

2017-18 Internal Audit Reviews

Audit Review Title	Planned Quarter	Quarter Undertaken	Status	Audit Opinion	Scope of Audit and Findings
Payroll	1	1	Complete	Substantial	<p>The overall objective of the audit was to provide assurance that effective controls are in place to ensure that; salaries, wages, and third parties such as HMRC, Unison, and the Kent Pension Fund are paid correctly and on time. Payments are authorised, reconciled and transferred to the Council's financial management systems. We found that each stage of the payment run is recorded, with appropriate and accurate checks in place. At the time of the audit the team was experiencing high levels of absence and brought in help from other teams to provide support. The team is now returning to a full complement of staff over forthcoming months through a phased return to work programme. It was noted that the Exchequer Services Manager and the Payroll Officer have both been dedicated and flexible in their approach to covering absence to ensure that the work has been carried out.</p> <p>Strengths include that separation of duties are in place for the running of reports and reconciliations; a new user access report has been developed by IT to identify user access and privileges to the payroll system which had previously not been possible.</p> <p>Areas for development include that the BACS payment is made by the same officer who processed it; the user access report is somewhat limited and not yet embedded into the control system and there was a redundant stock of payment cheques retained.</p>
Serious and Organised Crime	1	1	Complete	Varied across service areas	The objective of the audit was to provide assurance that the Council has an awareness of the potential to be targeted for Serious and Organised Crime, has

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					<p>sufficiently assessed the risks involved, and has adequate controls in place to mitigate against Serious and Organised Crime. We found that Management Team awareness is proportionate to the level of expected risk based on liaison with local police advice through the Community Safety Partnership, Chief Constable and Divisional Commander. There are varying degrees of awareness of how Serious and Organised Crime might affect service areas.</p> <p>Strengths were identified in that the Council has a robust procurement process which is proportionate with the value of the contracts. High value contracts have officer project groups with representatives from key areas which help to ensure that procurement is fair and transparent and the Council protected as far as possible. There are mechanisms within kiosks to prevent anyone depositing significant cash funds.</p> <p>Areas for development include that the Council's Anti-Money Laundering (AML) Policy and guidance have not been reviewed or circulated since 2011 and the fourth generation of AML legislation came into effect in June 2017. Awareness of the policy and guidance is limited. No official AML reports have been submitted and any enquiries have been related to payments from cash-oriented business such as taxi firms and car washing firms. We found gaps in evidence on file of right to work for employees, agency workers and self-employed consultants working for the Council. References were not available for all staff. The Home Office can impose substantial civil penalties if found that the Council had employed officers without a legal right to work in the UK.</p>

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Corporate Governance - compliance with new framework	1	1	Complete	Adequate	<p>The objective of the audit was to provide assurance on compliance with the revised Local Code of Corporate Governance. We found that overall the Council does comply.</p> <p>Strengths identified include that Members have been kept up to date on progress made by the Council to ensure compliance with the revised Local Code of Corporate Governance; officers have completed a self-assessment questionnaire and listed supporting evidence and suitable evidence is in place to support the Annual Governance Statement.</p> <p>Areas for development include ensuring completeness of Officer and Member declarations of interests; lack of corporate enforcement and partnership policies and localised performance management rather than corporate reporting.</p>
S106 agreements	1	3	Complete	Limited	<p>The overall objective of the audit was to provide assurance as to the adequacy, effectiveness and reliability of the controls in place to manage Section 106 agreements from negotiation through to utilisation of contributions, a wider scope than the previous audit undertaken.</p> <p>Progress since our previous audit was noted and steps have been taken to implement all four of the previous recommendations. Historic records indicate weaknesses around the S106 process but going forward these have been addressed through the measures put in place by the S106 monitoring group. Training has been provided and officers are fully aware of the processes put in place to record negotiations. Testing of the limited number of new applications available established that the new procedures have</p>

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					<p>been implemented, although it is not yet possible to confirm that these are fully embedded in processes around the negotiation of contributions. In addition a monitoring spreadsheet has been implemented to better record and monitor the status of agreements.</p> <p>Areas for development include that resources continue to be an issue impacting the ability to effectively manage S106 agreements; it is understood this will be addressed through upcoming recruitment. In addition limited checks have previously been undertaken to confirm that 3rd parties have spent contributions in accordance with the S106 agreement; there are inconsistencies in information held to support historic requests for S106 contributions and there is limited formal reporting to Management Team and Members on the overall amount of S106 contributions negotiated and unspent.</p>
Housing Payments and Grants -Housing Discretionary Payments	2	2	Complete	Limited	<p>The overall objective of the audit was to provide assurance that the fraud and error risks associated with Discretionary Housing Payments (DHP's) are reduced to an acceptable level. Overall we found that staff awareness of DHP and Benefit legislation is strong, however controls need to be improved.</p> <p>Areas for development include that all decisions should be made within the normal DHP decision making process ensuring payment is appropriate and Housing Benefit is in payment correctly; decisions made should be supported by relevant and sufficient evidence, for example bank & rent statements, and appeals should be undertaken in accordance with DHP policy.</p>

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<p>Housing Payments and Grants</p> <p>-Disabled Facilities and Housing Assistance Grants</p>	2	2	Complete	Substantial *(Excluding contractor DBS checks)	<p>The objective of the audit was to give assurance on the adequacy, effectiveness and reliability of the controls in place to manage the risks of operating the Disabled Facilities and Housing Assistance Grants</p> <p>Strengths included that the Housing Assistance policy was found to have been appropriately approved, although it was not available on the TMBC website. Suitable checks are in place confirm the accuracy of information provided to support applications and all are supported by a referral from an Occupational Therapist. Applications are not processed until officers have undertaken a visit to the property to confirm that it is possible to undertake the adaptations required within the funding. Good use is being made of the grant funding by officers to advertise and promote the availability of the DFG process and to make the application process better for the client. All applications tested were found to have been subject to regular inspections during and after the work has been completed and payments are only being made to contractors upon completion of the work to a satisfactory standard.</p> <p>Areas for development include that more detailed performance information could be reported. We identified one case where a charge should have been applied and was not, however as soon as this oversight was identified officers took action. Testing identified that while there are controls in place to ensure that contractors provide evidence of insurance policies and qualifications, there are no controls in place to ensure that all contractors undertaking adaptations in the homes of potentially vulnerable persons have been DBS checked.</p>

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					*As a result of the above although the overall assurance level is substantial we are unable to give assurance in relation to DBS checks on contractors.
Savings and Transformation Strategy	3	4	Complete	High	<p>Testing identified that accurate information is being used to make decisions around the level of savings necessary to be achieved each year. This has to date meant that front line services remain as unaffected as possible while at the same time the necessary savings to address the funding gap are achieved. In 2017/18, the Council has achieved £646,000 of the £650,000 savings required. However, since the introduction of the Savings and Transformation Strategy, the Council has achieved savings of £1,804,000 against a target of £1,475,000.</p> <p>The Council has taken a number of savings opportunities when they have presented themselves. Unfortunately, that has not always been the case, and the Council has had to make some difficult decisions requiring strong leadership in order that front line services remain as unchanged as practical. It is likely that going forwards, further difficult decisions will need to be taken to achieve the necessary savings, and that some of these may affect front line services to a greater extent than previous decisions. Members are keen to have an active role in this and, as a result, the Overview and Scrutiny Committee have developed a programme of work for 2018/19 and onwards to identify where further savings can be achieved.</p>
Risk Management	4	4	Complete	N/a	<p>Due to the need to drive risk management forward internal audit have not undertaken assurance work in 2017/18 rather they have facilitated implementation of a Strategic Risk Register (SRR) and supporting processes.</p> <p>Considerable progress has been made by the organisation in relation to risk management through</p>

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					2017/18. In addition to agreement of a revised strategy and guidance a process of escalating key risks and robust reporting to Audit Committee has been instigated. In October 2017 full Council agreed the Strategic Risk Register and this has been updated ongoing as new risks emerge or risk assessments change. This marks a significant improvement on the previous position and demonstrates the Council's increasing risk maturity. Assurance work on the new Risk Management processes will be undertaken in 2018/19. Due to the Chief Audit Executive's close involvement in developing the SRR and processes the audit will be undertaken independently.
Safeguarding follow-up	3	3	Complete	N/a	<p>Internal Audit has recently undertaken a follow-up review to the audit of Safeguarding which was originally completed June 2017. The follow-up audit has established that 12 from the original 14 recommendations have been fully implemented.</p> <p>Two recommendations with a high priority rating are outstanding. Management have agreed revised implementation dates for those recommendations and we will undertake further testing as part of our 2018/19 audit of safeguarding to confirm that each of the outstanding recommendations has been fully implemented.</p>
General Data Protection Regulations	Ongoing	Ongoing	Ongoing consultancy work	Advisory only	Recognising the significance of this new legislation we have worked with the Information Governance OSG through the year to provide an advisory role at key stages including attendance at working groups and review of key documentation, this included facilitating the data audit process. An audit for assurance purposes on compliance with be undertaken in 2018/19 post-implementation.

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Information Governance inc data sharing agreements	3	Merged with above	As above	N/a	See above
IR35	1	4	Complete	Adequate	<p>The overall objective of the audit was to provide assurance that all contract and temporary staff have been assessed for their eligibility under IR35 rules and that where there are contract staff working for the Council tax has been treated appropriately.</p> <p>Strengths included that all temporary staff/contractors identified had been assessed accurately regarding IR35 based on the information obtained from recruiting managers; Re-assessments have been undertaken in some areas of the business</p> <p>Areas for development identified include that evidence of assessment is not retained to demonstrate that 'reasonable care' has been made in making the assessment. Advice regarding completing an IR35 assessment could be given by internal support services to help reduce the risk of issues in the future.</p>
Licensing	3	3	Complete	<p>Substantial for Fraud & Safeguarding</p> <p>Limited for Data & Information Security</p>	<p>The objective of the audit was to provide assurance that fraud and safeguarding risks are appropriately managed in relation to taxi and alcohol licensing. However during the course of the audit the scope was expanded due to issues being identified regarding data privacy and information security.</p> <p>Overall the licensing section is organised, aware of the risks and have adequate control processes in place to mitigate fraud and safeguarding risks. However issues relating to data privacy and retention of Disclosure Baring Service certificates were identified.</p>

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					<p>Strengths include that staff are knowledgeable and experience; a daily licensing surgery is held; processes for verifying identity, residency, right to work and DBS are in place and adhered to and Members are given sufficient information for licensing appeal panels.</p> <p>Areas for development identified include that procedures are not updated; Data Privacy issues including that DBS certificates are retained; there is a lack of accountability in relation to evidence checking; no process to ensure that all mid-year certificates of compliance are received and a no contracts, service level agreements or inspections with garages</p>
Help desk	2	4	Complete	Substantial	<p>The overall objective of the audit was to provide assurance that the Help Desk function, and the systems it uses, is operating effectively and efficiently to maintain an adequate resilient IT infrastructure and support achievement of organisational objectives. The new IT Self-serve system “Solarwinds” was introduced in October 2017, with this audit timed to allow use of the system to embed sufficiently.</p> <p>Overall the new help desk system is showing vast improvements compared to the previous system. There are good levels of guidance and self-service options available. Alerts are used proactively to inform users of known issues and calls are responded to timely in the majority of cases.</p> <p>There are a few minor areas which need further work and embedding. These include increasing awareness to improve uptake of the self-help option and therefore manage demand on IT staff, monitoring of uptake, closing calls timely to avoid skewing response figures negatively and ensuring file notes clearly show reasons where calls are not responded to in line with defined timescales or are overdue.</p>

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IT Disaster Recovery Plan (DRP)	4	4	Fieldwork	TBC	Due to delays in updating the DRP this work remains in progress.
Cyber attacks	2	2	Complete	Substantial	<p>The overall objective of the audit was to provide assurance that the Council is able to identify whether suspicious activity is occurring, protect the Council's computer infrastructure and electronic data against attack as far as is reasonable/practicable, detect whether an incident has occurred, respond and recover, as well as reviewing the adequacy of information and training available to all users of the Council's computer systems. We found that the Council has adequate policies, procedures, and systems in place to minimise vulnerabilities to cyber-attacks and mitigate damage should a virus or malware be detected.</p> <p>Strengths were identified in relation to easily accessible, comprehensive, recently reviewed and updated Information Security policies; the identification and correction of viruses and malware, including re-imaging of infected PCs; a recent positive IT Health Check and penetration testing; phased system patch releases permitting easier roll-back in case of issue and access to information security guidance, network, and training for IT management.</p> <p>Areas for development include the lack of current capability to passively detect unusual levels of internet traffic; no specialist forensic resource (this is currently being tendered for jointly with other Kent authorities) and difficulty demonstrating release and prioritisation of patch maintenance.</p>

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Change in banking arrangements	1	N/a	Cancelled	N/a	As explained at the April Committee meeting this audit was cancelled as the planned change in banking arrangements did not occur.
Local Plan – follow-up	3	3	Complete	N/a	The objective of this audit was to provide assurance on progress in developing the Local Plan in line with government guidance and to required timescales. It was intended to do further testing of progress against milestones, however this has been delayed by changes to requirements and therefore we focussed on following up implementation of the issues raised in the 2016/17 audit. Our testing confirmed that all recommendations have been addressed with appropriate action taken.
Development Management	4	Deferred to 18/19	N/a	N/a	This audit was deferred as completion of the service review has been delayed. It will be undertaken in Q2 of 2018/19
Building control resilience	3	3	Complete	Advisory only	This audit was undertaken as consultancy as the original concern about resilience was addressed through recruitment of a Building Control Manager and filling other vacancies with permanent staff. As a result the work we undertook focussed on supporting the service going forward in developing the service and seeking opportunities for growth ad efficiencies with suggestions made to assist this agenda.
Planning enforcement	3	4	Complete	High	<p>The overall objective of the audit was to provide assurance on the adequacy, effectiveness and reliability of the controls in place to manage the Planning Enforcement function.</p> <p>Strengths included that Planning Enforcement Officers have a sound understanding of the relevant regulations, and how to apply them to individual complaints; regular liaison meetings are held with Legal Services. Good evidence is obtained by officers</p>

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					<p>while undertaking site visits and the Development Manager is fully aware of officer caseload and those complaints which are likely to require enforcement action being taken. Members are made aware of new and closed complaints and the outcomes where enforcement action has been approved.</p> <p>Two areas for development were identified which are to provide Police and Criminal Evidence Act 1984 training to Enforcement staff and to provide guidance on the TMBC website for members of the public regarding permitted development rights.</p>
Health and Safety	2	2	Complete	Substantial	<p>The objective of the audit was to provide assurance that the Council, its Officers, Members and visitors are adequately protected by the policies and practices in place to manage Health and Safety. Overall, good progress has been made covering a breadth of areas including review of Council policies, implementing changes that are suitable for the organisation, identifying issues and correcting, and streamlining processes. Work has been appropriately prioritised, and where relevant work has been conducted with partner organisations.</p> <p>Strengths include that the revised policies are easy to understand, as succinct as possible, and contain appropriate roles and responsibilities; professional advice from the Council's qualified Health and Safety Officer is provided timely and an annual work programme and schedule in place for assurance work and planning reviews.</p> <p>Some areas for development remain operationally, Fire Wardens are not consistently completing checklists; fire evacuation testing has not been held in line with</p>

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					policy and not all new officers are receiving Health and Safety inductions.
Air Quality Management	3	3	Complete	Substantial	<p>The objective of the audit was to provide assurance that processes in place meet statutory guidance, support environmental objectives, and ensure air quality is considered in relevant decisions. Overall it is considered that the Air Quality (AQ) function within Environmental Health is operating effectively and efficiently, including liaison with Development Control on planning matters.</p> <p>Strengths include the testing regime and continuous monitoring, including regular calibration, is in line with DEFRA guidance; location of monitoring stations reflects AQ Monitoring Areas and other appropriate areas; pollution results are recorded accurately; AQ is considered with planning applications and concerns incorporated into decisions; prompt and full payment for the majority of Environmental Protection Regulation (EPR) premises and risk rating of EPR premises.</p> <p>Areas for development included a small number of record keeping issues; EPR inspections behind schedule and recording of planning advice provided.</p>
Business Continuity Plan (BCP)	4	TBC	Deferred	N/a	Deferred to 2018/19 due to resource pressures causing a delay to the revision and renewal of the current BCP.
Waste Contract Tender	Ongoing	Ongoing	Ongoing consultancy	Advisory only	Recognising that the Waste Contract is both high value and integral to statutory service delivery we have worked through the year to provide an advisory role at key stages including attendance at working groups and review of key documentation.

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Corporate Policy Management	4	4	Complete	Advisory only	This review aimed to provide advice on ways of effectively managing corporate policies to ensure they remain up to date, fit for purpose and accessible to relevant officers and Members.
Cemetery Capacity	4	4	Complete	Advisory only	This review was to support the organisation in understanding future cemetery capacity. Results were reported to the relevant service and concluded risks are currently low with an expectation that this capacity would not need to be considered for at least 60 years.
Bribery & Corruption	1	3	Complete	Advisory only	Under the Bribery Act 2010 the only defence against a corporate offence of failing to prevent bribery is to ensure the Council has 'adequate procedures' in place. This review concluded that the Council through its structure of committees and Member/ Officer roles has good arrangements in place to adequately prevent bribery and corruption occurring, there is also top level commitment to ensuring that there is transparency within decision making. Advice was provided on some enhancements that could be made through awareness training and service specific risk assessments.