

## Appendix C

## OUTSTANDING HIGH RISKS

### EVENTS – next follow up due in September 2011

RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>In order to satisfy the terms of the Council's Fidelity Guarantee insurance it should be endeavoured to take up references for all staff who will be involved with the handling of cash irrespective of the length of time they have been employed by the Council on a casual basis, or whose children they are. It is further advisable that references should be written rather than verbal.</p>	<p>High Six months</p>	<p>Events Development Manager</p>	<p>Agreed. However it should be noted that for some staff we employ on cash handling duties EBC Events have been their only employer for 10+ years. So there would be no recent history from other employers for that persons financial integrity other than their employment record with EBC Events. So this is not a workable solution in some cases. However, we will endeavour to ensure a 100% reference take up for all cash handlers not known to us in an employment role prior to each event.</p>	<p><b>Manager's comments</b> We understand what is required and will seek to improve this in 2010.</p> <p>Clear planning and preparation is required to ensure this can be achieved in a timely way, due to the temporary nature of the employment for events.</p>	<p>Requirements were clear and actions have been taken to reduce the need for temporary or casual staff handling cash and alternative systems introduced where appropriate. For example one permanent employee selling vouchers with 'cash value' for beer tents at events.</p> <p>We will continue to implement recommendations.</p>

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### DEVELOPMENT CONTROL – full review being carried out in August/September

RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>Appointment of Planning Obligation Co-ordinating Officer to be carried out at the earliest convenience.</p>	<p>High Six months</p>	<p>Development Control Manager</p>	<p>This matter is in hand. As an interim arrangement a DC Officer is to be released from case work for one day a week to work on implementing an access data base and progressing the draft procedures that include monitoring and enforcement</p>	<p>Alternative arrangements remain in hand. In the interim and as planned a planning officer has undertaken the role one day per week which has enabled progress to be made. A S.106 monitoring spreadsheet is kept updated with records of Planning agreements in various stages of completion. The temporary monitoring officer informs that site visits for the outstanding projects have not yet been carried out. The recorded entries on the S.106 spreadsheet are based on extant applications, where development has to be carried out in a certain time frame. Building control records will be checked in the interim and physical site visits will also be carried out where necessary.</p>	<p>A new section 106 access database has been prepared and is being kept up to date. The new system is being developed to enable interrogation so that it can give a range of outputs. Training of the officers on the use of the new database is ongoing. Completion of the system is expected by Q2 of 2011.</p> <p>Completion of the EBC s106 database is on track for completion by end of June. This will allow the information to be published in a coherent and legible manner.</p> <p>EBC also collect monies on behalf of ESCC Highways and work is continuing to put this information on the same basis as the EBC database.</p> <p><i>NB A review is currently ongoing which will cover this recommendation.</i></p>

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RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
Spend of S106 monies must be adequately monitored. Evidence of spend should also be retained e.g. in the form of Purchase Orders etc	High six months	Development Control Manager	The issue of allocating contributions to identified projects has been the subject of discussion with Finance. It is suggested that each spending section of the Council identifies projects that comply with the spending of S106 money and that these are allocated a code. When the money is received it will be allocated/banked to that project with the same project code used as the reference for audit purposes. The purchase order will refer to the project and code.	The immediate issues have been resolved and the spreadsheet is now up to date and reliable. Further improvements are underway to improve the robustness and security of the spreadsheet. Work is also underway to investigate and install a managed system. Likely timescale for having this up and running is 1 year. To further aid monitoring, as an enhancement to the S106 spreadsheet it would be useful if the appropriate ledger code were to be inserted against contributions and spending thus making it more effective to track where the monies have been spent.	Further improvements are underway to improve the robustness and security of the software as well as training of new staff.  S106 categories are currently being fully audited and tracked back to ledger codes. Work is completed on all contributions with only Public Open Space still in progress. This was expected to be completed by 31 March but the work to move to Agile took precedent and has delayed the completion. Work is expected to be completed by end of July.  <i>NB A review is currently ongoing which will cover this recommendation.</i>
Written procedures on the enforcement of S106 agreements should be compiled.	Medium Three months	Development Control Manager	The procedures for enforcing against non-compliance with S106 requirements have been drafted but need to be agreed with legal services.	Development Control Manager informs that the draft protocol is with legal awaiting checking.	Due to work load capacity issues within the Legal Department this issue remains work in progress and has been programmed to be complete the end of September 2011.  <i>NB A review is currently ongoing which will cover this recommendation.</i>

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RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>Progress reports on s. 106 agreements should be submitted to the Planning Committee on a quarterly basis.</p>	<p>Medium Three months</p>	<p>Development Control Manager</p>	<p>Once a database has been established a report will be prepared for planning committee on a quarterly basis.</p>	<p>It is hoped that the spreadsheet will be amended in time to allow a report to be taken to the Planning Committee for the meeting in April. Progress on this point will be reviewed on a subsequent follow up in three months time.</p>	<p>It was last reported that quarterly reports will be in place by September 2011. This is still on track, however ahead of September an update positioning report will be taken to Planning Committee in July 2011 and thereafter will report to Committee on a quarterly basis.</p> <p><i>NB A review is currently ongoing which will cover this recommendation.</i></p>
<p>Further work is required to assess the need for a database to record s.106 agreements and put solution in place.</p>	<p>High Three months</p>	<p>Development Control Manager</p>	<p>The DC Officer assigned to this task will investigate other data base options before the data held in the current spreadsheet is transferred. Arrangements are in hand for a demonstration of the system used by Woking Borough Council and ESCC are to be approached as utilising their data base, if it is deemed to be appropriate, would offer the best way forward as much information will need to be shared between the 2 authorities.</p>	<p>A decision has been taken to investigate the system being installed by ESCC and in use by Wealden. It is hoped that EBC can carry this out jointly with Lewes District Council who are also currently seeking to invest in a managed S106 monitoring system. This investigation is at very early stage at the moment.</p>	<p>Completion of the EBC s106 database is on track for completion by end of June. This will allow the information to be published in a coherent and legible manner.</p> <p><i>NB A review is currently ongoing which will cover this recommendation.</i></p>

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### ECONOMIC DEVELOPMENT – next follow up due in July 2011 (*carried out in July/August*)

RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>The Procurement Steering Group should produce, and publish on the intranet, practice advisories when they identify such areas of weakness/ misunderstandings.</p>	<p>High Three months</p>	<p>Procurement Steering Group</p>	<p><u>Comment by the Strategic Projects Co-ordinator.</u> I was under the impression that the first exercise was a market testing exercise to inform the actual quotation so the first bit should be OK if it was made clear to the participants. We need to provide guidance on the CPRs as they are obviously not easily understood. There is a resource issue with this and if my SFP proposal is rejected I will get it done when I can but cannot agree to any timescale</p>	<p><u>Comment by the Strategic Projects Co-ordinator.</u> SFP proposal for extra resources was rejected. Some work has been carried out on guidance but this is currently on hold during an exceptionally busy period of tendering support. I have had OLLIE authoring training to enable me to set up some on-line training but resources to do this is still an issue.</p> <p><u>Comment by the Lawyer to the Council and Monitoring Officer</u> 'There can be no substitute for officers reading the CPRs closely and following them. The fact that they are clearly not all doing so indicates a need for greater awareness of those Rules, which Legal and the SPO will provide when workloads allow via CMT and MEG. Capacity to go further and to provide guidance on the CPRs is however currently lacking despite having been flagged up as an issue. The Contracts Lawyer (.8 FTE) &amp; the Strategic Projects Co-ordinator have both been told to concentrate on providing legal and procurement advice given their workloads. Even in the medium term, the resources to produce or maintain guidance documents are unlikely to exist within Legal.</p>	<p><u>Outstanding at second follow up.</u> Work is being done on producing a set of guidance notes for officers to access on the intranet. However, completion of this task has been delayed due to the current heavy procurement support workload of the Strategic Projects Co-ordinator and the long-term maternity absence of both post-holders sharing the Lawyer to the Council role</p> <p>The feasibility of creating a dedicated procurement team to improve the resilience of this service area is being explored through service and financial planning as part of wider restructuring within Corporate Services</p>

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<i>RECOMMENDATION</i>	<i>RISK / PRIORITY</i>	<i>RESPONSIBLE MANAGER</i>	<i>CLIENT COMMENTS</i>	<i>Situation at Last Follow Up</i>	<i>Manager comments after CMT (not yet verified by Audit)</i>
Recommendation as above but re - the Contract Procedure Rules state that the checks are to be carried out on "applicants to be invited to tender".			<p><u>Comment by the Strategic Projects Co-ordinator.</u></p> <p>The CPRs are unclear on this as it only refers to tenders and not to quotes. This needs to be clarified. A practice advisory could be issued in the meantime.</p>	<p><u>Comment by the Strategic Projects Co-ordinator.</u></p> <p>I think this should be at the managers' discretion rather than an obligation. The guidance needs to address this issue and assist managers in that decision.</p>	<p><u>Outstanding at second follow up.</u></p> <p>Comment as per recommendation above</p>
Both the Legal department and the Procurement Steering Group should be proactive in raising awareness of the correct procedures and closely working with those areas not used to letting contracts.	High Three months	Procurement Steering Group	<p><u>Comment by the Strategic Projects Co-ordinator.</u></p> <p>This would enable resources for producing guidance, training and support for more procurement exercises.</p>	As above	<p><u>Outstanding at second follow up.</u></p> <p>Comment as per recommendation above</p>
Purchase orders must be raised as soon as goods and services are ordered.	Medium One month	Economic Development Manager	Agreed	Not tested at first follow up	<u>Outstanding at second follow up</u>
Invoices must be paid within 30 days. Any invoices in on the incomplete list must be dealt with promptly.	Medium One month	Economic Development Manager	Agreed	Not tested at first follow up	<u>Outstanding at second follow up</u>

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<i>RECOMMENDATION</i>	<i>RISK / PRIORITY</i>	<i>RESPONSIBLE MANAGER</i>	<i>CLIENT COMMENTS</i>	<i>Situation at Last Follow Up</i>	<i>Manager comments after CMT (not yet verified by Audit)</i>
All work must be moved from Personal drives onto the shared drive and in future work must not be saved to Personal drives.	High Three months	Economic Development Manager	Agreed  Work has already begun on moving files.	Not tested at first follow up	<u>Addressed at second follow up</u>
Improvements need to be made to the system of storing electronic information.	High Three months	Economic Development Manager	Agreed  Is there any plan with the new EDRMS system to provide for the storage of emails and will it include a standard system of file naming.  <u>Comment by the Internal Audit Manager</u>  No details are yet known about the EDRMS system. Enquiries will be made with the workstream project team.	Not tested at first follow up	<u>Addressed at second follow up</u>
The CPRs must include a paragraph on the importance of record keeping, including all emails and file notes in which verbal communication and thought processes can be recorded.	High Three months	Procurement Steering Group	<u>Comment by the Strategic Projects Co-ordinator.</u>  The requirements re record keeping seem to have been taken out of the latest version. This needs to be reinstated.	CPR's have yet to be updated.	<u>Outstanding at second follow up</u>  CPR's are currently under review in respect of a range of issues and will be submitted to Council and updated, provisionally scheduled for November 2011

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### BUSINESS CONTINUITY PLANNING – next follow up due in March 2011 (*carried out in August*)

RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>Testing of Business Continuity Plans have not been carried out as the officer assigned to carry them out has left the Council therefore an alternative officer must be allocated the task of testing the Business Continuity Plans and a timetable set for completion.</p>	<p>High</p>	<p>Head of Strategy and Democracy</p>	<p><b>Managers' comments</b></p> <p>A replacement officer is due to start in October (2009) for two days a week and will be responsible for testing the plans. This officer will work the other three days for ESCC.</p>	<p>John Wood is in the post of Civil Contingencies Officer, the post shared with EBC and ESCC. One of his responsibilities is to test the critical Business Continuity Plans within the current financial year.</p>	<p>The work on Business Continuity Planning is currently on hold owing to the changes being brought about by Agile. However, it is believed that the changes are making the Council more resilient. Once the Agile programme is complete Business Continuity Planning will be revisited.</p>

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### TOWNER – next follow up due in September 2011

<i>RECOMMENDATION</i>	<i>RISK / PRIORITY</i>	<i>RESPONSIBLE MANAGER</i>	<i>CLIENT COMMENTS</i>	<i>Situation at Last Follow Up</i>	<i>Manager comments after CMT (not yet verified by Audit)</i>
<p>Work should continue on bringing the access database up to date, as whilst this is incomplete, the Towner collection is not adequately catalogued.</p>	<p>High Risk  Six months</p>	<p>Artistic Director (Galleries and Museums)</p>	<p>The database has been an ongoing project since we moved the collection from the old Towner building. The move was not a straightforward project, for example the collection did not come straight into the new Towner building from the old, some of the items were temporarily stored in other locations. The collection was originally logged using a card system, and over time this system has been transferred to an access database, mainly by casual staff. HLF Funding is available for our Collection management Project which is now underway and should eventually address this issue.</p>	<p>The Artistic Director and Visitor Services Manager inform that the collection is in the process of being / has been photographed as part of the HLF project. During this process a Gallery Assistant has been updating the database with the locations of works once found and photo-graphed. An updated copy of the Loans database was obtained for the audit and tests were carried out on the seven items found without locations identified on the previous test. On the latest test only one item in the seven had a location for the work identified on the database.</p>	<p>This work has been taking place whilst the Collections Manager has been on maternity leave, with no cover in place, hence a number of staff assisting but not providing adequate time and resource to finalise this. This has recently been rectified and a new collections assistant has been appointed to provide essential cover. In addition an individual appointed through the Future Jobs Fund has been retained to the end of March.</p>

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### TOWNER – next follow up due in September 2011

RECOMMENDATION	RISK / PRIORITY	RESPONSIBLE MANAGER	CLIENT COMMENTS	Situation at Last Follow Up	Manager comments after CMT (not yet verified by Audit)
<p>Consideration should be given to obtaining a professional valuation of the collection to ensure that the sum assured is appropriate.</p>	<p>Medium Risk  Six Months</p>	<p>Artistic Director (Galleries &amp; Museums)</p>	<p>Funding has been provided by the HLF for our Collection Management Project in which we hope to digitise the whole collection. This is now underway and, from this it will make it far easier to provide a valuation. Even so a professional valuation of the collection will not come cheap so there will still be the question of budgeting.</p> <p><u>Internal Audit Manager's Comment</u> In earlier discussion with the Collection Curator I did state that it may be possible to seek funding for this work from a central fund but that in order to have this considered a quote must be obtained.</p>	<p>No progress at the moment. During discussions with the Visitor Services Manager the Internal Audit Manager's Comment with regard to possible funding from a central fund being available was highlighted. It was informed that the HLF Collection Management Project is near completion/has been completed and has been indicated that this may make valuation of the collection easier.</p>	<p>The HLF programme is complete and as above, a dedicated assistant is now in post to provide essential maternity cover. The Towner is also going through a business development review and utilisation of the Collection for a variety of purposes is indicated as necessary for the ongoing revenues. This will also provide resource and expertise via the Arts Council's funding for the business development plan.</p>
<p>A stock take should be carried out at least annually. If a full stock count will prove difficult due to staff shortages a count using a perpetual inventory basis, whereby the complete stock is counted a section at a time over a period of 6 or 12 months on a</p>	<p>Medium Risk  Six Months</p>	<p>Artistic Director (Galleries &amp; Museums)</p>	<p>A full stock take was carried out in September. Bleep provided training to our staff in October and this proved very useful. Stock taking can easily be carried out by department so we shall look to use this procedure over the next 12 months.</p>	<p>See 4.2.1. Stock taking by department was discussed with the Visitor Services Manager and she feels this would be achievable either on a weekly or monthly basis and will be looked at once the initial full stock take has been carried out.</p>	<p>Achieving this has proven difficult due to ongoing inadequacies with the Bleep system. In addition, this work has been 'fitted in' by Gallery Assistants, rather than as a key objective, with project management in place. A member of the team, employed under the Future Jobs Fund scheme is to be retained until end March when the business development plan and structures are recommended, in order to complete this.</p>

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constantly rotating basis should be considered.					
Purchase orders should be completed prior to the goods being ordered and not after the invoice has been received.	High Risk  One Month	Artistic Director (Galleries & Museums)	Improvements to financial controls haven been made since the audit and the Administration Officer keeps on top of orders	Improvements to financial controls haven been made since the audit and the Administration Officer keeps on top of orders	Additional support is also provided through sharing the resource of a finance officer within the department, who works primarily for the theatres.