INTERNAL AUDIT FOLLOW UP OF RECOMMENDATIONS REPORT

Oxford City Council

January 2020

Summary

**FOLLOW UP GOING FORWARD - BDO RECOMMENDATIONS**

Following the issue of reports, all due high and medium recommendations will be followed up within this report.

**RECOMMENDATIONS**

* 26 recommendations are due for follow-up with recommendations due prior to the end of **December 2019**
* Previous recommendations may simply have a revised date that is post this Committee and therefore, will be picked up at the next Committee

Of the 26 recommendations (Excluding Fusion Follow-up as reported separately):

* One High and 12 Medium Recommendations were completed
* Four High (Contract Management and Accounts Receivable) are incomplete. Contract Management has been issued with a 1st revised due date and Accounts Receivables has been issued with 2nd revised due date. Significant progress has been made against these recommendations and we have been assured that these recommendations will be completed by the next follow up.
* 9 Medium Recommendations are incomplete and have been issued a 2nd or 3rd revised due date.

**Follow up Process**

As part of the follow-up process we issued all recommendations due for implementation on or before December 2019 on 4th November 2019. Recommendations due were sent to all responsible officers and the corresponding heads of service. We gave responsible officers 6 weeks to respond. We subsequently chased officers throughout November 2019.

We are required to escalate non responses and/or recommendations with several revised due dates to the Operational Delivery Group (ODG). We have escalated all incomplete responses to the ODG.

For all incomplete recommendations, we will:

1. Continue to emphasise to staff to be realistic about the implementation dates when completing their management responses at the completion stage of each internal audit review
2. Issue the recommendations tracker to all the relevant Heads of services on a monthly basis from the December audit committee onwards
3. Issue reminder emails 6 weeks prior to the follow up review to ensure timely completion of each recommendation

Recommendations: Complete

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Audit | Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
| Accounts Payable & Procurement | The Council should ensure that credit checks on all existing suppliers (including the case noted above) that do not have a retained credit report are completed. | M | Strategic Procurements Manager | ~~30/09/2019~~  31/12/2019 | **Council’s Comments:**  The Council have undertaken credit checks for prior suppliers that had not had a credit check.  **IA Comments:**  The recommendation has been implemented. Credit checks have been completed. |
| Accounts Payable & Procurement | The Procurement Team should be reminded by email that all contract notices over £25,000 should be published on Contracts Finder in a timely manner. Subsequently, these should be checked by a member within the team on a quarterly basis to ensure the corresponding notices are published. | M | Strategic Procurements Manager | 31/10/2019 | **Council’s Comments:**  All procurements above £10k go on the procurement portal which links to Contracts Finder. Reports are run to check compliance. The last report was run and dealt with on 9 September 2019. It shows the status of the Contracts Finder event on the portal. Any that were open were checked to ensure that they had been completed as necessary.  **IA Comments:**  The report has been run and has been checked and acted on by a member of the team. |
| Accounts Payable & Procurement | The data on ‘% of non-compliant contracts’ should be reported without ODSL performance to obtain an accurate result of the Council’s performance | M | Strategic Procurements Manager | 31/10/2019 | **Council’s Comments:**  Non-compliant OJEU contracts are presented on a monthly basis as to the proportion of compliant and non-compliant contracts.  **IA Comments:**  The KPI is monitored in the compliance spreadsheet. We reviewed this spreadsheet and was satisfied it provided monitoring of compliance |
| Accounts Payable & Procurement | Reporting should be completed every month and any missed figures should be investigated with a written explanation by the line manager for the missing information | M | Contract Managers & Procurement Team | 31/10/2019 | **Council Comments:**  Corvu is updated monthly with figures from across the team. Please see Ref 12 as an example of the last 6 months of figures input for one of the KPIs. The dates can be found in the box at the top of each screenshot. Missing figures are discussed within the team.  **IA Comments:**  IA reviewed the evidence provided and this was adequate to deem the recommendation as complete. |
| Accounts Payable & Procurement | Discussions should be sought with the head of procurement to reduce the noncompliance KPI threshold to a lower figure | M | Strategic Procurements Manager | ~~31/10/2019~~  31/03/2020 | **Council’s Comments:**  The recommendation following discussion is that a realistic threshold is 30%. Each quarter a report is run to check supplier spend against known contracts on the register. This highlights the possibility of off contract spend.  **IA Comments:**  We reviewed the report which outlines supplier spend this was adequate and in line with expectations |
| Accounts Payable & Procurement | Action plans should be created on how to monitor and manage non-compliant contracts and these should be monitored on a monthly basis | M | Strategic Procurements Manager | 31/10/2019 | **Council’s Comments:**  Each quarter a report is run to check supplier spend against known contracts on the register. This is done for OCC and ODS. This highlights the possibility of off contract spend. Relevant service areas will be contacted should the figures be above the benchmark. ODS have recruited a new Procurement Manager since the last report so the hope is the figure will begin to reduce. Please see Ref 13 for the last report that was run and the compliance figure achieved.  **IA Comments:**  We reviewed the report which outlines supplier spend this was adequate and in line with expectations as a result we deem this recommendation as complete |
| Contract Management | The Contracts and Procurement Team should identify all contracts that have historically been contract managed by the County Council, they should also ensure that those involved are clear on the roles and responsibilities for managing the corresponding contract and implement contract management meetings where required | H | Contract Managers & Procurement Team | 30/11/2019 | **Council’s Comments:**  As of 1st February 2020 a new stationery contract has been implemented by the County Council. The Council are using this contract again and now have a copy. Contacts and roles are documented on the front page of this.  **IA Comments:**  The Council have showed that they are making additional efforts to ensure roles and responsibilities for managing the contracts are documented. |
| Contract Management | Contract Managers should be reminded of the requirement to maintain a risk register for their contracts | M | Procurement Team | 31/10/2019 | **Council’s Comments:**  Requirements to maintain risk registers has been introduced onto the contract handover to contract managers.  **IA Comments:**  Contract managers are now reminded that they have to maintain a risk register as part of the handover. |
| Contract Management | Risk registers should be updated quarterly | M | Contract Managers | 31/10/2019 | **Council’s Comments:**  This is now included in the Contract Handover document see rfe 3 and 4 of evidence  IA comments  The requirement of updating risk registers quarterly was included in the contract handover documents outlining the need to update risk registers quarterly this is deemed as complete |
| Contract Management | Where contracts have been identified as not having undergone the credit checks, checks should be conducted | M | Procurement Team | 31/10/2019 | **Council’s Comments:**  The Council have undertaken credit checks for prior suppliers that had not had a credit check.  **IA Comments:**  We reviewed some of the credit checks that had not previously been completed and were satisfied that they had been done. |
| Contract Management | Contract managers should be reminded of their duty to ensure that their contractors are up to date with their contractual requirements in relation to insurance, anti-bribery and GDPR | M | Procurement Team | 31/10/2019 | **Council’s Comments:**  As part of the contract handover documentation process, the procurement team use this opportunity to remind contract managers that they should ensure their contractors are up to date on GDPR, anti-bribery, etc.  **IA Comments:**  The handover document contained reminders about contractual requirements. |
| Health & Safety | The Council should regularly monitor and track when new starters have completed their corporate induction, ensuring that training has been completed within a certain time period after starting, for example two months. In situations of cancellations, there should be an appropriate escalation to managers to ensure compliance. | M | Chris Harvey & Tim Vine | 30/11/2019 | **Council’s Comments:**  For the case that was identified in the audit as having no corporate induction despite being employed for 4 years, this person has now had their corporate induction. Going forward, the HR team will run a quarterly report to identify employees that have not had their corporate induction. They will make the employees and their line managers aware of the requirement to complete the corporate induction and the completion of mandatory training will be a necessity to pass the probation, as per the Probationary Policy. No evidence available as it has just been rolled out.  **IA Comments:**  Previous non-compliance has been rectified and communication with HR has been established to ensure all employees complete the corporate induction and thus their health & safety training. |
| Investment Properties | We recommend that the communication between the property team and the debtor team should be enhanced to allow the property team to take action against property debtors. In addition, the debtor team should embed a policy to cover any vacant post to mitigate the impact of staffing issues to an acceptable level. | M | Jane Winfield & Neil Markham | 31/12/2019 | **Council’s Comments:**  Meetings have been scheduled into the diaries of the Incomes Team Leader and the Regeneration and Major Projects Service Manager on a monthly basis to review the customer arrears list. These are examined and actions are decided as appropriate. These are not minuted but a log is retained and updated after each meeting. We reviewed the log for the meeting on 4 November 2019 and was satisfied that there were clear actions decided for customers on the arrears list.  Additionally, there is no policy on filling vacant staff positions as the Debtors team have a generic working model whereby staff are rotated between roles to improve their skills in a range of areas. This acts as a control to keep staff levels at an adequate level while recruitment is taking place.  **IA Comments:**  The meetings have been put in place between the teams and a generic working model has been implemented to alleviate limited staff levels in the income team. |

Recommendations: Incomplete

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Audit | Recommendation made | Priority Level | Manager Responsible | Due Date | Current Progress |
| Contract Management | All contracts should have KPIs, and these should be devised where missing | H | Contract Managers/Procurement Team | ~~30/11/2019~~  31/03/2020 | **Council’s Comments:**  The post of Strategic Procurement and Payments Manager is currently vacant. There are plans to fill the post in the new year. At that point an exercise to give guidance and advice to managers will be carried out to address the area of contract management which includes KPIs and risk management.  **IA Comments:**  The recommendation is incomplete and has been provided a 1st revised due date. |
| Contract Management | The Contract Management Framework should be updated to reflect that KPIs are not optional and this should be communicated to all contract managers. Contract Managers should discuss how they will adapt this into their current contracts | H | Contract Managers & Procurement Team | ~~30/11/2019~~  31/03/2020 | **Council’s Comments:**  The post of Strategic Procurement and Payments Manager is currently vacant. There are plans to fill the post in the new year. At that point an exercise to give guidance and advice to managers will be carried out to address the area of contract management which includes KPIs and risk management.  **IA Comments:**  The recommendation is incomplete and has been provided a 1st revised due date. |
| Contract Management | Annual spot-checks should be performed on a sample of contracts by the Procurement team to ensure these are in place | M | Procurement Team | ~~31/10/2019~~  31/03/2020 | **Council’s Comments:**  An annual spot check in place for end of financial year - March 2020.  **IA Comments:**  We will follow this up in March 2020 to assess whether the spot check has been completed. |
| Contract Management | If the Council no longer use the contract designations, the guidance should be updated to reflect this | M | Procurement Team | ~~31/10/2019~~  31/03/2020 | **Council’s Comments:**  The post of Strategic Procurement and Payments Manager is currently vacant. There are plans to fill the post in the new year. At that point an exercise to give guidance and advice to managers will be carried out to address the area of contract management which includes KPIs and risk management.  **IA Comments:**  The recommendation is incomplete. |
| Contract Management | If the designations should be in use, a contract register should be kept of the designations and the monthly checks should be performed on the platinum contracts by the procurement team | M | Procurement Team | ~~31/10/2019~~  31/03/2020 | **Council’s Comments:**  The post of Strategic Procurement and Payments Manager is currently vacant. There are plans to fill the post in the new year. At that point an exercise to give guidance and advice to managers will be carried out to address the area of contract management which includes KPIs and risk management.  **IA Comments:**  The recommendations above are incomplete and have been provided a 1st revised due date. |
| Contract Management | Spot checks should be implemented to ensure this system is in operation. Staff should be clear on where they must store results of the spot checks | M | Procurement Team | ~~31/10/2019~~  31/03/2020 | **Council’s Comments:**  The post of Strategic Procurement and Payments Manager is currently vacant. There are plans to fill the post in the new year. At that point an exercise to give guidance and advice to managers will be carried out to address the area of contract management which includes KPIs and risk management.  **IA Comments:**  The recommendation is incomplete and has been provided a 1st revised due date. |
| Accounts Receivables | Income officers should be more proactive in following up the aged debt, contacting customers in between the issuing reminder letters until the debt is recovered in full. Particularly after the L7 letters are sent, payment plans should be pursued by Incomes Officers. | H | Neil Markham | ~~30/04/2019~~  ~~31/12/2019~~  31/03/2020 | Council’s Comments:  There has been some improvement in chasing up aged debts but there is still work to be done to ensure that 100% of cases are followed up exactly in line with our escalations procedures. The Council have been without an Assistant Incomes Officer since September 2019 and are trying to recruit for this role to support improved debt recovery. In the meantime the Incomes Team are operating a generic working model to increase resources.  IA Comments:  Recommendation is incomplete but progress is being made to complete it. Therefore we have provided a 2nd revised due date and will review the progress. |
| Accounts Receivables | The issuing of the 14 day, 45 day and L7 reminder letters should be automated to ensure that they are sent to the customer in a timely manner. | H | Neil Markham | ~~30/04/2019~~  ~~31/12/2019~~  31/03/2020 | Council’s Comments:  No automation has been implemented as other system based issues are taking precedence.  IA Comments:  The Council still intend to implement the recommendation but have not completed it yet. Therefore we have provided a 2nd revised due date and will review the progress. |
| Accounts Receivables | The Council should provide adequate levels of training/guidance on levels of due diligence required based on the value of services provided for the customer or the type of organisation they are. | M | Neil Markham | ~~30/04/2019~~  ~~30/09/2019~~  ~~31/12/2019~~  31/01/2020 | Council’s Comments:  The Sundry Debtors guide has been completed and will be published on our intranet in January 2020. Rollout has been delayed to enable us to expand the corporate due diligence (CDD) section. Council officers creating customers in Agresso will need to indicate the level of CDD that was completed.  IA Comments:  There has been significant steps taken towards completing this recommendation. Once the policy is published the recommendation will be complete. Therefore, we have provided a 3rd revised due date to check the progress. |
| Accounts Receivables | All departments across the Council should be given adequate levels of training on the importance of due diligence, how to successfully carry out due diligence, and the consequences for the Council of the failure to complete due diligence. | M | Neil Markham | ~~30/04/2019~~  ~~30/09/2019~~  ~~31/12/2019~~  31/03/2020 | **Council’s Comments:**  Training sessions are yet to be held to inform staff on how to conduct due diligence.  **IA Comments:**  This recommendation remains incomplete. A 3rd revised due date has been allocated. |
| ICT Service Desk | Management should review the Access Control Guide and update as necessary, regarding the approval of system access requests and the requirement and responsibility for periodically reviewing access controls. All users and managers should be aware and accountable for their responsibilities in user’s access control. | M | Henry Routledge | ~~30/05/2019~~  ~~31/08/2019~~  ~~31/12/2019~~  31/03/2020 | **Council’s Comments:**  A draft Access Control policy has been produced and is awaiting director sign off.  The Council are also in the process of writing a more specific policy to cover this area as whilst the other policy covers it in a general sense, we feel it beneficial to create this new policy.  **IA Comments:**  A significant step towards the implementation of the recommendation has been taken and is only awaiting approval of the policy before it is complete. Therefore we will follow up in the next audit committee. |
| Health & Safety | The Council should review their fire risk assessments within a three year cycle. However, where the property type carries a higher risk, the risk assessment should be completed  annually. | M | Claire Bateman & Johnathan Stone | 30/11/2019 | The responsible officers were contacted on 3 November 2019 initially for a response and have been contact since on 10 December 2019. |
| Health & Safety | The assessment should be reviewed often enough for it to be up-to-date with any changes to the risks to the premises. | M | Claire Bateman & Johnathan Stone | 30/11/2019 | The responsible officers were contacted on 3 November 2019 initially for a response and have been contact since on 10 December 2019. |

|  |  |
| --- | --- |
| FOR MORE INFORMATION:  **GURPREET DULAY**  **+44 (0)121 265 7214 (DDI)**  **+44 (0)787 055 5214 (Mobile)**  Gurpreet.dulay@bdo.co.uk | This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained therein without obtaining specific professional advice. Please contact BDO LLP to discuss these matters in the context of your particular circumstances. BDO LLP, its partners, employees and agents do not accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it.  BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.  BDO is the brand name of the BDO network and for each of the BDO Member Firms.  BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.  © 2019 BDO LLP. All rights reserved.  [**www.bdo.co.uk**](http://www.bdo.co.uk) |
|  |  |