

2016-17 Internal Audit Assurance Reviews

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Refunds	1	Complete	Green	<p>This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Procedures are in place to process genuine refunds and manage fraudulent or erroneous refunds. Documented procedure notes are in place with some minor updates required. Testing established that all refunds had been processed correctly and appropriately authorised.</p> <p>RMO2 - Procedures are in place to ensure that refunds are paid timely and the Authority's accounting systems are accurate following refunds made.</p> <p>Refund reports reviewed showed that the values were correct and reconciled to each stage of the process. Testing identified some anomalies in relation to separation of duties and authorisation limits however all refunds checked as part of the audit appeared to be genuine with no evidence of suspicious activity identified.</p>

Public Health	1	Complete	Amber	<p>This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - TMBC deliver the outcomes from the core service specifications from KCC and actively work towards achieving the set targets of the funding agreement.</p> <p>The Healthy Living team fulfil the requirements of the Service Level Agreements from KCC's Public Health Team. However the performance of commissioned providers should be reviewed to ensure the accuracy and quality of the performance figures submitted.</p> <p>RMO2 - The spend for Public Health is adequately monitored against the Budget.</p> <p>The funding received from KCC is spent appropriately with the contingency of a reserve built up from consistent underspend in previous years.</p> <p>RMO3 - Delivery and outcomes of Public Health initiatives are accurately and consistently reported to management and KCC.</p> <p>The Healthy Living team fulfil the required reporting arrangements to KCC Public Health and appropriate internal and external boards and committees. Figures and statements reported are accurate and relevant.</p>
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Debtors inc debt recovery	1	Complete	Amber	<p>This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Invoiced income is appropriately managed to ensure that all income due is received, banked and reconciled timely. Procedure notes require review and updating. Some duplicate debtor accounts and invoices were identified and some credit notes had not been authorised. Invoices had been paid correctly and allocated to the correct ledger codes.</p> <p>RMO2 - The finance system is appropriately reconciled to ensure that any discrepancies are quickly identified and addressed.</p> <p>Gaps were identified with the monthly reconciliation between the sales and general ledgers due to staff absence and IT issues. Other reconciliations were completed appropriately.</p> <p>RMO3 - Refunds are effectively managed to ensure that monies owed are paid promptly to maintain good customer relationships.</p> <p>Refunds were effectively managed.</p> <p>RMO4 - Effective processes are in place to identify and manage debts and write-offs (including aged debts), with appropriate reporting to management.</p> <p>Recovery and write-off has been disjointed for the past financial year due to a change of debt collection agency. A new debt recovery agency was appointed in July 2016.</p>
Recruitment Strategy	1	Now consultancy piece of work in Planning stage	N/A	
Risk Management	2	Complete	N/A	Consultancy piece of work with Risk Management Strategy rewritten with accompanying guidance.
Demand Management	2	Quality Assurance - draft report imminent		

Financial Planning & Budget Monitoring	2	Complete	Green	<p>This audit reviewed the Council's arrangements in respect of the following scope areas:</p> <p>Financial Planning: - The annual budget, Medium Term Financial Strategy, and Savings & Transformation Strategy all aligned and had been authorised. Known and anticipated risks were identified and assessed during the planning process and subsequent periodic reviews, and included in the Section 151 officer's annual statement. Management Team and Members are provided with regular updates of the Council's financial planning.</p> <p>Budget Monitoring: - Changes of budget holders had not been reported to accountancy and therefore records updated. Guidance on use of budget monitoring systems and reports is available. There was no uniformity in how budgets are reviewed by budget holders; although our work showed that such reviews were proportionate to the size of budget. Chief Officers sign a Summarised Budgetary Control Report to confirm budgets have been checked by their, although half the reports were not returned timely to Accountancy. Variances are appropriately checked by Accountancy.</p>
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Capital Programme Monitoring	2	Complete	Green	<p>This audit reviewed the Council's arrangements in respect of the following scope areas:</p> <p>Alignment of the Capital Programme with Capital Strategy:- All business cases reviewed had clear links to the key criteria for Capital Projects detailed in the Capital Strategy, and were appropriately approved. Income and expenditure was accurately recorded in the Medium Term Financial Strategy. Standard templates for potential projects were completed and generally adequate although a number of additions were recommended for inclusion, e.g. milestones, key risks, and measurable criteria.</p> <p>Monitoring & Delivery of the Capital Programme:- Members were advised of budgets for projects. However, other than the Communities and Housing Advisory Board, progress against key milestones is not normally reported alongside budget information. Comprehensive records were maintained. There were a number of overdue and outstanding post-implementation reviews. Notable variances between approved budgets and final post budget completion were being reported.</p>
Asset Management of IT equipment, inc acquisitions and disposals	2	Complete	Amber	<p>This audit reviewed the controls in place in relation to procuring, managing and disposing of IT hardware assets.</p> <p>The IT department follow the Council's procedural guidance for the procurement of assets. An asset register is maintained as the central record for managing all IT assets within the Council. Our review of this found that the register was not fully complete, including whether the electrical PAT (portable appliance testing) was up to date, although each individual item will have a visual inspection noted on the asset itself. Annual assets checks are completed and we were able to verify that the assets in our sample had been checked in the previous 12-months. Disposal of assets is well managed, with data being wiped and a 3rd party used for physical disposal.</p>

Council Tax and Business Rates Recovery	2	Complete	Green	<p>This audit reviewed the Council's arrangements in respect of the following scope areas:</p> <p>Documented procedure notes:- Procedures were in line with the Corporate Debt Recovery Policy.</p> <p>Timely identification of accounts in arrears:- Identification was timely with reminders sent at appropriate intervals.</p> <p>Options to pay by special arrangements and crediting of accounts:- Assistance is offered to tax payers who seek help. Payment arrangements were fair and equitable with signposting to independent advice services.</p> <p>Collection rates are monitored and reported:- Recovery rates and arrears are accurately reported.</p> <p>Instigation of legal proceedings, use of Enforcement Agents, review of accounts for further action and write-offs:- There was appropriate use of legal proceedings and Debt Recovery Agents. Reasonable attempts to recover debts were made before being passed for write-off, including those returned by the Debt Agency. Appropriate segregation of duties and authorisation was in place.</p>
Corporate Governance – Phase 1	2	Complete	no opinion	<p>Consultancy piece of work, with a gap analysis undertaken between the old and new versions of the CIPFA / SOLACE Good Governance framework to assist development of the new Corporate Governance Framework.</p>
Review of controls to prevent fraud in Business Rates	3	Fieldwork		
Review of controls to prevent fraud in relation to grants and financial support	3	Fieldwork		

Partnerships	3	Complete	Amber	<p>This audit reviewed whether the Council has effective arrangements in place to manage risks in relations to partnership arrangements and ensure delivery of required outcomes.</p> <p>Overall the Council makes good use of a wide variety of partnerships to assist in delivery of services, make cost savings and improve the borough for its residents, businesses and visitors. There is an increasing pressure on Local Authorities to work in partnership to deliver further savings and efficiencies and the Council is exploring possibilities in this area.</p> <p>While there is some guidance on contracts over £5,000 within the Council's constitution, and a few guiding principles, there are insufficient frameworks in place to help Management and Officers make best use of partnerships. Such a framework is essential to help gain maximum benefit and minimise the risk of financial loss, poor delivery and reputational damage should a partnership fail or not meet required outcomes.</p>
Payroll	3	Complete	Green	<p>This audit reviewed the Council's arrangements in respect of the following scope areas:</p> <p>Procedure Notes:- Procedure notes require review and updating.</p> <p>Access to the payroll system:- Access rights to the Payroll system were appropriate; however there are no regular reviews to ensure that erroneous profiles or access rights have been granted.</p> <p>Variation and Deduction processes:- All allowances, deductions, amendments and variations were processed timely, accurately, and appropriately authorised. Relevant and required evidence of changes was retained.</p>

Annex 1

Business Continuity Planning – Emergency	3	Complete	Green	<p>The objective of this audit was to provide assurance over the Council’s resilience to cope with an emergency.</p> <p>Overall there were good procedures in place for dealing with an emergency in the Borough. The Major Emergency Plan gives detailed guidance and information to Senior Management responsible for the operation of the Emergency Control Centre, to officers responsible for dealing with the partner agencies, and those affected by the emergency.</p> <p>Officers at all levels were well trained, but less practiced in the procedures which need to be implemented to enable the Council to provide an effective response to an emergency. The Council should ensure that all aspects of the Emergency Plan are tested annually so that lessons learnt can be applied before rather than during an actual emergency.</p>
Housing Benefits Overpayments	3	Complete	Green	<p>The objective of this audit was to provide assurance that the Council has effective arrangements in place to manage housing benefit overpayments.</p> <p>Overall the service is performing well with only minor improvements identified to further strengthen the processes. Compared to the previous first half financial year, 2016/17 saw a decrease in Housing Benefit overpayments (HBOP) and increase in recovery.</p>
Project and Programme Management	3	Cancelled		<p><i>Significant work has been undertaken on audits that covered elements of project and programme management, including the audits of Capital Programme Monitoring, Partnerships and ongoing work on IT Strategy. As a result it is felt that there is now limited value in undertaking a separate piece of work.</i></p>
Complaints	3	Quality Assurance		<p>This is now a consultancy piece of work.</p>
Safeguarding	3	Quality Assurance – draft report imminent		
IT Strategy & Infrastructure	4	Planning		

Annex 1

Leisure Development – external provision (Holiday Activity Programme)	4	Complete	Green	<p>The aim of the audit was to provide assurance that the Council has effective arrangements in place to manage risks in relation to the external delivery of the Holiday Activities Programme.</p> <p>Overall the objectives for outsourcing the Holiday Activity Programme following the Members’ review were successfully met. A number of teething problems were identified which can be easily resolved by implementing extra controls, for example reconciliation of invoices against Leisure Passes to ensure that the Council is paying the correct figures. Future provision of the service is subject to further review by Members and therefore longer term provision cannot currently be explored by Leisure Services.</p>
Development Control	4	Fieldwork	N/a	This is now a consultancy piece of work
Housing – Empty Property Follow Up	4	Fieldwork	TBC	
Parking Income	4	Quality Assurance - draft report imminent	TBC	
Local Plan	4	Fieldwork	TBC	
Corporate Policy Maintenance	CF from 15/16	To be carried forward to 17/18	TBC	Not completed in 16-17 due to resource availability. This work will be incorporated into the scope of the 2017/18 audit of Corporate Governance.
Licensing	CF from 15/16	To be carried forward to 17/18	TBC	Not completed in 16-17 due to resource availability, although some pro-active fraud work has been undertake, including assistance on a taxi licence enforcement day. A full audit will be undertake as part of the 2017/18 Plan

2015-16 Internal Audit Assurance Reviews completed in 2016/17 to December

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Housing Benefit Assessments	4	Draft report	TBC	<p>This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - Adequate arrangements exist to ensure all new claims are legitimate and the correct benefit is being paid to the correct person.</p> <p>Overall testing found that adequate measures exist in order to ensure new claims are legitimate; however training needs to be made available on a more regular basis.</p> <p>RMO2 - The right level of evidence is obtained and verified.</p> <p>Overall testing found that it would be helpful to enhance existing controls, for example through sample management checks of new claims and follow up with a review form once the claim has been in payment for an agreed period of time, to ensure that evidence obtained can be verified as still being applicable.</p> <p>RMO3 - All relevant claims are looked at for potential fraud risk.</p> <p>Overall testing found that assessors would benefit from fraud training when processing new claims.</p>

Empty Properties	4	See 16/17 follow-up	see 16/17 follow-up	<p>This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):</p> <p>RMO1 - The role of Housing as corporate lead is clearly defined and there is evidence that the role is proactively fulfilled. Although the corporate lead role was not formally defined Housing has been providing an appropriate level of oversight and facilitation, including acting as Chair of the Empty Homes Group.</p> <p>RMO2 - The Corporate Working Group to tackle the issue of Empty Homes has been established with a clear terms of reference. It meets regularly and has clear action plans, monitoring and escalation processes in place. The Working Group has been established and a number of meetings have been held. The Terms of Reference has been drafted however further embedding is needed in relation to action plans and monitoring as the baseline number of properties was only recently agreed.</p> <p>RMO3 - Public awareness has been raised through appropriate marketing strategies and the reporting process is simple and accessible. The impact/success of both is monitored. Public awareness campaigns have been undertaken, however monitoring of the impact/success links to the further embedding needed at RM02.</p>
Section 106 Developer Contributions	4	Complete	Red	<p>This audit reviewed the Council's arrangements in respect of s106 agreements.</p> <p>At the time of the audit it was not possible to identify the volume or the materiality of all Planning Applications that have been subject to a planning obligation (s106 Agreement), due to the lack of data being retained in one location such as a Single Monitoring System (SMS). As a result, following issue of the final report, the findings were discussed with Management Team (MT) and, in addition to some minor amendments to the report, it was agreed that timely action would be taken and that audit would follow up the outcomes of this. A report on progress from the service was taken to MT in November 2016 and a Developer Contributions Monitoring Group was set up and now meets regularly. A full follow-up audit has been included in the 2017/18 Plan.</p>