

South Ribble - Audit Reports & Issues 2019/20

Audit Review	Opinion	Issues Arising	Governance Issues	Update
South Ribble				
Environmental Health – Food Safety	Limited	A food safety plan is in place, this sets out demands for the service the potential risks to non-achievement of the required inspections and resources available, it provides a snapshot of the intervention programme and backlog of overdue interventions. A number of areas of weakness in controls where identified including:- Inspections and interventions outlined in the Food Safety plan are not always carried out in line with the outlined timescales; there is little of no performance monitoring evidenced, a backlog of intervention inspections which is ongoing from the FSA inspection in 2017, the lack of measurement and reporting of the intervention programme and the routine use of overtime / additional payments to deal with significant backlogs since 2017, the failure to utilise and update the services computer system (IDOX) and the failure to maintain up to date documents relating to Data Accuracy and Internal Monitoring following changes to individual file monitoring.	Whilst the Food Service plan provides an adequate framework of governance to manage inspections and interventions, including the identified backlog, the outlined timescales are not being complied with in all cases, this weakens the governance framework, making it ineffective, further the continual backlog from the FSA inspection in 2017, which was included in the plan further evidences that the framework is not operating as it should. Further weaknesses in control indicate that the controls are not effective in the areas identified leaving the Council open to significant risk. The audit also identified weakness in management controls as little / no performance management is undertaken / evidenced.	A comprehensive management action plan has been agreed, including an updated service plan, the identification of resource shortfalls, management & monitoring of delivery of the service plan. The backlog of interventions was due to be complete by 31 st March 2020, however, this could have been impacted by the COVID-19 crisis. A follow up of the Internal Audit review will be undertaken in 2020/21 by Internal Audit.
Car Park Management / Enforcement	Limited	Areas of good practice include appropriate off street parking orders in place, appropriate controls in respect of income collection and reconciliation; effective processes for issuing & monitoring PFN's and issue of permits. Weakness identified in respect of:- No planned maintenance & Inspection policy, previous audits have included management actions to address this issue have been agreed and not implemented; no evidence of signed framework agreement and no evidence to demonstrate contract / agreement is properly managed; car park fees not reviewed since 2017 in contravention of Financial Procedure Rules.	The provision of off street parking orders provide an effective governance framework in respect of enforcement procedures relating to charges and FPN. Controls in regard to car park charges and FPN's are generally effective with the exception of the lack of evidence to support the framework agreement and the monitoring of that agreement / contract, this demonstrates controls are ineffective in that area; the Council cannot demonstrate the performance of delivery against the agreed framework agreement. In respect of Car Park maintenance & inspection, the lack of a policy demonstrates ineffective governance arrangements, further controls in that area are ineffective and leave the council at risk of potentially not being able to defend claims.	A management action plan has been agreed which includes the development of a car park inspection policy; off street parking order to be updated to reflect electric vehicles; contract / framework management arrangements will be put in place and performance reported, managed and monitored. A follow up of this review will be undertaken by Internal Audit as part of the 2020/21 Audit Plan.
Tree Inspection & Maintenance	Limited	Controls are operating effectively in respect of suitably qualified and trained staff; accurate information held on each of the Council's trees, works orders promptly and accurately raised. Areas of weakness identified in respect of:- Council does not have a tree inspection and maintenance strategy / policy; shortcomings identified in the systems used to manage date in respect of trees; backlog of outstanding work orders due to category allocated and timescales assigned not aligning, some work orders go back to 2016; budget pressures are an issue due to the lack of correlation between the delivery of service and cost of delivery; increase in trees to be planted by new administration increases risk where no proper inspection regime is in place; issues related to procurement of external contractors and lists of contractors supplied to public; no performance management / reporting in relation to the service.	The lack of a tree inspection and maintenance policy / strategy signifies a lack of the governance framework for the service to operate to, further weakness in control demonstrate that controls are also ineffective in areas relating to tree inspection and maintenance. The risk is likely to increase with the increased tree planting which is a key element of the current administrations corporate plan. The lack of performance management / reporting and the lack of a policy / strategy demonstrates weakness in management controls in those areas.	A management action plan has been agreed which includes:- a formally adopted policy to be implemented Feb 2020; the introduction of a suitable computer system; workload categorized and monitored to ensure future completion dates met, measures introduced to reduce the backlog of work, however, this is hampered by the resource limit (and will be further impacted by CV); in respect of procurement quotes will be sought and evidenced; random auditing of works carried out and discussions will take place in respect of performance management. A follow up review will be undertaken by Internal Audit as part of the 2020/21 Audit Plan.
Commercial Properties – Follow Up	Limited	Follow up review due to previous assurance opinion of Limited assurance, management actions not fully implemented relating to the Asset register, revised asset valuations have	Failure to reconcile assets against Land Registry records to ensure all assets are accounted for demonstrate a weakness in the governance framework, further lack of and failure of controls in this area indicate	A further management action plan has been put in place and a further follow up review in this area will be undertaken as part of the 2020/21 Audit Plan. Internal

		been undertaken, however, no single record and no evidence to demonstrate all SRBC assets recorded; inconsistent filing and retention of property management records, whilst roles have been appointed, it is only recently so rent reviews and lease renewals have not been completed. Assets have been valued at approx. £2m more than the figure previously included in Insurance renewal quotes.	that the operation of controls are ineffective, further there are significant risk of financial harm for the Council as rent reviews and lease renewals have not been undertaken on a regular basis and there is no central record of all assets of the Council.	Audit will also manage the progress made against this plan on a quarterly basis and report back to Governance Committee.
Procurement – Utilities & Other Contracts	No Assurance	There are robust Contract Procedure Rules in place to ensure that provides a robust framework for the procurement of goods and services to the Council. This review specifically reviewed the Procurement of Utilities for South Ribble BC. The procurement exercise breached all Contract Procedure Rules, rules in respect of Key Decisions, management and reporting rules in respect of responsibilities of Cabinet and rules in respect of legislative requirements both internal to the Council and external in that EU procurement rules were also breached. It was also identified that there the member of staff responsible was new to the Officer role and was not aware of CPR's / Financial Regulation and had not been provided with any training / instruction or support. The procurement exercise that was undertaken is flawed and does not evidence / demonstrate that the Council has achieved best value in regards to the procurement of utilities.	The complete failure of adherence to the governance framework in place demonstrates ineffective governance, the lack of controls does not demonstrate / evidence best value has been achieved. The failure to comply with EU rules and the rules / regulations of the Council leaves the Council open to significant financial, reputational and legislative damage / harm. The operation of controls in relation to Procurement, Decision making and Legal process have not operated effectively in relation to this procurement exercise. The lack of training / support and induction to the new role for the officer demonstrates significant failure in management controls in that area, this has been recognised in the Service Assurance Statement.	A further review of other procurement exercises is to be undertaken by Internal Audit as part of the 2020/21 Audit Plan, a review of high value expenditure against suppliers is in the process of being undertaken to ascertain if there are any other issues relating to breaches of CPR's and Council decision making as part of the 2020/21 Audit Plan. The report relating to the Utilities Contract will be presented to the Director, S151 Officer, Interim Chief Executive, Deputy Chief Executive and Governance Committee. A series of training sessions in relation to Contract Procedure Rules has commenced initially with relevant staff, i.e., those who undertake procurement exercises, this will be extended to all staff as part of the Governance training.
Health & Wellbeing Leisure Campus Review of Governance arrangements	No Assurance	There are robust Contract Procedure Rules in place to ensure a robust framework in relation to the procurement of goods and services to the Council. This review focused on procurement in relation to the appointment of the supplier via a framework agreement. Whilst advice was provided and reports provided to members they did not provide sufficient information to allow a robust decision to be made by Members. There are fundamental failings in the decision process relating to key decisions, failure by Senior Officers to inform Members of significant cost increases, failure to demonstrate best value was achieved. Further there are no adequate project management governance processes complied with, with no records of meetings and decisions made maintained.	Significant fundamental failings in relation to the ineffectiveness of governance arrangements, including failure to comply with Constitutional decision making processes in regard to this key project, failing to inform Members of increasing costs at key times as part of the project management or budget management processes. The checks and balances put in place to support officers and enable Members to make informed decisions have been totally disregarded by officers at a Senior level of the organisation including statutory officers of the Council and the Chief Executive.	Issues arising from this review have been included as actions in the Council's Annual Governance Statement 2020 and actions included in the Action Plan which will be monitored by Senior Leadership Team.
Shared Services				
Creditors	Limited	There are appropriate Financial Regulations / Procedure Rules in place to provide a robust framework for the system / processes relating to the ordering, receipting and payments for goods and services, the audit reviewed the controls embedded in the key financial system utilised for these processes. A number of significant controls weakness were identified which provide the potential risk of fraud, error and / or allow staff to potentially act beyond their delegated authority in that:- Receipt of goods and payments of invoices that are of significant greater value than the order raised; the failure of officers to review invoice amounts against orders and goods receipted; the overriding of controls relating to allowed spend, in that a number of officers have access to override the set budget limits for goods and services; no monitoring and / or	The findings constitute significant breaches of the governance framework that is the Council's Financial Procedure Rules, further the weakness in control leave the Council open to risk of fraud, error, officers acting beyond their delegated authority and could result in material misstatement in the accounts, loss of monies to the Council and inaccurate financial recording and reporting. This demonstrates that the operation of controls in those areas reviewed are ineffective. The findings are contra to the answers in the Service Assurance Statements.	Internal Audit will undertake further work in 2020/21 plan to determine the extent of the potential issues for both Councils, this will require substantive testing of all payments against orders to identify the value and number of invoices paid exceeding order values, this is in order to determine if there is potential for material misstatement or not prior to the audit of accounts. Internal Audit will work with the Section 151 Officer to implement appropriate controls and strengthen rules and regulations in the areas required to address the issues identified. Other audit reviews, e.g., budget monitoring / management will identify if any compensatory controls exist in other areas specifically in regard to the review of payments against orders and goods received.

		reporting of use of override facility; orders raised after goods / services received and invoiced; incorrect orders; goods / services receipted prior to physical receipt; lack of supervisory review of Admin users log.		SRBC Financial Regulations are to be reviewed, updated and aligned to CIPFA best practice. A series of training sessions are to be provided to all staff relating to Financial Regulations as part of Governance training.