help staff understand how to deal with each of the eight GDPR rights. The Council is in a good position, but there is still legacy work to be carried out on data that is out of date or no longer needed. Given the amount and variety of data which we capture and hold, this is a piece of work which will be time consuming but essential to comply with.

**Audit Opinion – Reasonable Assurance – We will be reviewing progress against the requirements of the new legislation in August 2018**

### 7.3 Homeworking

The purpose of this audit was to assess the design and the operational effectiveness of the Council's homeworking controls and to identify areas for improvement. The Council has been promoting flexible working for staff for some time and about 300 staff can now routinely gain remote access to Council systems from their home if required.

- 7.4 Any request for home working has to be approved by the line manager and ICT. Home workers are required to log in to their desktop environments via Citrix, which uses remote access tokens for two-factor authentication, providing an additional security layer. Staff have to confirm that they have understood and will comply with the Council's Information Systems Security Policy in order to be provided with the

right to work from home. There are advantages and disadvantages in homeworking for both employee and employer some of which are detailed below

#### Potential Disadvantages

- Difficulty monitoring performance - there could be difficulty managing home workers and monitoring their performance.
- Performance issues - possible deterioration in employees' skills and work quality.
- Cost of working from home - initial costs of training and providing suitable equipment, including adaptations to meet health and safety standards and the needs of disabled employees.
- Problems with staff development - difficulty of maintaining staff development and upgrading skills.
- Information security risk - information security problems could be more likely to occur.
- Communication problems - could increase feelings of isolation amongst home workers.
- Decreased staff morale - it can be harder to maintain team spirit when employees are working at different locations.
- Not all jobs suit home working - working from home suits some jobs better than others. Equally, working from home suits some personality types but not others. Some people may prefer colleague contact by face to face communication.

#### Potential Advantages

- Improved employee retention - home working can help retain working parents with childcare responsibilities.
- Access to a wider pool of applicants - for example, disabled people who may prefer to work from home.
- Possible productivity gains - due to fewer interruptions and less commuting time.
- Increased staff motivation - with reduced stress and sickness levels.
- Financial benefits - savings on office space and other facilities.
- Better work/life balance - employees working from home can lead to improvements in health and well-being.

Technology has allowed the growth of flexible working patterns but when agreeing that staff can work from home we need to set clear performance targets and balance their personal preferences with the needs of the service.

#### **Audit Opinion – Reasonable Assurance**

##### **7.5 Procurement**

Effective procurement processes are vital in ensuring the Council is able to deliver services and projects whilst ensuring that we achieve value for money and comply with the procurement regulations.

- 7.6 All service managers procure goods or services at some time and there should be clear guidelines and timely advice on the procurement options. The challenge is to have systems that are agile and flexible but also comply with our governance requirements. The review identified some inconsistencies in the constitution of evaluation panels but all projects had satisfactory specifications and clear evaluation criteria, which were used to select the winning bid.
- 7.7 Other recommendations related to the updating of the corporate procurement guidelines and whether to re-convene the Corporate Procurement Advisory Panel, which is made up of procurement, legal, and service representatives to oversee procurement activity.

**Audit Opinion – Reasonable Assurance – The recommendations have been agreed and further work is being carried out on our procurement processes.**

### 7.8 Lettings and Voids

Social housing plays an important role in providing accommodation for a wide range of households, including some of the most vulnerable in society. The Council has a Housing Allocation scheme which aims to:

- Fulfil its legal requirements in relation to lettings
- Offer customers choice
- Manage the demand for council housing in Guildford
- Provide an equitable, transparent, efficient and customer focused lettings system
- Promote sustainable communities
- Monitor the effectiveness of the void period from initial void to tenancy start date

- 7.9. Effective void management ensures that the Council maximises its income but also minimises the void period to bring houses back into stock to meet the housing demand. The Council manages some 5,200 properties for its tenants and in 2017-18, the estimated income was £29 million. At 30 June 2017, there were 2,715 applicants on the Council's housing waiting list, with an average waiting time from completing an application form to being rehoused of over four years. The effective and efficient management of void properties is therefore vital to bring them back into use and take prospective tenants off the waiting list. Monitoring turn-around time for empty properties within agreed performance targets is crucial to the Council's performance as a housing provider.
- 7.10 We analysed the spreadsheet from the Voids Officer as at 20 September 2017, which identified 53 properties including:
- void properties that require major improvement works;
  - void properties that have issues and require management decisions
  - standard void properties.

The details are shown in the table below:

Voids from the Voids Officer's spreadsheet at 20 Sept. 2017	Number	%
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Void properties that require major improvements	27	51
Void properties with issues and require management decisions	3	6
Void properties classified as standard	23	43
<b>TOTAL</b>	<b>53</b>	<b>100</b>

7.11 From the data provided it was possible to calculate the amount of lost revenue for the period the properties were classified as void and the details are shown in the table below:

<b>From the Voids Officer's spreadsheet as at 20 Sept. 2017</b>	<b>Number</b>	<b>Amount</b>
Void properties that require major improvements	27	£83,815
Void properties with issues and require management decisions	3	£15,257
Void properties classified as standard	23	£19,664
<b>TOTAL (Assumes lost rent from start of void to 20/11/17)</b>	<b>53</b>	<b>£118,736</b>

7.12 The amount of lost revenue is significant and highlights the need to manage our void properties effectively.

7.13 Properties become void for a number of reasons and, in order to get a more accurate reflection of the downtime, we analysed the data for the full year 2016-17. The results are shown in the table below. There were 242 properties re-let in 2016-17 with an average void time of 80.27 days. This covers both day-to-day property repairs and those properties with planned major works. The re-let properties in the year represent 5% of the total housing stock. However, whatever the reason we should ensure that there is as little down time as possible.

	<b>No. of Properties</b>	<b>Days</b>
Average re-let time – major works	93	160.42
Average re-let time – day to day	149	30.25
<b>Average re-let time</b>	<b>242</b>	<b>80.27</b>

7.14 It is difficult to put a timescale on major repair works but standard repairs is an area where the turn round time could be reduced. There are plans to contract out the work, which is a positive initiative, but the contractor will need to be monitored rigorously to ensure works are carried out promptly to void properties.

**Audit Opinion - Reasonable**

#### 7.15 **Payroll**

The Council employs over 700 people and the budgeted cost of employee related expenditure is expected to exceed £30 million in 2017-18. The key controls surrounding the process of paying staff therefore needs to be robust, sound and effective. The main objective of the payroll process is to pay the right person the right amount at the right time, and to produce all the required statutory returns.

7.16 The payroll function was originally within the Financial Services section but was transferred to Human Resources (HR) following a restructure. There is a natural synergy between the two teams as Payroll and Human Resources use the same system.

7.17 There are inherent access controls within the system, HR staff do not have access to the payroll system, and payroll staff do not have access to the HR site. However, one of the most common risks is the risk of introducing ghost employees into the system. Our testing has not shown any anomalies but we need a formal exception reporting process between the Payroll system and the Establishment list to increase the level of control and reduce the risk.

**Audit Opinion – Reasonable Assurance – It was agreed that Internal Audit would run a bi-monthly exception report comparing employees on the establishment and those who have been paid, including addresses and account details**

#### 7.18 **G Live**

The purpose of the review was to establish whether the contractor is complying with the terms of the contract and the Council is monitoring performance effectively. The review found the following areas of good practice and effective management controls:

- There are set service levels and key performance indicators (KPI) which are routinely measured;
- There are monthly asset management and service review meetings;
- Quarterly liaison meetings with Councillors are held and minuted;
- There are annual performance and Health and Safety meetings, which are reported to the partnership Board;
- There are effective relationship meetings between the Contractor and the Council.

7.19 However, the audit recommended that there should be annual benchmarking review of the performance of the G Live venue.

**Audit Opinion – Reasonable Assurance – We are now carrying out a benchmarking exercise as we recognise that the data will be key in preparing for letting the contract in the future.**

#### 7.20 **Health and Safety**

The purpose of our review was to provide assurance that the Council's arrangements for ensuring the health and safety of staff and visitors are effective. The Council has a legal duty to put in place suitable arrangements to manage

health and safety risks. According to the Health and Safety Executive (HSE), managing health and safety should be part of the everyday process of running an organisation and an integral part of workplace behaviours and attitudes.

7.21 For HSE, the core elements to have effective systems in place are strong leadership and management, a trained and skilled workforce, and an environment where people are trusted and involved. The Council should have a robust health and safety framework to identify, monitor and report health and safety issues in order to comply with legal requirements and achieve successful Health and Safety performance. The review found the following areas of good practice:

- Regular reporting of accidents and updates from the Health and Safety Officer to the Corporate Management Team
- A Corporate Health and Safety Induction is in place for new starters
- Risk assessments have been completed for hazardous jobs across the Council, which include in Operational Services and Parks and Leisure
- There is an up to date Health and Safety Policy, which has been approved and is readily available on the intranet

7.22 However we identified the following areas for improvement:

- Not all Services maintain an up to date Part 2 Health and Safety Policy which is created by the individual Services and is specific to them, detailing key roles and responsibilities and tasks to be undertaken
- There is no centrally maintained training needs analysis/matrix in place to formally identify the required training for all job roles
- Workplace inspections are not being consistently performed across all of the Council's services
- Deputies have not been nominated for the Corporate Health and Safety Group resulting in key information not always being presented

7.23 Whilst the review identified room for improvement there are no areas of significant concern, and there were no major instances of non-compliance with the current controls.

**Audit Opinion – Reasonable Assurance – The recommendations have been agreed and are being implemented.**

7.24 **IR35**

Following the introduction by HMRC of new and more stringent regulations on the employment of contractors, we carried out a review to look at how we are complying with the revised IR35 Regulations. The new legislation, referred to by HMRC as “off-payroll working” affects public sector bodies, who engage workers through intermediaries such as personal service companies, limited companies and sole traders. HMRC brought in the new regulation to address what was felt to be significant tax avoidance by self-employed contractors and there was a view that a significant number of contractors are, in reality, disguised employees and should therefore be liable to PAYE and National Insurance.

- 7.25 In the past, compliance with IR35 was a matter for the contractor and HMRC but responsibility for determining the status of a contractor now rests with the Council. Failure to do so correctly will result in a fine or penalty for the Council. We carried out a corporate review of all contractors to determine and in some cases change their status but service managers, payroll and creditors need to be mindful of the rules when appointing contractors, a company or sole trader to carry out work.

**Audit Opinion – Reasonable Assurance – The E-Payments manager is monitoring invoices for compliance**

**7.26 Sundry Debtors**

Sundry Debtors are part of Financial Services and all sales ledger invoices are processed through them. In the period under review (April to December 2017) they raised over 22,000 invoices with a value of nearly £19 million. The audit looked at the controls over invoice processing and the how the corporate debt is monitored.

- 7.27 Invoices can be raised manually or electronically but whichever method is used they must be authorised by an authorised signatory. Testing found no significant issues relating to the authorisation of invoices.

- 7.28 We also looked at the level of debt over the year. Outstanding debt is monitored regularly and, whilst every effort is made to recover a debt, there are occasions where bad debt occurs. The analysis showed that there was an overall reduction in the value of outstanding debt from £2.4million in April 2017 to £1.6million in December 2017, the majority of which is current. The level of bad debt (over six months) at the end of month 9 was £730,000, which represents 3.8% of the total value of invoices raised in the period.

- 7.29 There were no specific recommendations arising from this audit review but there are points within the report, which will require consideration for the future in relation to:

- process automation so that input forms to raise an invoice can be directly uploaded into the Debtors sub-ledger or eFinancials to reduce the double handling and double entering of debtor information.
- Moving to payment at point of sale wherever possible

**Audit Opinion – Reasonable Assurance**

**7.30 Vehicle Management**

At the time of the review, there were 226 vehicles in the Council's fleet. They range from the large refuse freighters to small vans depending on the service. The cost of running the fleet is approximately £3 million per annum. The aim of the review was to carry out a value for money exercise to look at how the vehicles are used and whether we are making the most of our assets.

- 7.31 The review found:

- Some vehicles were not fully utilised and spent a significant amount of time at Woking Road Depot or Stoke Park.

- There is potential duplication with both street scene and parks vehicles being in the same place
  - There is evidence of vehicles making extended journeys rather than take the direct route from site to site.
  - Not every vehicle is fitted with a tracker so there is inconsistency and no performance data for these vehicles
- 7.32 Given the financial and environmental pressure on the Council we need to maximise the use of our fleet. Further work is being done on:
- Defining the level of service that is required within individual services
  - Identifying the number of vehicles to deliver that service
  - Identifying and resolving duplication within and between services
  - Looking at better route planning and zoning which would deliver efficiency savings and reduce fuel costs

**Audit Opinion - Reasonable Assurance – This will be included in our efficiency review**

**8 Substantial Assurance**

**8.1 Treasury Management**

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in compliance with the CIPFA Code of Practice for Treasury Management. The following areas of good practice were identified.

- The Council has an approved Treasury Management Annual Strategy and Prudential Indicators are set within.
- Treasury Management policies, procedures and protocols are in compliance with the CIPFA Code of Conduct for Treasury Management.
- The Council's investment adviser, Arlingclose, provides regular investment consultation and advice to the Council, which is taken into consideration when making investment decisions.
- Bank reconciliations are completed in a timely manner and all reconciliations reviewed.
- An adequate segregation of treasury management duties is in operation.
- Comprehensive and regular reporting on treasury management performance is undertaken in accordance with the strategy.

Overall, we found that the control environment is robust. There were only minor recommendations relating to updates to the TMP's which need to be finalised and reviewed and approved by the Corporate Governance and Standards Committee.

**Audit Opinion – Substantial Assurance**

**8.2 Taxi Licensing**

We carry out an annual review of the data and calculation of the Taxi Licence fees prior to approval and publication. Whilst there were minor queries, we have agreed the figures.

**Audit Opinion – Substantial Assurance**

## 9 Governance, Corporate and Projects

### 9.1 Ombudsman

It is difficult to plan for Local Government Ombudsman complaints or know how much audit will be involved. Some complaints are more complex than others and we work with the services prior to making a response to the LGO. While it may not be traditional audit work and in some cases, they can be time consuming and can result in a mini audit. They are, however, a valuable insight into areas of emerging risk which we then build into the audit plan. The Ombudsman decisions for the period are shown below:

Decision Date	Complaint Category	Finding
10.11.17	Planning & Development	Premature
14.11.17	Housing	Premature
06.12.17	Planning & Development	Closed after initial enquiries – no further action
14.02.18	Benefits & Taxation	Upheld: no further action
15.03.18	Benefits & Taxation	Closed after initial enquiries – no further action
2.03.18	Planning & Development	Closed after initial enquiries – out of jurisdiction
28.03.18	Planning & Development	Not upheld: no maladministration

### 9.2 Business Continuity and Emergency Planning

The Council has always had a Business Continuity Plan but our review found that whilst there were contingency plans in ICT to deal with an incident, we need to review and update our procedures and records and align the ICT contingency planning to the Council's overall recovery and emergency planning. Part of the problem is that, over the last few years, there have been a number of organisational changes, which has resulted in different structures with different roles and reporting lines. When this happens there is always a risk that the linkages between services are overlooked. Following the audit, we have worked with services and are now finalising the new plan prior to approval and roll-out.

### 9.3 Service Plans

Service plans are an important part of our management control environment. We have had a service planning process for several years, which has developed over time. However, the background against which service plans are produced has changed with the introduction, for example, of both a comprehensive Corporate Plan and the focus on innovation and commercial activities. Service plans have developed over time, structures and reporting lines have changed which has increased the risk that the approach from individual services has become less corporate.

9.4 We reviewed and simplified the service plans process last year but we have continued to refine the process so that there is consistent approach and the

document contains summary information about the service and details of any significant projects and activities over the next three financial years including performance metrics, which will be used in one to ones and at CMT to monitor the progress against targets.

9.5 As well as being a useful tool to monitor and manage significant projects and activities, service plans also provide an opportunity to engage with colleagues, councillors and customers to improve their understanding of the scale and objectives of each service. The summary document includes information about the service:

- Position in the council
- Senior management and Portfolio Holder
- Purpose and objectives
- Financial information
- Staffing levels
- Key Performance Indicators
- Major projects and activities

9.6 The service plan requires that all projects are identified according to project type. The project types are:

- Corporate Plan – projects arising from the Council's Corporate Plan.
- Transformation – projects undertaken as part of the Transformation Programme, either Transformation Reviews or resulting from recommendations in earlier Transformation Reviews.
- Savings – Projects designed to achieve savings.
- Service Improvements – Projects undertaken to improve services, usually not identified as part of the Transformation Programme or Savings reviews (e.g. introduce new software).
- Risk mitigation – Projects undertaken to mitigate a risk identified as part of the Council's Risk Management process.
- Business as Usual (BAU) – activities that are important to the service but may not be corporately significant.

9.7 As part of the service planning process, service managers will be expected to develop meaningful Key Performance Indicators (KPIs). These will be included in the service plan and be used as the basis of a regular report to CMT. Many services will already have some KPIs but this is an area, which needs further development to ensure that the KPIs capture information that is important from the customer's point of view or demonstrate the efficiency and effectiveness of the service.

- 9.8 There is already a monthly Corporate Plan Monitoring report, which details the progress of all projects which feed into themes and aims of the Corporate Plan 2015-2020. In addition, we benchmark a suite of corporate PIs with other Surrey authorities to assess our performance.

## **10. Service Reviews**

- 10.1 Over the last year, Internal Audit has worked with managers on a number of reviews. Although this is not traditional audit work, many of the business process re-engineering disciplines involved are closely related to audit systems analysis. This has the benefit of helping managers make efficiency savings but it also increases our understanding of the services and the business risks.

### **Service and lean reviews in progress**

- 10.2 We have been working on a number of reviews including:

- Heritage Services
- Parks and Countryside
- Human Resources
- Operational Services
- Internal Audit
- Parking
- Customer Service Centre

- 10.3 These reviews look at all the business processes, structures and synergies to deliver more streamlined efficient and effective services. The reviews are now being finalised and will inform any future re-structures.

## **11 Conclusion**

- 11.1 The second half of the year has been challenging. There were some staffing issues which we covered by increased use of a contractor. The audit focus is changing as the Council is seeking to become more entrepreneurial and the challenge for the team is to balance the requirement for robust governance and control and helping to deliver the Council's ambitious change agenda.

## **12 Financial Implications**

- 12.1 There are no financial implications.

## **13 Legal Implications**

- 13.1 The Local Government Act 1972 (S151) requires that a local council "shall make arrangements for the proper administration of their financial affairs". The 1972 Act is supported by the Accounts and Audit Regulations 2011, which state, "A relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices



in relation to internal control". The internal audit plan is necessary to satisfy these legal obligations.

**14 Human Resources**

14.1 There are no Human Resource implications.

**15. Background Papers**

None

**16. Appendices**

None