



MOLE VALLEY DISTRICT COUNCIL

Internal Audit Progress Report

Audit Committee presented to

22 September 2016

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1 INTRODUCTION

The internal audit plan for 2016/17 was approved by the Audit Committee in 17 March 2016. This report provides a summary update on progress against that plan and summarises the results of our work to date.

2 REPORTS CONSIDERED AT THIS AUDIT COMMITTEE

The Executive Summaries and Key Findings of the assignments completed from the 2016/17 plan and not yet reported to the Audit Committee are attached to this progress report.

We have finalised the following reports:

Assignments	Opinion issued	Actions agreed		
		H	M	L
Fusion Contract Management Review (3.16/7)	Advisory	7	Advisory	Recommendations

3 LOOKING AHEAD

Assignment area	Timing per approved IA plan 2016/17	Status
Income activities – Licensing (1.16/17)	May 2016	Draft Report Issued 20 June 2016
Income activities - Car Parking (2.16/17)	May 2016	Draft Report Issued 5 July 2016
Income activities – Telecare (4.16/17)	May 2016	Draft Report issued 22 August 2016
Housing Allocations and Homelessness	May 2016	Now planned for November at management request
Business Continuity	July 2016	Now planned for October at management request
Procurement	September 2016	
Risk management	September 2016	Management request to move to March 2017
Benefits	September 2016	
Treasury management	September 2016	
IT Audit – Cyber security	October 2016	
Debtors	October 2016	
Revenues	November 2016	
PCI follow up	November 2016	
Corporate governance	December 2016	
Payroll	December 2016	
Creditors	December 2016	
Asset Management	February 2017	

PCI code of conduct compliance – follow up		January 2017
Follow up		Quarterly
HR Management	July 2016	Deferred to 2017/18 at the request of management.

4 OTHER MATTERS

4.1 Changes to the audit plan

There has been one request made by management to change the plan.

This is the deferral of the HR audit to 2017/18 due to pressures of work on the HR Team.

In addition some dates have moved as a result of management requests.

FOR FURTHER INFORMATION CONTACT

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APPENDIX A: INTERNAL AUDIT ASSIGNMENTS COMPLETED SINCE JUNE

Executive Summaries and Action Plans

Assignment: Fusion Contract Management Review (3.16/17)	Opinion:	Advisory
<p>The fieldwork conducted as part of our advisory review highlighted a number of instances of good practice contract management within the Council. In particular, the Client Officer actively monitors and tracks the performance of the supplier by carrying out routine site visits and checks. We noted a good level of critique and challenge regarding supplier performance data during routine contract meetings. In addition, the Council has invested in contract management training. Council staff are also utilising lessons learned from this contract to inform decision making on new contracts.</p> <p>However, there is scope to strengthen areas of contract management. There is an opportunity for the Council to build upon its recent investment in contract management by developing contract management policies or guidance.</p> <p>In addition, the contract is currently managed well from an operational perspective but could benefit from more strategic oversight. In particular, the key performance measures are agreed yearly and are predominantly linked to operational delivery and do not capture strategic objectives. We also identified opportunities to improve operational and strategic risk management that could assist the Council reduce its exposure to risks that impact the supplier's ability to deliver the service and the Council's ability to extract optimum value from the contract.</p> <p>We also identified challenges in the design and structure of the contract that could limit the Council's ability to influence poor performance and may require additional investment in contract management towards the final stages of the contract.</p>		
Action	Date	Responsible Officer
The Council will agree formal terms of reference with the supplier for the monthly, quarterly and annual contract review meetings that take place.	End of Sept 2016	Patrick McCord
<p>The Council will place the onus on the supplier to identify and monitor operational risks and issues, alongside actions being proposed to address them.</p> <p>The Council should request the supplier to produce and maintain a service/operational risk register. The risk register should be circulated to contract management personnel and discussed during the monthly performance meetings with the supplier.</p>	End of Sept 2016	Patrick McCord
<p>The Council will carry out a risk and opportunity assessment on the contract and develop an internal risk and opportunity register that focuses on commercial and strategic risks.</p> <p>This risk register should not be shared with the supplier. However, its contents could be used to feed discussions with the supplier to develop actions to address commercial risks and opportunities. Significant risks should be highlighted to relevant stakeholders at more senior levels within the Council.</p>	End of Nov 2016	Patrick McCord

<p>The Council will continuously identify means of assessing the supplier's appetite to deliver the service.</p> <p>In addition, the Council should routinely undertake open book review of the supplier's service costs.</p>	<p>Already in place</p>	<p>Phil Mitchell and Patrick McCord</p>
<p>The Council will consider developing internal contract management guidance to assist those managing contracts and to pursue a consistent approach to contract management across the Council. This should involve the development of contract management plans for key contracts.</p> <p>In addition, to support internal contract management skills transfer those involved in managing contract across the Council will meet periodically to share lessons learned. These should be formally captured and made available to Council staff.</p>	<p>March 2017</p>	<p>Phil Mitchell</p>
<p>The Council will discuss long term strategic objectives with the supplier, and develop a high level strategic plan. The introduction of formally agreed strategic plans could help the continuous improvement and innovation required in order to meet the leisure needs of residents over a long term contract period. This should be added to the contract management process between the Council and the supplier.</p>	<p>March 2017 and beyond</p>	<p>Patrick McCord</p>
<p>The Council should request the supplier to provide further reporting information around staffing and tracking of resource. In particular, the level of resource required to effectively deliver the service.</p> <p>In addition, the Council should also request the supplier to identify measures taken to improve staff turnover.</p>	<p>Sept 2016</p>	<p>Patrick McCord</p>