

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**AUDIT COMMITTEE  
27<sup>th</sup> June 2011**

**REPORT AUTHOR: Internal Audit Manager**

**SUBJECT: Adverse Internal Audit Reports Quarter 4 2010/11 and  
Tracker Report**

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**REPORT FOR: Information**

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**1.0 Introduction**

1.1 To assist the Audit Committee in promoting an effective control environment, Members should be aware of the outcomes of specific pieces of audit work, in sufficient detail to allow them to draw assurances that Managers are undertaking appropriate actions. Therefore, this report briefly summaries the findings of those assignments with an audit opinion of either "Low Assurance" or other areas deemed worthy of consideration between the period 1<sup>st</sup> January 2011 to 31<sup>st</sup> March 2011.

**2.0 Specific Audit Reports**

2.1 The key points from these audits are summarised below:-

Waste Services - Contracts

2.1.1 Waste Management is going through a major period of change. The amount of waste produced each year is increasing, however legislative requirements are stating that the amount sent to landfill must decrease and tight targets have been set. Alternative methods must therefore be found to deal with the waste i.e. recycling. The need to change has not come about overnight. Powys County Council recognised this back in 2003/4 when it was the leading Welsh Authority with a combined composting and recycling rate of 28.1%. Powys County Council for 2009/10 had a combined recycling rate of 40%, which whilst meeting statutory targets now places it 14<sup>th</sup> out of the 22 Welsh Authorities.

2.1.2 The revised Waste Management Strategy of 2006 is now, no longer "fit for purpose" and does not accurately reflect where waste services are going and how government set targets are going to be achieved.

2.1.3 All changes and developments are reported to the Waste and Recycling Project Board, part of the Climate Change Programme, originally the Waste Aim High Project Board. Examination of the minutes noted that regular meetings are held and key items regarding waste management discussed. However, no evidence was seen of long term planning in terms of a Procurement Plan or current contractual arrangements.

- 2.1.4 Powys County Council, by its very size and geography, has a myriad of different operations going on relating to waste and recycling. The only landfill site is based in the North of Powys and a number of transfer stations and civic amenity sites operate throughout the county. Arrangements also exist with neighbouring authorities. A number of different contractors are used, however there is no one definitive list, diagram or process map detailing how all of the different operators and processes come together. Verification of these processes requires discussions with a number of different officers. It is unclear therefore how effective planning and management of the contracts and future planning can occur.
- 2.1.5 Waste Management Services are fully aware that the contractual arrangements for waste management require an overhaul as detailed in the Business Plan April 2010 – 2014, however without a clear strategy, a process map detailing the various operations and a full list of contractors, it is unclear how this can be achieved.
- 2.1.6 Waste Management Services do not have a current and up to date Contract Register. Whilst a list was produced of all contracts currently operating detailing start and end dates, this list was not complete. Waste Management Services have recognised this and are in the process of updating this list to include all contract arrangements i.e. those where a formal contract has not been entered into.
- 2.1.7 Examination of the list detailing the contracts in place identified that of the 25 listed, only 9 plus a jointly procured contract with South East Wales Authorities are operating with a current contract.
- 2.1.8 The aggregated spend with Potters Waste Management, of £4.2 million, currently accounts for 75% of net expenditure for waste. (This figure includes landfill tax) Of the £4.2 million spent, only £2.5 million was detailed on the list of contracts. However, a revised list of all contracts currently operating with Potters Waste Management has now been drawn up.
- 2.1.9 All six contracts relating to the Civic Amenity Sites within Powys are currently operating on an extension until March 2011. High level discussions regarding the future direction and management of the Civic Amenity Sites is currently taking place and evidence was noted to confirm that plans are moving forward, however given that the current extensions are due to expire end of March 2011 it is felt that this is late in the day and is a further example of how a clear strategy would have identified and brought to the attention of senior officers delays in the process much earlier.
- 2.1.10 Some concern is expressed that a number of relatively large contracts e.g. Cae Post and Cwm Harry do not appear to have gone through the due tender processes. No tendering procedure was entered into, the contracts being taken on by Powys County Council on the authority of the Head of Service after external funding for these projects was withdrawn. Whilst it is acknowledged that both Cae Post and Cwm Harry make a considerable contribution to the community, assurance cannot be given that value for money is being achieved and that the processes could not be carried out more cost effectively.

- 2.1.11 For the majority of contracts selected for testing, lack of available evidence means that assurance cannot be given that the contracts currently operating have been awarded in a robust and fair manner.
- 2.1.12 There are no procedures in place for the monitoring of contracts. Assurance was given by all staff involved in the processing of payments to contractors that extensive checking is carried out on all bills passed for payment. Without a formal monitoring process in place assurance cannot be given that contracts are operating as intended and the contractors are fulfilling their contractual requirements e.g. correct insurances and licences.
- 2.1.13 The contract for Cae Post relating to the provision of Recycling Services at Trewern Recycling Depot is based on projected cost for the year and 5 payments are made. No confirmation or evidence was seen that the full accounts are audited at the end of the year. It is therefore quite possible that monies are owed to Powys County Council.
- 2.1.14 Some invoices being paid do not have contracts recorded on the contractor list, so there is no means of verifying prices. Extensive checking is carried out involving the matching of tickets against invoices, and assurance was given that any price anomalies would be noted immediately. Given the number of invoices passed for payment each month it is unclear how this assurance can be given.
- 2.1.15 Whilst trying to verify a payment made to Cae Post, the only documentation that could be located was a "Proposal for extension" attached to the original contract. The price did not match and no documentation to explain the difference could be located.
- 2.1.16 A contracts exemptions and variation register is maintained by the Legal Section. Confirmation was obtained from the Litigation Officer responsible for updating the register that exemptions are recorded relating to Waste Contracts, and this was confirmed when examining documentation relating to the Landfill Contract. However, it was noted that the contract variation referred to above had not been recorded (albeit no formal contract had been entered into).
- 2.1.17 In conclusion, Waste Services are going through a major period of change. Waste is an essential element of the Council's Climate Change Programme, and was formerly one of the Aim High Projects. There are a number of statutory targets set by the Welsh Assembly Government and as a result, all of Waste Services are currently under review in order to achieve these targets and avoid swingeing penalties.
- 2.1.18 The Audit identified 10 fundamental weaknesses in control that resulted in an Audit opinion of **LOW ASSURANCE** i.e. significant risk of failing to meet service objectives.
- 2.1.19 The Waste Management have provided an Action Plan which is shown in appendix A. Waste Services – Contracts have recognised that there are fundamental shortcomings within the operation of the service and have indicated that they intend to use the audit report as a driver for change. It is understood that a number of actions are already in progress and discussions are underway

to restructure the service to make it fit for purpose and able to deliver on the Welsh Assembly targets whilst achieving best value for the Council.

2.1.20 In accordance with current audit protocol, a follow-up audit will check that the corrective measures have been put in place by management.

## 2.2 Energy Management

2.2.1 Energy Management encompasses a myriad of far reaching functions, ranging from basic data input and management of the energy database to calculation and reporting of the Carbon Footprint to Board. Operational responsibility for Energy Management is carried out by one person; the Energy Management Officer, who is the first port of call for all issues from all members of the Authority. Despite a significant increase in workload and statutory reporting functions, a reduction in the Carbon Footprint for Powys Council of 3.69% was achieved for 2009/10. Credit for this is due, in part, to the efforts and commitment of the Energy Management Officer.

2.2.2 Powys County Council has been awarded Level 5 of the Green Dragon Environmental Standard, the first Authority in Wales to achieve this accolade. This gives an indication of the commitment and dedication shown by all those who played a part in the achievement of this award. Green Dragon work closely with, and rely heavily on, the information provided by the Energy Management Officer. It should be noted that whilst the post of Energy Management Officer encompasses the whole of Powys County Council, the scope of Green Dragon does not include Schools, which comprise approximately 50% of Powys County Council's property portfolio.

2.2.3 There is no single definitive document detailing the role of Energy Management within Powys County Council. The Energy Policy has not been updated since 2007 and appears to have been replaced by a number of other key documents. It is unclear which documents take priority and where overall responsibility for achievement of targets and milestones lies.

2.2.4 Whilst there is commitment from Senior Management with regard to Energy Management and Sustainability, as noted in the Powys Change Plan and Carbon Management Plan, it is unclear how the strategic aims are disseminated down to officer level. There are no clear reporting lines in place and it is currently unclear how the roles of Green Dragon, Sustainability and Energy Management all work together.

2.2.5 A significant increase in the requirements necessary to comply with statutory legislation has occurred since the introduction of the Climate Change Act: Carbon Reduction Commitment (CRC) and Display Energy Certification (DEC). A full appraisal of the resources needed to complete the evidence pack and comply with the Carbon Reduction Commitment Energy Scheme has not been drawn up.

2.2.6 A key requirement of the CRC Scheme is that the evidence pack contains an Audit Certificate. The certification process needs to be carried out by an officer with the relevant expertise to understand the processes involved. It is understood that the Audit Certificate will be produced by the new line manager to the Energy Management Officer. At the time of the audit a revised staffing structure was in the process of going through the relevant stages and had not yet been approved.

- 2.2.7 In addition to statutory requirements, a number of key milestones and targets have been agreed. No additional resources have been allocated and concern is expressed that there is little possibility that they can be realistically achieved.
- 2.2.8 Failure to comply with statutory legislation may cost Powys County Council dearly in terms of penalties and fines. There is also the risk that opportunities may be missed with regard to energy savings.
- 2.2.9 The energy management database (Systems Link Energy Manager) can be accessed by all authorised officers and enables energy readings to be input, allowing a full record of all energy usage to be maintained. It is not currently being used to its full potential. Due to insufficient resources in terms of time, reports which the database is capable of producing e.g. high/abnormal readings or total absence of readings are not currently being produced.
- 2.2.10 Testing identified a significant number of properties where energy bills are based on estimated readings. Schools, who account for 50% of the council's property portfolio, do not appear to have taken on board the facility to input their own meter readings.
- 2.2.11 Calculation of the Carbon Footprint is based on 67% of the Council's portfolio. Accurate figures based on actual readings and energy consumption were not available for the remaining 33%. Assurance can therefore not be given that the overall figures for energy consumption for Powys County Council are entirely accurate.
- 2.2.12 Powys County Council are failing to meet their statutory requirements by ensuring that a current Display Energy Certificate is on display in each of the council's buildings with a floor area in excess of 1000 square meters. Only 14 out of 54 buildings have a current Display Energy Certificate
- 2.2.13 Whilst targets have been set to ensure that the statutory requirement that all buildings owned or managed by Powys County Council with a floor area of 250 square meters will have a current Display Energy Certificate by 2015, no plans detailing how this will be achieved and maintained have been drawn up.
- 2.2.14 There is no programme in place for carrying out of energy audits across Powys County Council. Without such a programme it is unclear how the energy efficiency of poorly performing buildings, i.e. those with a high DEC reading, will improve.
- 2.2.15 Large energy savings have been made by Leisure Services; these can be attributed directly to the use of funds from the "Invest to Save Fund". A solid commitment from Leisure Services has not only resulted in a reduction of the Carbon Footprint for Powys County Council, but also in financial savings.
- 2.2.16 There is currently £759,000 uncommitted in the Invest to Save fund. It is unclear why funds remain unused and concern is expressed that due to the heavy workload of the Energy Manager, the availability of the fund has not been communicated to all relevant officers.

2.2.17 In conclusion, Powys County Council are currently failing to meet its statutory responsibilities for Energy Management and therefore face the risk of heavy fines. Failure to manage energy issues effectively may also result in missed opportunities for energy savings.

The absence of clear reporting lines and one definitive Policy document means that key targets will not be actioned. Assurance cannot be given that Value for Money is currently being achieved.

2.2.18 The overall opinion on the records and procedures relating to Energy Management is that of **Low Assurance**. There were 13 failures of key controls (1 fundamental, 12 significant) that represented a significant risk of failing to meet key objectives.

A robust action plan has been drawn up, which if implemented within the given timescales would result in a higher level of assurance being given if a follow up audit was carried out.

2.2.19 In accordance with current audit protocol, a follow-up audit will check that the corrective measures have been put in place by management.

### 2.3 Leisure Centre Vending

2.3.1 Leisure Centres in Powys generate annual income of approximately £380,000 from on-site vending machines. This is 12% of their total income generation.

2.3.2 The audit review identified a number of Leisure Centres where income from vending formed a high proportion of overall income, and profit margins were high. However, a number of Leisure Centres were noted where significant losses were being incurred and income from vending was not actually covering the cost of purchases.

2.3.3 The absence of any corporate policies, within Leisure Services, for vending means that Centre Managers have autonomy over how they operate their vending functions. Whilst this allows Centre Managers discretion, it has resulted in each Centre operating in a totally independent and insular manner. Consequently there is no consistency in how vending is administered in each of Powys County Councils' Leisure Centres.

2.3.4 There does not appear to be any overall management control over vending operations and whilst it is acknowledged that the role of Centre Manager includes that of vending, the absence of any overall analysis, or profit and loss accounts, impede the clear identification of those Centres performing well or poorly. Poor profit margins were noted in a number of centres for the two years examined; 2008/09 and 2009/10.

2.3.5 External stocktakes are carried out at eight of Powys County Council's Leisure Centres. Evidence was seen at the Flash Leisure Centre that results are analysed and examined, however no other instances were noted.

Whilst assurance was given by Leisure Service Managers that external stocktake reports are examined, no assurance can be given that the figures provided by the Centre for the external Stocktaker are correct. Examples were noted where reported gross profit was found to differ to those figures on the Council's accounts.

- 2.3.6 A central list of all vending equipment and the financing arrangements is not available. New financial reporting standards require all equipment and financing arrangements to be incorporated into final accounts.
- 2.3.7 Centre Managers currently negotiate leasing/rental arrangements. This is contrary to Financial Regulations and does not represent best practice; assurance cannot be given that best value has been achieved with regard to the procurement of vending machines, and examples were noted that would indicate poor financial decisions have been taken.
- 2.3.8 The absence of any corporate contracts, within Leisure Services, for the procurement of vending items (stock) means that assurance cannot be given that best value is being achieved. Whilst it could be argued that, given the geographical area of Powys, it is unlikely that any one supplier would be prepared to tender on a countywide basis, no evidence was seen that this has been put to the test. A total of £245,000 was spent on procurement during 2009/10, which would give significant purchasing power when negotiating a contract.
- 2.3.9 There is no corporate policy regarding Healthy Eating Products. Crickhowell and Llanidloes Sports Centres, which had the highest vending percentage of income for 2009/10, stated that a high proportion of their income resulted from the sale of Healthy Eating Products.
- 2.3.10 Further investigation of the Centres where profit margins appeared poor, noted instances where miscoding on the Council ledger had occurred. The failure to post accurate financial figures makes the reporting and reliance on management information more difficult.
- 2.3.11 It was disappointing to note that previous recommendations made by Internal Audit regarding weaknesses in control of vending had not been implemented.
- 2.3.12 This report has highlighted key areas where opportunities exist for savings across Leisure Services to be made. It is already understood that enquiries have been made with Central Procurement to draw up strategies to streamline vending throughout the service.

The Welsh Purchasing Consortium are currently scoping a national agreement for Vending and it is anticipated that Powys County Council will be included in an all Wales procurement exercise.

- 2.3.13 In conclusion, the disparity in policy, process, and profit across each of the Leisure Centres cannot give assurance that the opportunities afforded by vending are being maximised by Leisure Services. There was a failure of key controls (2 fundamental, 5 Significant) that represent a significant risk of failing to meet key service objectives. An Opinion of **Low Assurance** was therefore given.

2.3.14 In accordance with current audit protocol, a follow-up audit will check that the corrective measures have been put in place by management.

### 3.0 **Conclusion**

3.1 This report enables Members to be aware of those functions and services that have an unacceptable level of internal control, i.e. those representing a significant risk of failing to deliver economic, efficient and effective public services.

Member should gain assurance from the Service that reasonable progress has been taken towards promptly and effectively implementing the action plan.

| <b>Recommendation:</b>  | <b>Reason for Recommendation:</b>  |
|---|--|
| The Audit Committee should note the report and take any actions they deem necessary to maintain and promote sound internal control systems. | <b>To comply with the CIPFA “Code of Practice on Internal Audit in Local Government”</b> |

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## WASTE SERVICES (CONTRACTS)- ACTION PLAN

## APPENDIX A

| Ref | Control Weakness   | Consequences / Risk  | <u>Grading</u> | Agreed Actions by Client  | When and by Whom                        |
|-----|--|--|----------------|---|---|
| 8.1 | The current Waste Strategy is “not fit for purpose”.   | No clear strategy/road map detailing where waste management is going and how it is going to get there. | Fundamental    | Prepare strategy – interim strategy statement by April 2012, full strategy by April 2013  | Sally Beech<br>March 2012<br>April 2013 |
| 8.2 | No procurement plan in place.  | A structured approach to contract procurement cannot take place.                                       | Fundamental    | Prepare procurement plan taking into account future strategy direction                    | Ashley Collins<br>July 2011             |
| 8.3 | There is no process map or diagram detailing all the current waste disposal operations in Powys. | Effective planning and management of the contracts and future planning cannot be undertaken.           | Fundamental    | Prepare process map which will then feed into procurement plan and Waste Strategy         | Ashley Collins<br>June 2011             |
| 8.4 | Waste Management Services do not have a current and up to date Contracts Register.               | Effective Contract management cannot take place.   | Fundamental    | Develop current contract list into Contracts Register and maintain as controlled document | Ashley Collins<br>June 2011             |
| 8.5 | There are no documented procedures detailing any aspect of contract management.                  | Effective Contract Management cannot take place.   | Fundamental    | Prepare written procedures detailing all aspects of contract management and monitoring    | Ashley Collins<br>September 2011        |

**WASTE SERVICES (CONTRACTS)- ACTION PLAN**

**APPENDIX A**

| Ref  | Control Weakness   | Consequences / Risk   | <u>Grading</u> | Agreed Actions by Client   | When and by Whom                 |
|------|--|---|----------------|--|----------------------------------|
| 8.6  | A significant number of contracts are operating without up to date contracts.                        | Contrary to Contract Standing Orders.   | Fundamental    | Bring all services under contract as per procurement plan in 8.2   | Ashley Collins<br>September 2012 |
| 8.7  | Evidence was not available to confirm that all contracts have been through the due tender processes. | Assurance cannot be given that contracts currently operating have been awarded in a fair and robust manner. | Fundamental    | All future procurement to be fully documented. Filing structure to be revamped to ensure all relevant documentation is maintained and accessible | Ashley Collins<br>September 2012 |
| 8.8  | There are no procedures or arrangements in place for the formal monitoring of contracts.             | Assurance cannot be given that contracts are operating correctly.   | Fundamental    | Prepare written procedures detailing all aspects of contract management and monitoring   | Ashley Collins<br>September 2011 |
| 8.9  | A definitive list detailing all contract costs does not exist.                                       | Assurance cannot be given that the correct payment for invoices will be made.                               | Fundamental    | This will form part of Contracts Register under 8.4  | Ashley Collins<br>June 2011      |
| 8.10 | There are no procedures in place for the updating of the Exemptions and Variation Register.          | Exemptions Register not kept up to date.<br><br>Contravention of Contract Standing Orders.                  | Fundamental    | This will form part of procedures under 8.5  | Ashley Collins<br>September 2011 |

## ENERGY MANAGEMENT – ACTION PLAN

## APPENDIX B

| Ref | Control Weakness   | Consequences / Risk  | <u>Grading</u> | Agreed Actions by Client  | When and by Whom  |
|-----|--|--|----------------|---|---|
| 8.1 | There is no definitive Policy document for Energy Management detailing objectives and targets and clearly identifying where responsibility for achievement of targets rests. | Confusion amongst officers as to what plans are in place and what the agreed priorities are.   | Significant    | To produce a combined Energy Management Targets and Objectives report including Policies from areas like Green Dragon.                  | Workstream Leader for Non-Domestic Energy Project of Climate Change Programme<br><i>Target Date: Mar 11.</i>  |
| 8.2 | There does not appear to be a commitment from Senior Management in terms of additional resources to ensure key targets are achieved.   | Statutory requirements may not be achieved.<br><br>Opportunities for energy savings may be missed.<br><br>Key targets may not be achieved.<br><br>WAO recommendations not implemented. | Significant    | Review of management responsibilities and location of Energy Management within the Councils structure.                                  | Climate Change Programme Leader.<br><i>Target Date: June 11.</i>  |
| 8.3 | There are no clear reporting lines in place.   | It is currently unclear how the roles of Green Dragon, Sustainability and Energy Management all work together.   | Significant    | A) Review of Energy Management Climate Change Programme and Performance reporting.<br>B) Partnerships and Communications new structure. | A) Climate Change Programme Board.<br><i>Target Date: Mar 11.</i><br>B) Director Performance, Partnerships and Communication.<br><i>Target Date: Apr 11</i> |

## ENERGY MANAGEMENT – ACTION PLAN

## APPENDIX B

| Ref | Control Weakness  | Consequences / Risk   | <u>Grading</u> | Agreed Actions by Client  | When and by Whom  |
|-----|---|---|----------------|---|---|
| 8.4 | Calculation of the Carbon Footprint is based on 67% of the Council's property portfolio.  | Assurance cannot be given that this figure is accurate.   | Significant    | Calculation of the whole footprint to be undertaken as part of CRC Energy Efficiency Scheme.                                  | Energy Management Officer.<br><i>Target Date: 31<sup>st</sup> July 11.</i>          |
| 8.5 | Key milestones and targets have been agreed without additional resources being put in place.  | Key milestones and targets will not be achieved.  | Significant    | Key Milestones and targets originate from LSB targets. Undertake assessment and review on resources within Energy Management. | Climate Change Programme Leader.<br><i>Target Date: June 11.</i>                    |
| 8.6 | An accurate assessment of available resources against resources necessary to achieve statutory requirements has not been carried out. | Without a full assessment budgeting of required resources cannot be undertaken.<br><br>Non compliance with Carbon Reduction Energy Commitment Efficiency Scheme.<br><br>Penalties/fines may be incurred by the Council. | Significant    | Undertake assessment and review on resources within Energy Management.  | Climate Change Programme Leader.<br><i>Target Date: June 11.</i>                    |
| 8.7 | Arrangements have not been made to ensure that the Evidence Pack contains an Audit Certificate.                                       | Non compliance with Carbon Reduction Energy Commitment Efficiency Scheme.   | Significant    | Audit to be undertaken by Energy Management Officers new manager when new structure is implemented.                           | Director Performance, Partnerships and Communication.<br><i>Target Date: Jul 11</i> |
|     |   |   |                |   |   |

## ENERGY MANAGEMENT – ACTION PLAN

## APPENDIX B

| Ref  | Control Weakness   | Consequences / Risk   | <u>Grading</u> | Agreed Actions by Client   | When and by Whom   |
|------|--|---|----------------|--|--|
| 8.8  | The energy management database is not being used to its full potential.  | Missed opportunities in terms of energy savings.<br><br>Poor performing buildings may not be promptly identified.   | Significant    | Assistance to be provided by BPU to populate database with invoice, meter reading and profile data.  | Director Performance, Partnerships and Communication/ Head of BPU.<br><i>Target Date Feb 11</i>      |
| 8.9  | Display Energy Certificates are not on display in all buildings over 1000 square meters.                         | Non compliance with statutory legislation.  | Fundamental    | Target set to complete renewal of all DEC's.   | Energy Management Officer.<br><i>Target Date: March 11</i>   |
| 8.10 | Alternatives to the external procurement of Display Energy Certificates have not been looked into.               | Missed opportunities for Powys County Council.<br><br>Significant increase in costs when DEC's are required for all buildings with a floor area in excess of 250 square meters. | Significant    | Alternative procurement to be reviewed by LSB Climate Change Programme. (Costs and property list have been already quantified)   | Local Service Board Climate Change Officers/Energy Management Officer.<br><i>Target Date: Sep 11</i> |
| 8.11 | Unrealistic targets have been set in the Carbon Management Energy Efficiency Report for the Local Service Board. | Targets will not be achieved.   | Significant    | Targets have been agreed by Local Service Board. Within the Carbon Management Energy Efficiency report works have been put in place to meet the targets. Financial resources will be required to meet the targets. | Climate Change Programme Leader.<br><i>Target Date: June 11.</i>                                     |
| 8.12 | Monies remain unused in the "Invest  | Missed opportunities for  | Significant    | A) Increased publicity of Invest to Save money via   | A) Communication Section.  |

## ENERGY MANAGEMENT – ACTION PLAN

## APPENDIX B

| Ref  | Control Weakness  | Consequences / Risk   | <u>Grading</u> | Agreed Actions by Client  | When and by Whom   |
|------|---|---|----------------|---|--|
|      | to Save” fund.  | energy saving initiatives.  |                | <p>Communications.</p> <p>B) Utilise Invest to Save monies for following:</p> <p>i) Renewable Generation (FITs) as part of a feasibility.</p> <p>ii) Review insulation requirements of buildings.</p> | <p><i>Target Date: Feb 11</i></p> <p>B) Energy Management Officer</p> <p><i>Target date:</i></p> <p>i) Mar 11.</p> <p>ii) Dec 11</p> |
| 8.13 | A significant number of energy bills are based on estimated readings. | Powys County Council are paying incorrect amounts for energy consumption. | Significant    | AMR's being installed in buildings. Instructions from Heads of Service to undertake regular Meter Reads.  | <p>Director Performance, Partnerships and Communications:</p> <p><i>Target Date Mar 11</i></p>                                       |

## LEISURE CENTRE VENDING- ACTION PLAN

## APPENDIX C

| Ref | Control Weakness   | Consequences / Risk   | <u>Grading</u> | Agreed Actions by Client  | When and by Whom  |
|-----|--|---|----------------|---|---|
| 8.1 | There is no Corporate Policy, within Leisure Services, covering vending operations.      | Inconsistencies in approach, procedures etc will arise in each of the Leisure Centres.<br><br>Contravention of Pre-contract requirements (1.7)    | Significant    | To engage with corporate policy on vending operations lead by Corporate Procurement | Procurement Officer tbc.<br>(schools; youth; leisure; libraries; social services) |
| 8.2 | There are no Corporate procedures, within Leisure Services, covering vending operations. | Inconsistencies in approach, procedures etc will arise in each of the Leisure Centres.  | Significant    | As above  | As above  |
| 8.3 | There is no "Corporate Driver", within Leisure Services, overseeing vending as a whole.  | Economies of scale will not be applied.<br><br>Missed opportunities to Powys County Council.<br><br>Areas of good practice will not be passed on. | Significant    | As above  | As above  |
| 8.4 | There is no central list of vending equipment and the financing arrangements.            | Contravention of Financial Reporting Standards.   | Fundamental    | Service specific list and finance arrangements to be collated.                      | MH & GO<br>July 2011  |

## LEISURE CENTRE VENDING- ACTION PLAN

## APPENDIX C

| Ref | Control Weakness   | Consequences / Risk   | <i>Grading</i> | Agreed Actions by Client  | When and by Whom   |
|-----|--|---|----------------|---|--|
| 8.5 | Leases and other financial arrangements are being entered into by Centre Managers.                                       | <p>Contravention of Financial Regulations.</p> <p>Assurance cannot be given that Value for Money is being achieved.</p> | Fundamental    | <p>As above</p> <p>To be reviewed as and when existing arrangements lapse with renewal in line with corporate policy.</p>                               | As above   |
| 8.6 | Corporate procurement arrangements, within Leisure Services, have not been negotiated.                                   | Assurance cannot be given that value for money is being achieved.   | Significant    | As 8.1  | As 8.1   |
| 8.7 | Procedures are not in place to ensure that Leisure Centres indicating poor profit margins/losses are fully investigated. | Vending will continue to operate at a loss.   | Significant    | Subject to findings in 8.1 &8.2 profitability statement to be produced monthly through the new Zipporah income management system (procured through ICT) | <p>September 2011</p> <p>Standard reporting suite being supplied by Zipporah / ICT</p> |



| INTERNAL AUDIT REPORT TRACKER - JUNE 2011 |               |                        |                               |               |                |               |                   |                          | APPENDIX D |
|---|---------------|------------------------|-------------------------------|---------------|----------------|---------------|-------------------|--------------------------|------------|
| Audit Year                                | Directorate   | Service                | Audit title                   | Report Issued | Audit Opinion  | Accepted Recs | Reported to A Com | Follow up audit / review | Signed Off |
| 2007/8                                    | O&R           | BPU                    | Complaints procedures         | 10-Apr-08     | Unsatisfactory | Yes           | Yes               | Jun-09                   | *          |
| 2008/9                                    | O&R           | LENS                   | Transport Audit               | 1-Aug-08      | Unsound        | Yes           | Yes               | In plan 11/12            |            |
| 2008/9                                    | P&W           | BPU                    | Authorised Signatories        | 29-Aug-08     | Unsatisfactory | Yes           | Yes               | Jul-10                   | *          |
| 2008/9                                    | P&W           | Leis & Rec             | Youth Centres - Annual Subs   | 03-Oct-08     | Unsatisfactory | Yes           | Yes               | In 11/12 Plan            |            |
| 2008/9                                    | O&R           | Regeneration           | Workshops                     | 03-Dec-08     | Unsatisfactory | Yes           | Yes               | In 11/12 Plan            |            |
| 2008/9                                    | O&R           | Corporate<br>Municipal | Civil Contingencies           | 20-Oct-08     | Unsatisfactory | Yes           | Yes               | Ongoing                  |            |
| 2008/9                                    | O&R           | Services               | Waste Manage. - Bring Sites   | 01-Mar-09     | Unsatisfactory | Yes           | Yes               | In 11/12 Plan            |            |
| 2008/9                                    | O&R           | Highways               | Construction Depots (foll up) | 18-Feb-09     | Unsatisfactory | Yes           | Yes               | <b>In Progress</b>       |            |
| 2009/10                                   | P&W           | Social Care            | Respite Care                  | 11-Nov-09     | Limited        | Yes           | Yes               | In 11/12 Plan            |            |
| 2009/10                                   | O&R           | LENS                   | Hiring of Transport & Plant   | 17-Dec-09     | Limited        | Yes           | Yes               | In 11/12 Plan            |            |
| 2010/11                                   | Care & Well   | Adult Soc Care         | Grants to Voluntary Bodies    | 30-Jun-10     | Low            | Yes           | Yes               | In 11/12 Plan            |            |
| 2010/11                                   | Care & Well   | Adult Soc Care         | Direct Payments (Adults)      | 30- Nov-10    | Low            | Yes           | Yes               | In Plan 12/13            |            |
| 2010/11                                   | Perf,Part&Com | Policy                 | Energy Management             | 18-Jan-11     | Low            | Yes           | Yes               | In Plan 11/12            |            |
| 2010/11                                   | Leis & Rec    | Leisure                | Vending                       | 24-Feb-11     | Low            | Yes           | Yes               | In Plan 11/12            |            |
| 2010/11                                   | Fin & Inf     | LES                    | Waste Services (Contracts)    | 10-Mar-11     | Low            | Yes           | Yes               | In Plan 11/12            |            |
| 2010/11                                   | Sch & Inc     | Schools                | Ysgol Cedewain                | 13-Apr-11     | Low            | Yes           | No                | In Plan 11/12            |            |
| 2010/11                                   | Care & Well   | Adults                 | Business Continuity           | 04-May-11     | Low            | Yes           | No                | In Plan 11/12            |            |

\* Note: These Follow-up reviews have been delayed either to allow new systems to develop or embed..