2016-17 Internal Audit Assurance Reviews

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Refunds	1	Complete	Green	This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs): 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. RMO2 - Procedures are in place to ensure that refunds are paid timely and the Authority's accounting systems are accurate following refunds made. 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.

Public Health	1	Complete	Amber	This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs):
				RMO1 - TMBC deliver the outcomes from the core service specifications from KCC and actively work towards achieving the set targets of the funding agreement.
				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.
				RMO2 - The spend for Public Health is adequately monitored against the Budget.
				The funding received from KCC is spent appropriately with the contingency of a reserve built up from consistent underspend in previous years.
				RMO3 - Delivery and outcomes of Public Health initiatives are accurately and consistently reported to management and KCC.
				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.

Debtors inc debt recovery	1	Complete	Amber	This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs): 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. RMO2 - The finance system is appropriately reconciled to ensure that any discrepancies are quickly identified and addressed. 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. RMO3 - Refunds are effectively managed to ensure that monies owed are paid promptly to maintain good customer relationships. Refunds were effectively managed. RMO4 - Effective processes are in place to identify and manage debts and write-offs (including aged debts), with appropriate reporting to management. 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.
Recruitment Strategy	1	Complete	N/A	This was undertaken as consultancy work to support current resourcing approaches and identify areas for development.
Risk Management	2	Complete	N/A	Consultancy work involving development of a revised Risk Management Strategy and accompanying guidance as well as working with Management Team to facilitate development of a strategic risk register, which will be brought to this Committee under separate cover for assurance.

Demand Management	2	Draft Report	TBC	Currently at draft report stage although this is likely to be somewhat superseded by the current review of customer services and we are liaising on how the results of this work can feed into the outcomes from that review.
Financial Planning & Budget Monitoring	2	Complete	Green	This audit reviewed the Council's arrangements in respect of the following scope areas: 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. 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.

Capital Programme Monitoring	2	Complete	Green	This audit reviewed the Council's arrangements in respect of the following scope areas: 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. 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.
Asset Management of IT equipment, inc acquisitions and disposals	2	Complete	Amber	This audit reviewed the controls in place in relation to procuring, managing and disposing of IT hardware assets. 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.

Council Tax and Business Rates Recovery	2	Complete	Green	This audit reviewed the Council's arrangements in respect of the following scope areas: Documented procedures were in line with the Corporate Debt Recovery Policy and identification of accounts in arrears was timely with reminders sent at appropriate intervals. Assistance is offered to tax payers who seek help. Payment arrangements were fair and equitable with signposting to independent advice services. Recovery rates and arrears are accurately reported. 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.
Corporate Governance – Phase 1	2	Complete	no opinion	Consultancy work, with a gap analysis undertaken between the previous and revised versions of the CIPFA / SOLACE Good Governance framework to assist development of the new Corporate Governance Framework for the Council.
Review of controls to prevent fraud in Business Rates	3	Draft Report	TBC	

Review of controls to prevent fraud in relation to grants and financial support	3	Complete	N/a – Fraud Risk Assessment	This review identified all grants administered by TMBC and assessed these specifically in relation to the risk of fraud. Overall we confirmed that the likelihood, significance and impact of inherent fraud risks in the majority of Grants and Financial Assistance is currently low risk. However there are two Grants and Financial Assistant payments that have been rated as medium risk, namely Discretionary Housing Payments and Private Sector Housing Renewal, due to the large volume of applications and the amounts paid for each type. The assessment was used to inform the 2017/18 Audit and Fraud Plan and, as a result, this includes Fraud focused audits specifically in relation to the Discretionary Housing Payment (DHP) and Housing Assistance Grant payments.
Partnerships	3	Complete	Amber	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. 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. 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.

Payroll	3	Complete	Green	This audit reviewed the Council's arrangements in respect of the following scope areas: Procedure notes require review and updating. 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. All allowances, deductions, amendments and variations were processed timely, accurately, and appropriately authorised. Relevant and required evidence of changes was retained.
Business Continuity Planning – Emergency	3	Complete	Green	The objective of this audit was to provide assurance over the Council's resilience to cope with an emergency. 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. 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.

Housing Benefits Overpayments	3	Complete	Green	The objective of this audit was to provide assurance that the Council has effective arrangements ii place to manage housing benefit overpayments. 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.
Project and Programme Management	3	Cancelled		*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.*
Complaints	3	Complete	N/a	This was undertaken as consultancy to support development of a revised Complaints Policy and to review alignment with LGO guidance and any possible efficiencies in the current process. This established that overall the current policies, and draft policies, are in accordance with LGO requirements or best practice. Advice was given on some potential areas for improvement in process.

Safeguarding	3	Complete	Limited	The overall objective of the audit was to provide assurance on the adequacy and effectiveness of the procedures and controls in place to safeguard children and adults at risk from abuse, neglect or exploitation.
				Approximately 18 months ago it was recognised that safeguarding did not have sufficient corporate profile. A number of changes were made as a result including designation of a corporate safeguarding lead reporting direct to the Chief Executive, review and amendment of existing policies into a joint children and adult's policy, implementation of mandatory eLearning and creation of a corporate Safeguarding Task Group. Roles and responsibilities for Safeguarding were found to be suitably detailed within officer job descriptions and the new Policy was properly approved, is sufficiently detailed and is mandatory reading on Net consent.
				Areas for development identified included that no time limit was enforced for reading the Policy on Net consent and that not all staff have access to Net consent. There was also no evidence to confirm that Elected Members, outside of the approving Committee, have read the policy. A number of officers had not completed the Safeguarding training at the time of the audit and no Safeguarding training has been provided to Elected Members. Officers interviewing for posts where safeguarding is considered relevant to the role had not completed Safer Recruitment training.
				A Safeguarding Register was developed to document those roles requiring a DBS check however the risk assessments undertaken to identify those roles were not documented and the register is out of date; as a result some officers requiring a DBS may not have a check undertaken. It was also identified that proof of ID was not available for all appointments. There is no centralised mechanism in place to record safeguarding concerns and referrals; information contained on safeguarding referral forms is considered to be extremely sensitive and access to the location used to store completed referral forms was not appropriately restricted.

IT Strategy & Infrastructure	4	Complete	Adequate	The overall objective of the audit was to provide assurance that the objectives of the 2016- 17 IT Strategy have been met and that the 2017-20 Strategy is being developed on lessons learned, is in line with Corporate Objectives and supports an infrastructure that is fit for purpose and responsive to organisational change Overall there have been recent and significant improvements in the modernisation of various IT systems such as the new telephony system and Outlook. Servers have been upgraded and there is significant investment allocated via the Capital Programme for the introduction of a Virtual Desktop Infrastructure which will centralise computing power and extend the lifespan of desktops. However it was noted that the Strategy was deliberately high level and the formation of the 2017-20 Strategy could be used as an opportunity to enhance consultation and provide more information on the projects, implementation timescales, interdependencies, and prioritisation of each project. Updates on the Strategy and progress were periodically provided to Management Team and Members; this could be formalised and occur more frequently. In addition a report on accomplishments and problems was taken to Management Team and we reviewed this for accuracy. We established that it was generally a fair representation of progress, although some items advised to be completed are still in progress and there were difficulties obtaining sufficient evidence to support some statements made. This would be assisted by a more formally document project management processes for major projects, with smaller projects needing a proportionate level of management.

Leisure Development – external provision (Holiday Activity Programme)	4	Complete	Green	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. 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.
Development Control	4	Complete	N/a	This was undertaken as consultancy to support a review of the service including potential options in terms of staff structure and costings.

Housing – Empty Property Follow Up	4	Complete	Limited	The overall objective of the audit was to provide assurance on the adequacy and effectiveness of the procedures and controls in place to reduce the number of empty properties in the Borough. The Terms of Reference for the Corporate Empty Properties Group makes roles and responsibilities clear and lists the key objectives for the group, but those objectives are not outcome based and therefore there are no measurable targets in place for the Group. There is no specific Empty Homes Policy or Action Plan and there has been limited reporting to date to both Management Team and the Communities and Housing Advisory Board. However we understand that from April 2017 minutes of the Group now go to Management Team and there is an intention going forward to do an annual report to the Board with regular updates through the generic housing report. In October 2009, there were 308 empty properties across the Borough; in October 2016 it was 346 while in March 2017 the figure had risen to 447. TMBC is the only authority in Kent to report an increase in empty properties over that period and we therefore need to understand what others are doing differently. The Working Group opted to focus on around 120 properties which have been empty for more than 2 years. This means that properties empty for 6 months - 2 years which may be more likely to be 'quick wins' and make up around 70% of empty properties may receive far less attention from officers. There is a potential to receive additional New Homes Bonus should the Council decrease its number of empty properties and the risk of losing money if we do not.
Parking Income	4	Draft Report	TBC	

Local Plan	4	Complete	Substantial	The overall objective of the audit was to provide assurance over the Council's arrangements in place to ensure that the Local Plan is produced on time and complies with the National Planning Policy Framework. Overall we found that detailed work has been undertaken to ensure that the proposed Local Plan identifies and addresses the challenges in terms of housing need, economic development and habitat protection. Information used to arrive at the Objectively Assessed Needs (OAN) for the number of new houses required in the Borough over the duration of the Local Plan has been suitably calculated and updated as newly published information has become available. The methodology used has been consistently applied at each update. Similarly the OAN has considered the effects on population from a changing age profile and also migration into and out of the Borough over the duration of the Local Plan. The Council has a legal duty to evidence that it has engaged constructively, actively and on an ongoing basis on strategic cross boundary matters. If the Council cannot demonstrate that it has complied with the duty then the Local Plan will not be examined. Meetings and discussions have been taking place on an ongoing basis; however officers need to start compiling a database to use as evidence that the Council has met its legal duty to cooperate. In addition Gypsy and Traveller needs across the Borough were last assessed in 2014 and therefore should be reviewed to ensure that legislation since 2014 has been considered.
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 is commencing as part of the 2017/18 Plan.

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

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Housing Benefit Assessments	4	Complete	Amber	The objective of this audit was to provide assurance on the adequacy of arrangements to manage the risk of fraud through ensuring all new claims are legitimate, the right level of evidence is obtained with fraud risk considered and that the correct benefit is being paid to the correct person. Overall we 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. With regard to evidence obtained testing established that existing processes could be enhanced, 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. Benefits Assessors and Customer Service staff would benefit from fraud training when processing new claims or when provided with documents, for example on verification of key documents and what 'flags' to look out for on bank statements, etc.

Empty Properties	4	See 16/17 follow-up	see 16/17 follow-up	This audit reviewed the Council's arrangements in respect of the following risk management objectives (RMOs): 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. 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. 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.
Section 106 Developer Contributions	4	Complete	Red	This audit reviewed the Council's arrangements in respect of s106 agreements. 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.