AUDIT COMMITTEE

24 NOVEMBER 2011

OUTCOMES OF INTERNAL AUDIT ACTIVITY

Report from: Internal Audit

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Summary

To advise Members of the outcomes of Internal Audit activity completed since the last meeting of the Audit Committee.

1.   Budget and Policy Framework

1.1   Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2.   Background

2.1   This report contains the outcome of Internal Audit's work since the last report to this committee.

2.2   Generally, Internal Audit reports identify areas where improvement in the control process should be made. However, there is no standard within the internal audit profession of grading the overall control environment. Furthermore, even where recommendations are prioritised, the recipient of the report has no indication of how well the overall control process is operating.

2.3   To address this, Medway Council's Internal Audit has introduced a grading system so that managers have a clear understanding of the operation of the control environment in their area. The audit opinion is set at one of four levels and is formed on completion of the audit testing and evaluation stage but **before** management implement any of the recommendations.

2.4   All audit reports containing recommendations designed to improve the control process are presented with an action plan, which has been agreed with management and specifies the action to be taken, by whom and when. This agreed management action plan is incorporated in the issued final audit report.

2.5   The definitions used by internal audit for the provision of an audit opinion and for determining the priority ranking for recommendations are shown at **Annex A**.

2.6   Internal Audit undertake follow up work, usually within six months, to determine the effectiveness of the control environment following implementation of the recommendations or other action taken by management to address the issues identified in the audit.

2.7   This report details work completed since the last report to Members. The format of the annexes is as follows: -

    Annex A Definition of audit opinions and recommendation priorities

    Annex B Schedule of completed audit work showing the audit opinion provided and Directorates covered

    Annex C Summary information on completed audits.

2.8   In addition to the work set out on the following annexes, Internal Audit has also responded to requests to provide advice on control issues to managers.

3.   Risk Management, Financial and Legal implications

3.1   There are no risk management, financial or legal implications arising from this report.

4.   Recommendations

4.1   Members are asked to note the outcome of Internal Audit's work.

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Background papers

None.

DEFINITIONS OF AUDIT OPINIONS

Opinion	Risk Based	Compliance	Value for Money
Good	Effective controls are in place to mitigate risks reviewed as part of the audit, maximising the likelihood of achieving service objectives and value for money and protecting the Authority against loss.	Key controls exist and compliance is consistent and effective.	Objectives are being achieved efficiently, effectively and economically.
Satisfactory	Key controls exist to mitigate the risks reviewed as part of the audit effectively. However, instances of failure to comply with the control process were identified and there are opportunities to strengthen the control system and/or improve value for money.	Key controls exist but there may be some inconsistency in compliance.	Objectives are largely being achieved efficiently, effectively and economically, but areas for further improvement.
Insufficient	Controls are in place to mitigate identified risks and they are complied with to varying degrees. However, there are one or more gaps in the control process that leave the system exposed to significant residual risk. Action is required to mitigate material risks.	Key controls exist but they are not applied, or significant evidence they are not applied consistently and effectively	Objectives are not being achieved through an appropriate balance of economy, efficiency and effectiveness. Value for Money could be significantly improved.
Uncontrolled	Controls are considered to be insufficient to effectively control at least one of the risks reviewed as part of the audit. Remedial mitigating action is required. There is also a need to improve compliance with existing controls and errors and omissions have been detected. Failure to improve controls could have a significant impact on service delivery, or lead to material financial loss or embarrassment to the Authority.	Failure to comply with large numbers of key controls across a high proportion of the risks reviewed.	Objectives are not being achieved economically, effectively and efficiently.

DEFINITIONS OF RECOMMENDATION PRIORITIES

High

The finding highlights a fundamental weakness in the system that puts the Council at risk. Management should prioritise action to address this issue.

Medium

The finding identified a weakness that leaves the system open to risk. Management should ensure action is taken to address this issue within a reasonable timeframe.

Low

The finding highlights an opportunity to enhance the system in order to increase the efficiency or effectiveness of the control environment. Management should address the issue as resources allow.

Completed Audit Activity

	Opinion	Authority Wide	Children and Adults	Regeneration Community and Culture	Business Support Department
Key Financial Systems					
Payroll	S				S
Other Financial Systems					
Schools Financial Control Self Assessment (FCSA) – primary tranche 1 *	n/a		n/a		
Risk Assessed and Additional Work					
Business Continuity Plan	U	U			
Section 106 Agreements	G			G	
Vehicle fuel purchasing arrangements	n/a	n/a			
ICT Security	S				S
Rochester Christmas Market	I			I	
Blue Badges	U			U	

Key: G = Good, S = Satisfactory, I = Insufficient, U = Uncontrolled
n/a = Work carried out but no opinion provided in that area
* = self assessment process concluded and outcomes reported to Management

Completed Audit Activity

2010/11 Audits

Audit:	Final report issued:	Opinion:
Business Continuity Planning	**23 August 2011**	**Uncontrolled**

This audit focused on the internal arrangements for ensuring continuity of service. The Emergency Planning arrangements were excluded from the scope of this audit.

The Emergency Plan is where Medway Council supports the emergency services, through working partnerships, in the event of a major incident in Medway. These arrangements have recently been tested as part of "Operation Watermark" and the response to the flood risk was generally effective, and necessary lessons regarding the planning arrangements were learnt.

The Business Continuity Plan is an internal plan to ensure continuity and survival of the Authority's business. No organisation can have complete control over the business environment in which it operates and so every organisation needs to have a plan to recover key processes following an incident.

Responsibility for Business Continuity Planning within Medway Council has been delegated to the Strategic Risk Management Group. There is an overarching Corporate Recovery Plan, and there will be individual plans for ICT, facilities and each individual service. The overarching plan was tested in September 2009 and, where possible, Service Business Continuity Plans have been tested by desktop exercises.

Main Findings	Main Risk	Main Recommendations	Management Response
When setting up its Business Continuity arrangements Medway Council committed resources and bought in expertise. The Strategic Risk Management Group leads on the Authority's plan and has identified the key functions that would need to be recovered. The Business Quality Assurance Manager has taken the initiative in developing the plan, with each service manager responsible for his or her own area. However, the task has not been given a high enough priority to build a robust Authority wide plan. In 2007, the Authority developed its	• Insufficient resources and officer time have been committed to build an effective Business Continuity Plan. • The Business Continuity Plan is incomplete and may not be effective when needed. • Facilities Management do not know the speed with which they may need to re-accommodate staff in the event of a disaster. • ICT do not know which	Three high priority recommendations have been made to ensure: • Business Continuity Planning is given sufficient priority; • Business Continuity plans contain the level of detail required for them to be relied upon if they are needed; • Testing is sufficiently robust to ensure the Authority will be able to continue to deliver its critical services across a range of disaster scenarios.	Action is being taken to address two of the recommendations, with progress reports scheduled for CMT on 2 November 2011. The Business Quality Assurance Manager will seek to introduce a test scenario once these have been completed. *Audit Comment:* *Until the Authority has tested the effectiveness of its continuity arrangements in a variety of scenarios it cannot be assured they will be effective in practice.*

Completed Audit Activity

Business Continuity arrangements, using the Gloucestershire model. There is an overall Business Continuity Management Corporate Recovery Plan (BCMCRP), which is fed by Service Business Continuity Management Plans (SBCMPs) for each service (including ICT). This is a sound model for continuity arrangements but the audit identified significant gaps in the service analysis for business continuity arrangements: • The Authority has a large stock of buildings available for use in the event of a disaster but these have not been captured in a contemporary Facilities Management Continuity Plan. • SBCMPs have not been shared with sections that need them (e.g. ICT and Facilities). • CMT do not have assurance that critical functions will be up and running within the required timescales. • If the plan is triggered, the blue contact list is used to contact key staff who will then cascade information down reporting lines. It was designed for emergency planning purposes (where it is effective) but its use for Business Continuity Planning purposes is limited if the primary contact is not available. • Audit testing confirmed that whilst some SBCMPs showed the	systems to prioritise to ensure services are brought back on line within required timescales. • It could be difficult to contact the relevant officer if the primary contact is not available. • ICT and facilities plans may not meet service requirements. • The plans may not be easily accessible when required. • Business Continuity arrangements may not be effective in practice. • Systems may not be recoverable within required timescales.		

Completed Audit Activity

minimum number of staff required to meet staffing requirements others did not. This information is needed to ensure ICT and facilities plans incorporate service requirements. • The plans are not held centrally and therefore may not be easily accessible. The BCMCRP tested by discussion of one scenario that was not designed to trigger the ICT, facilities or other service plans or confirm that resources would be available. The Business Quality Assurance Manager is aware of additional scenarios that could usefully be examined but since September 2009, reliance has been placed on tests of the emergency plan. Whilst some incidents may trigger the BCMCRP this is not necessarily the case and the Emergency Plan would be the focus of any lessons learnt. ICT should be commended on testing their plan via desktop exercises under a wide range of different scenarios. In addition they have documented procedures to facilitate the recovery of systems and routinely restore individual files from back-up. However, they have not demonstrated their ability to recover entire systems from back-up and cannot guarantee that systems will be up within the required timescale.			

Completed Audit Activity

Audit:	Final report issued:	Opinion:
Vehicle fuel purchasing arrangements	**15 August 2011**	**None Allocated**

When progress on the Civic Centre Fuel Issues audit was discussed during the Audit Committee meeting on 21st December 2010, Members requested that a wider review of arrangements for purchasing vehicle fuel across the Council should be carried out.

This review covered the following areas:
- Use of the Civic Centre fuel facility;
- Council-wide vehicle fuel purchasing arrangements;
- Competitiveness of pricing.

Main Findings	Main Risk	Main Recommendations	Management Response
The availability of vehicle fuel at the Civic Centre is convenient for the services based there, and it also provides the Authority with a degree of resilience against potential disruptions to fuel supply. However, our testing revealed that: ◆ The Council's grounds maintenance contractor draws almost half the fuel dispensed from the Civic Centre pumps, including all of one fuel type. ◆ A number of Medway services, not based at the Civic Centre or in the Strood area, use the pumps regularly. ◆ The Civic Centre pumps fulfil just over half the Council's vehicle fuel requirements, the remainder being obtained through a variety of local arrangements, primarily fuel agency cards but some services regularly purchase fuel using their imprest account and one uses a corporate credit card.	• The premium added to the cost price when invoiced may not cover the costs incurred in maintaining and administering the fuel system. • Additional time and mileage incurred may eliminate any cost advantage over purchasing fuel from a local service station. • The most advantageous rates achievable may not be obtained due to a lack of co-ordination to use the Council's combined purchasing power to negotiate preferential rates with suppliers. • Although there is a significant benefit of convenience for those services based at the site, fuel is being charged to them at a higher rate than	Three recommendations made, relating to: • Considering discontinuing providing the grounds maintenance contractor with fuel, in particular stocking gas oil solely for their use. • Carrying out a formal procurement exercise for the purchase of vehicle fuel, in order to co-ordinate and standardise arrangements across the Council and, hopefully, obtain cost reductions. • Considering the feasibility, practicality and potential cost effectiveness of ceasing to provide vehicle fuel facilities at the Civic Centre site.	First recommendation partially actioned, the contractor ceased using two of the three fuel pumps in January. The gas oil supply has been extended to January 2012 as the demolition of Annex A has been delayed and in the interest of business continuation for the greenspaces operations Medway has extended the use of its system until this time. Procurement is currently being explored as part of the Better for Less category management project and it is anticipated that it will be taken forward as part of a future 'transport' category. Although plans to move Council services from part of the Civic site are advanced, the depot parking area will remain available for the short term. Senior management consider the increased resilience provided to the Council by having its own fuel supply outweighs the small price differential, and on that basis conclude that the

Completed Audit Activity

• Taking account of the premium added to the cost price when recharged, diesel obtained from the Civic Centre pumps was virtually always more expensive to services than that purchased externally. The price differential on unleaded petrol was not as significant, due to the lower turnover which meant prices did not increase as frequently as those of retailers selling larger volumes, that purchased elsewhere was frequently less expensive.	could be achieved elsewhere.		fuel facility should remain operational until all Council services are moved from the Civic Centre site.

Completed Audit Activity

Audit:	Final report issued:		Opinion:
Payroll	**8 August 2011**		**Satisfactory**

The external auditors have a statutory duty to examine the Council's key financial systems annually and, to assist in this process, Internal Audit has been asked to carry out an audit of key controls within these systems. In 2010/11, £177 million was paid through the payroll system.

Main Findings	Main Risk	Main Recommendations	Management Response
Appropriate controls were found to be in place to ensure payments are only made to legitimate employees. A small adjustment to the leaver form could enhance the Authority's recovery of employee loans. Appropriate controls were found to be in place and operating effectively to ensure payments are accurate and due. There are, however, two areas where improvements could be made: • Resolving historic problems with salary overpayments • Monitoring reports of manual payments and salary overpayments to enable the targeting of action to reduce them in future. Appropriate controls were found to be in place and operating effectively to ensure deductions are accurate. The electronic interface between Resourcelink and Integra ensures payments are reflected accurately in the financial records. Systems to enable budget managers to view payments made to staff allocated to their cost centre.	• Opportunities to recover outstanding employee balances before employees leave the authority could be missed. • Overpayments may not be recovered • Opportunities to prevent future salary overpayments may be missed.	Four medium priority recommendations were made to: • Amend the leaver form to prompt managers to ask about recovery of outstanding employee loans; • Improve recording of management checks; • Recover historic salary overpayments; • Monitor reports of salary overpayments to identify common causes and take action to reduce the number of repeat overpayments.	All recommendations were agreed and will be implemented by December 2011.

Completed Audit Activity

Audit:	Final report issued:	Opinion:	
Section 106 Agreements	**7 September 2011**		**Good**
Section 106 of the Town & Country Planning Act 1990 enables local authorities to enter into planning obligations or agreements with developers, generally known as 'S.106 agreements'. These agreements are used to support the provision of services and infrastructure for councils, such as highways, recreational facilities, education, health and affordable housing. Medway Council received approximately £2 million from S106 agreements in 2009/10. S106 agreements restrict the scope and timing of expenditure. Non-compliance could lead to funding being returned to the developer.			

Main Findings	Main Risk	Main Recommendations	Management Response
The Guide to Developer Contributions sets out the requirements and level of contribution for all developments of 10 dwellings or more (and commercial development where appropriate). A weekly list of planning applications received is available on line. Each service in the Guide is a statutory consultee for all developments of 10 dwellings or more, and commercial developments. The Planning Committee approves planning applications subject to the owner/developer signing the Section 106 agreement. Appropriate records of developments' progress and income ensure income due is identified and received. Appropriate controls were found to be in place and operating effectively to ensure income is spent in accordance with the S106 agreements. Effective controls are in place to identify when funding should be spent.	No material risks identified.	None	N/A

Completed Audit Activity

Audit:	Final report issued:	Opinion:
ICT Security	**7 October 2011**	**Satisfactory**

Medway Council, like most organisations, has a flexible and dynamic environment, with staff accessing ICT resources locally and remotely, and the need for a secure computing environment has become more pronounced. Threats can be internal, external, accidental or malicious. Effective security is essential for public confidence in the conduct of the Authority's business and the authority is in the process of updating its security policy.

The audit examined compliance with the ISO/IEC 27001:2005 international standard, which provides a model for establishing, implementing, operating, monitoring, reviewing, maintaining and improving a documented information security management system within the context of the organisation's overall business risk. It specifies the requirements for implementing the security controls customised to the needs of the organisation.

System Administration for the majority of the Authority's systems, including those in social care (which is critical for data security) are delegated to services. This audit did not examine the effectiveness of security arrangements for locally managed application systems. Systems in Children and Adults were reviewed as part of the 2009/10 audits of "Security of Social Care Case Records" (opinion "uncontrolled") and "ContactPoint" (opinion "good"). Follow-up of the security issues identified in the Security of Social Care Case Records will be scheduled once the current Care Director system has been replaced.

Main Findings	Main Risk	Main Recommendations	Management Response
Medway Council's Information Security Policy outlines its framework for ICT security. This provides a sound basis for Information Security and is supplemented, where necessary, by job descriptions, contracts and other policies / procedures. The framework could be tightened by clarifying the authorisation process for new systems and ensuring non-disclosure agreements are in place with all third parties. Roles and responsibilities are defined for ICT, all Medway Council staff and	• New information processing facilities may not be authorised appropriately. • ICT may not be aware of all information shared with external parties. • Users may not be aware of their responsibility. • Legal action may be difficult if a contractor breaches data protection legislation.	<u>Five medium priority recommendations were made to:</u> • Document the authorisation process for all types of system developments; • Ensuring non-disclosure agreements are in place with all relevant external parties. • Implementing computer-based security training; • Giving the data protection officer an opportunity to comment on tender documentation;	All recommendations were agreed and will be implemented by April 2012.

Completed Audit Activity

contractors in the ICT Security Policy, job descriptions and contracts. Training is planned to increase manager and staff awareness of their responsibilities but this has yet to be rolled out fully. In addition, tender documentation needs to be more specific in stating contractors' Data Protection obligations. Monitoring tools are used where appropriate to ensure compliance with the policy. This is backed up, where necessary, by the Authority's whistle blowing policy and disciplinary processes. Appropriate measures are in place to protect ICT systems from environmental threats (e.g. fire and flood). Whilst the public has access to some areas of Gun Wharf, security barriers have to be passed in order to enter areas with information processing facilities. There is a risk that doors to secure areas can be forced open. This is a particular problem at weekends or overnight when there are no staff on site. Management have balanced this risk against the cost of additional security measures. The ICT server room has access restricted to a small number of staff. However, It is not possible to run a report to review access i.e. each	• Some staff may have inappropriate access to secure areas in the building.	• Ensuring server room access is appropriately restricted.	

Completed Audit Activity

token's access has to be viewed individually in order to confirm only appropriate staff have access to a specific area. Users access to the Authority's network is via a unique user ID and password. Additional security measures are required for remote access. All these measures meet prescribed standards. Privileges to specific systems and network drives are granted or removed on receipt of managers' instructions. Reliance is placed on notification of leavers by management. There are effective processes in place for the recording and handling of information security incidents.			

Completed Audit Activity

Audit:	Final report issued:	Opinion:
Rochester Christmas Market	**7 November 2011**	**Insufficient**

In addition to the regular markets operated by the Council a new 'German market' was held in the grounds of Rochester Castle in the four weeks before Christmas 2010. This audit was carried out in response to a request from the Audit Committee (on 30 June 2010) that Internal Audit "should verify that the Christmas market will run at nil cost to the council".

The Christmas market was run as a tourism event, operated by an external organisation, rather than as an extension to the normal markets operation. The licence agreement was drawn up by the operator's solicitors with guidance from Medway Council's legal department and was signed on 5 November 2010, four weeks before the market was due to begin. The Market was held every day between Saturday 4 and Sunday 18 December, the intended first day, Friday 3 December, being cancelled due to adverse weather conditions. 63 stalls were set up in the Castle grounds selling Christmas crafts, presents and gluhwein in the German tradition. This was much fewer than the operator had hoped for but, in spite of further bad weather, coach numbers were about 49% higher than 2009 over the same 17 days.

Three risks were examined:
- The agreement with the operators may fail to protect the Council's interests adequately;
- Costs associated with the event may not be identified or accounted for accurately;
- Income due may not be received or accounted for accurately and promptly.

Main Findings	Main Risks	Main Recommendations	Management Response
The market was very successful in terms of its operation and benefit to the local community. Most local traders were very happy with the increased trade in the High Street, and the 2011 market is scheduled to commence on 30 November. However the following aspects were considered to have restricted the Council's ability to obtain optimum benefits from the event: • The licence agreement contained no clauses relating to the costs of additional services required (eg enforcement inspections, parking attendants) or penalties other than termination for breaches of the terms of the agreement.	• Medway absorb the cost of additional services required, • The event may not have operated at nil cost to the Council as all costs (actual and opportunity) were not identified. • The operator was not charged for unexpected costs incurred as a result of the event, ie additional cleaning of the car park, repairing damage to a fence and removing abandoned vehicles.	Two high priority recommendations made, relating to: • Producing a business plan and outturn report for each event. • Raising the invoice for the 2010 market immediately, with a diary note placed on the debtor account so that payment is not chased until due. • Four additional medium priority recommendations, relating to: • Ensuring that all costs to the Council are identified in	All recommendations accepted by management, with an undertaking to improve controls for the 2011 event and subsequent years. However, the Council's acceptance of a 7-year licence agreement limits the actions that can practically be taken in respect of amending charges and introducing financial penalties.

Completed Audit Activity

◆ No business plan or outturn report was prepared for the event. ◆ Procedures to notify the operator of material breaches (relating to the Civic Centre car park) requiring rectification after the event were not followed. ◆ Although payment for the first year is being deferred until 2013, no invoice was raised for stall rents and there is no procedure to ensure an invoice is raised in due course. ◆ The operator sent a list of stall-holders to the Council's liaison officer but no one was nominated to count the stalls or check the accuracy of the list. ◆ The rent for the stalls is fixed for 5 years and future markets will have a longer duration than the first year; in addition, stalls of different sizes are being introduced from 2011, with differing rates charged by the operator – there is no distinction in the charge for the size of the stall in the licence agreement.	• unable to take proportionate action regarding some stallholders sleeping in their vehicles overnight, in breach of the agreement terms • Rent due for the 2010 event may not be invoiced to the operator and thus not received by the Council; income due not accounted for correctly in the Council's accounts. • The number of stalls cannot now be confirmed, so the Council may not receive all income that should be due if the operator miscounted or misrepresented the number of chargeable stalls. • Operator able to increase income from traders in future years without needing to increase payment to Medway, the operator may also rent out larger stalls to minimise the amount payable to Medway.	future amendments of this agreement and other similar agreements, specifying whether they can be recovered from the operator. • Introducing some financial penalties for less significant non-compliance with agreement terms, rather than only termination for a "material breach". • Following the procedure for claiming damages against the security bond immediately damage to Council property is identified. • Negotiating future agreements so that the rate per chalet increases at least at the rate of RPI rather than remaining static for five years, and ensuring that a person is nominated to verify the number (and size) of stalls set up at subsequent Christmas markets.	

Completed Audit Activity

Audit:	Final report issued:	Opinion:
Blue Badges	**4 November 2011**	**Uncontrolled**

The Blue Badge scheme allows people with severe mobility problems who have difficulty using public transport to park for free. This means badge holders can park close to where they need to go. In addition, badge holders are exempt from the congestion charge in London.

Misuse can deny people with genuine need for parking close to their destination and reduce the Authority's parking income. The Audit Commission have targeted fraudulent use of blue badges in their National Fraud Initiative data matches.

The Department for Transport (DfT) issued non-statutory guidance in order to share good practice in administrative, assessment and enforcement to Local Authorities in accordance with governing legislation. Following consultation, revised guidance was published on 27th June 2011 announcing three main areas of change to be introduced in January 2012 i.e.
- A National Database that will go live in January 2012.
- Badges will change to a 'licence' type document, and will be printed and distributed either directly to the holder or the relevant Local Authority by an external provider.
- A badge issue fee will be introduced.

Although management arrangements were initially evaluated against 2008 guidance, recommendations to address issues in this report include (where appropriate) best practice in guidance of June 2011.

Two risks were examined:
- Blue badges may be issued to persons who do not meet the qualifying criteria;
- Blue badges may be used inappropriately.

Main Findings	Main Risks	Main Recommendations	Management Response
Parking Enforcement issue penalty notices where a parking infringement arises from the incorrect (usually display) of a Blue Badge. At present there is no system in place for informing Parking Enforcement Officers of specific concerns about a particular Blue Badge, but there are plans in place to introduce hand held devices to address this issue.	• Badges may be used inappropriately and parking revenue lost. • Data is not of an appropriate quality for incorporation into a national database. • Data quality issues prevent the effective monitoring of badge issues and returns.	<u>Six high priority recommendations made, relating to:</u> • Ensuring Medway is prepared for the implementation of the BBIS in 2012; • Improving data quality; • Blue badge stock control; • Cancelling expired badges and issuing renewals;	All recommendations have been accepted. Those actions which are the direct responsibility of Customer First, where Blue Badges are administered, will be implemented by April 2012. Consultation with other stakeholders is underway to: • Ensure Effective enforcement processes are in

Completed Audit Activity

Data analysis revealed that 553 of 12374 "active" badges are expired (i.e. they are not 'active') and a further 12 had invalid expiry dates. There are no arrangements in place to ensure that expired/invalid badges are returned. Through discussion of the findings arising form this audit it became clear that effective management of Blue Badges depends on there being an Authority-wide coordinated approach to data sharing. For instance, when another department within the Authority is notified of a death there is no process in place to check whether this individual was a Blue Badge holder. There is also no co-ordinated approach in place for contacting the next of kin following the death of a Medway resident and therefore the return of Blue Badges has not been chased. The customer database and contact system, which is being introduced, should address this kind of issue, and should enhance and strengthen the management of Blue Badges. We are satisfied that the information requirements for Blue Badges is being built into the specification of the customer database. • Further improvements are needed to: Identify and monitor return of expired badges	• In the event of non-return, expired badges may be misused.	• Clarifying roles and responsibilities regarding enforcement. • Ensuring deceased blue badge holders are identified and seeking a Council-wide policy decision on corresponding with bereaved families. One medium priority to ensure badges are received by the intended recipient.	place • Seek an Authority wide approach in responding to reported changes in circumstances that will determine the preferred method for seeking return of blue badges from bereaved families. *Audit Comment:* *Whilst the opinion is "uncontrolled" we have been heartened by the management response to the audit findings, and have good reason to believe that the follow up will confirm significant improvements in the control environment.*

Completed Audit Activity

• Ensure that badges are only issued for the correct periods • Collect expired badges when issuing renewals • Verify destruction of spoilt / expired passes			