

Audit Review Title	Planned Quarter	Current Status	Audit Opinion	Scope of Audit and Findings
Risk Management	4	Draft Report	TBC	
Safeguarding	3	Draft Report	TBC	
Procurement	2	Complete	Adequate	<p>The overall objective of the audit was to provide management and Members with an assurance as to the adequacy and reliability of the controls in place to manage the risks associated with Procurement.</p> <p>A number of strengths were found including that there are several procurement policies and procedures which provide guidance to staff with an overarching Procurement Strategy which was appropriately approved, although it was noted that policies and procedures are not version controlled with review dates and owners. The Council's Constitution was revised and approved in July 2018 which included a revision to the Contract Procedure Rules. The contracts register published on the Council's website complies with the Local Government Transparency Code 2015, with the exception of omitting a few start/end dates for contracts let in 2016/17. The majority of contracts tested within the £5k to £100k had obtained three quotes in line with the Council's expected procedure and for most of the sample tested justification was given for the rational for choosing the preferred supplier, a ratio of price/quality, 30/70 had been set in the evaluation criteria.</p> <p>However, discussions confirmed that there is no proactive monitoring or consideration given to entering into contracts based on cumulative spend that contract expiry dates are not formally monitored or recorded. There is a monthly process for updating purchase order (PO) spend to the contracts register but limited monitoring of non-PO spend. The responsibility of updating the contracts register has recently changed and monitoring to ensure completion is not yet in place. In addition, testing found examples of suppliers that were omitted from the contracts register which may be due to there being no PO exception list in place.</p>
Information Governance – General Data Protection Regulations	4	Consultancy - Ongoing		<p>We continue to provide ongoing advice in a consultancy capacity with regard to GDPR compliance and this includes attendance at the Information Governance Officer Group, an assurance based audit is in progress.</p>

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Information Governance – General Data Protection Regulations	4	In progress		
Business Continuity Plan including Emergency Planning	4	Postponed		This audit has been postponed to 2019/20 in recognition of resource pressure caused by work being undertaken to prepare for Brexit.
Public Safety	2	In progress		
Corporate Governance – Democratic Process and Decision Making	2	Complete	High	<p>The Constitution has been subject to review by a number of different committees prior to being approved by Full Council. It is widely published and therefore readily available to Members, Officers and members of the public. The Constitution contains sufficiently detailed guidance on the decision-making process. Suitably detailed Terms of Reference are in place for all Committees and testing established that all Committees are working in accordance with their Terms of Reference. Similarly, there is an approved scheme of officer delegations in place.</p> <p>Accurate and timely information is provided to members where decisions or recommendations are required. Recommendations made by Advisory Boards and any other Committees are accurately conveyed as part of the decision making and approvals process. This ensures that Cabinet and Full Council are making informed decisions based on items which have already been discussed, reviewed and considered by other Committees.</p> <p>Member attendance at meeting is subject to review by the Monitoring Officer. Testing identified that attendance for the period 01 January 18 to 31 January 19 varied from 96% to 13%. While the majority of Members achieve attendance in excess of 50%, a small number are approaching the point whereby they have not attended a meeting for 6 months. Section 85 of the Local Government Act requires all members to attend a meeting at least every 6 months, or otherwise they will cease to be a Member of the authority. Discussions with the Monitoring Officer established that this requirement could be better communicated to all members as part of the new member induction process.</p>

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Starters and Leavers Payroll and Personnel processes	3	Complete	Substantial (Payroll) Limited (Personnel)	<p>The overall objective of the audit was to provide assurance that robust controls are in place within the Payroll and Personnel function to effectively manage the Starters and Leavers process.</p> <p>All new starters and leavers in our sample had been appropriately authorised and had been promptly processed by Payroll. Paperwork received by Payroll is scrutinised for errors and an example was found where an overpayment had been identified and was promptly resolved by the Payroll Team. Employee's pro-rated first and last pay had been calculated accurately, including any required deductions or payments.</p> <p>However testing to confirm if the required ID and right to work checks had been completed prior to employment identified occasions where either there was no evidence of the required checks being performed and/or dates checks were undertaken were not documented; one case was identified where checks made by an agency had been accepted without further verification when the individual became a permanent member of staff. In addition, testing identified a number of instances where references for new starters did not comply with policy, including one where a verbal reference had been deemed acceptable and one with no references evident on file.</p> <p>There are limited policies and procedures to provide guidance to officers regarding the starter and leaver processes. A review identified that policies are either not up to date or do not reflect current practice and highlighted instances where no documented procedures exist.</p>
IT Disaster Recovery Plan	4	Draft Report	TBC	
Council Tax Administration	3	Draft Report	TBC	
Benefits – Change of circumstances	3	Draft Report	TBC	
Counter Fraud Function	3	Draft Report	TBC	

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Creditors, including VAT	1	Complete	Creditors – Adequate VAT - High	<p>A number of areas for development were identified for Creditors with recommendations made accordingly. In particular Financial Procedure Rules require Purchase Orders to be raised in advance of goods or services being received from the supplier. Although there are legitimate exceptions, testing identified numerous instances where expenditure incurred on goods and services had no purchase order raised or where the order had been raised after the invoice was received.</p> <p>Review/rationalisation of authorising officers and suppliers on the system is required; we identified instances where staff have authorisation limits in excess of need and a number of officers with ability to authorise had not done so. A large number of suppliers have duplicate accounts and a significant number of suppliers are inactive and need to be removed. It is understood that 'purging' these suppliers has been difficult to date due to how the system works, but an update is being tested with a view to carrying out the purge in the short term. In addition the ability to create or amend new supplier accounts is not limited to staff from Exchequer meaning that a large number of staff from across the authority are able to set up supplier bank details. Exchequer staff do however check the newly set up bank details against the invoice received from the supplier. Further changes to existing suppliers made by staff across the Council generate a report which is checked by Exchequer staff.</p> <p>Review of the payment process identified that, mainly due to the size of the Exchequer team, there is no separation of duties in the process, and no independent checks are undertaken on payment reports before being sent to the bank for processing. All approvals for BACS payment are obtained after the payment has been sent. We did note that there are a number of retrospective compensating controls that would ensure identification of errors after the payment file had been sent and there is the opportunity to recall the file provided it is checked timely.</p> <p>Three duplicate payments were made during the year. One payment has been repaid by the supplier but the other two are outstanding; the amounts are not material. It was established that in all 3 cases, staff outside of Exchequer had used different invoice numbers thereby circumventing inbuilt system controls which allowed the duplicate invoices to be processed.</p> <p>In relation to VAT our review found sound procedures for processing VAT invoices from suppliers and for the recovery of input VAT. Review of procedures for the raising of invoices established that VAT is being correctly applied. Some minor technical</p>

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				issues were identified where staff are on occasion raising invoices as exempt or zero rated when in fact they should be raised as being outside the scope of VAT. No errors were identified with the most recent VAT partial exemption calculation.
Treasury Management	2	Complete	High	<p>The audit established a number of key strengths. The Treasury Management Strategy is subject to regular review and approval by full Council. All investment decisions were undertaken in accordance with the Strategy, were recorded on a suitably detailed cashflow which forms the basis for all investment decisions and were approved by Senior Management prior to being made. Staff responsible for undertaking the treasury management function are well trained, and fully understand the priorities for the Council as being firstly security and liquidity of funds, and then return on investment. Financial Services staff responsible for treasury management receive regular updates from Treasury Management advisors, and only make investment decisions after having considered the most recent information provided by those advisors.</p> <p>It was noted that the Audit Committee are responsible for the review of treasury management activities; only 3 members of the current Committee have been provided with Treasury Management training and that training was received in 2014. However, in light of the May 2019 elections, it would make sense to provide training after any new Committee Members have been appointed. In addition The Council re-appointed its existing Treasury Management advisors in April 2016 for a further term of 5 years, the total cost of the contract being around £40,000. Officers undertook informal market testing and subsequently obtained 3 quotes however further market testing in compliance with Contract Procedure Rules as part of the process for appointing new treasury management advisors is advised when the current contract is near expiry.</p>
IT – New Strategy	TBC	Postponed	N/a	The new IT Strategy was agreed in May 2018, as such we believe there would be limited value in undertaking an audit at this stage, the audit will now be undertaken in Q1 of 2019/20 to allow progress in implementation.
Local Plan	4	Postponed	N/a	The Plan has now been to consultation and will be submitted to the Secretary of State for approval, as such there is limited value that audit can add at this stage. The Local Plan audit has been replaced by an audit of the Discretionary Disabled Facilities Grant.

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Development Management	3	Draft Report	TBC	
Prevention of Homelessness Act	4	In Progress		
Contaminated Land	3	Complete	Adequate	<p>The overall objective of the audit was to provide assurance that adequate controls exist to manage risks in relation to contaminated land. There is an approved Contaminated Land Strategy which has been subject to regular review. The Strategy was found to detail the approach the Council takes to identify, assess, record and remediate land across the Borough in accordance with the Environmental Protection Act 1990.</p> <p>A suitably detailed electronic register was found to be in place to record all potentially contaminated land across the Borough. However, testing established that over 300 from 667 sites listed on the database had not been given a prioritisation score resulting in the risk that a site requiring a more detailed land inspection may go undetected. Consequently, the Council is unable to determine the level of risk at each site. We did however establish that robust procedures are in place to undertake monitoring and recording of contaminated gas readings from boreholes at the three sites across the Borough. The application of those procedures for borehole monitoring identified potential concerns at the Joco Pit site in early 2018. Local residents were kept suitably informed on the position as new information became available. There is a risk however that lessons learnt will not be captured and shared for future reference.</p> <p>Testing identified that not all contaminated land conditions requested by the Contaminated Land Officer are being added to planning decision notices. We were informed that there are valid reasons why the conditions requested had not been added although this was not documented with no evidence that discussions had taken place to arrive at a mutually agreeable outcome. In recognition the Development Control Manager has already acted to ensure that the Contaminated Land officer is consulted where it is anticipated that a condition originally requested is varied or not included in the final planning application decision notice.</p>
Contract Management including grounds maintenance	4	In progress		

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and Leisure Trust				
Waste Contract Re-let	Ongoing	Consultancy – Ongoing		The requirement for an assurance element relating to the contract re-let in 2018/19 is to be confirmed, we are provided ongoing advice in a consultancy capacity and it may be that an assurance based audit is better placed in 2019/20. The Committee will be updated at the July meeting.
Follow-up DHP	4	Planning		
Follow-up NNDR	3	Planning		
Council Tax fraud and error – KCC Funding	2	Complete	n/a	This piece of consultancy work was undertaken on the Call Credit project, which is aimed at increasing the council tax yield. The work was undertaken to act as a self-assessment for the Council prior to the mid-year review scheduled for October 2018 by KCC. A number of recommendations were raised with the business
Discretionary Disabled Facilities Grant	N/a	Complete	Limited	<p>This audit was undertaken at the request of the Section 151 Officer in her statutory capacity following identification of an overspend on the Discretionary Disabled Facilities Budget with the objective of establishing root causes. The overall budget set for Disabled Facility Grants (DFGs) for 2018/19 was £800k with the split being £775k for mandatory grants and £25K for Discretionary payments.</p> <p>The overall root cause initially appears to be a fundamental misunderstanding; the service's understanding was that the budget allocation for Discretionary payments was flexible and could be managed in conjunction with the mandatory element. Although this was the case, any movement in budgets should have been managed through a virement process; this indicates a lack of knowledge or awareness of financial procedures possibly due to lack of training. An email notification from Finance of a projected overspend was sent in September. There has now been a halt to the discretionary payments and 3-month delay on processing mandatory payments. Notwithstanding this both DFG budgets are forecast to overspend; with commitments the total forecast position in the Capital Plan at the end of October was an overspend of £406k. At the time this meant that there was no future funding available for the ongoing Occupational Therapist, Housing and Health Coordinator and Handy Person pilot schemes. This has been rectified for 2018/19 by increased funding from central government.</p>

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				<p>A number of issues were identified including that the Discretionary Housing Assistance Policy in place sets the financial limit for discretionary payments made as top-ups to mandatory grants as £30,000. This exceeds the total annual budget set for discretionary payments. It was noted that all of the Discretionary DFGs reviewed were awarded in line with the conditions set out in this policy. Demand for discretionary grants has increased. There were 10 grants paid in 2017/18 and 36 in 2018/19 this appears to be due to an increase in top-up cases, both in numbers and value. Of the cases reviewed at least 50% of high value top up cases were identified as Housing Association properties. This indicates that Clarion no longer contributing toward adaptation to their properties and promotion of the Local Housing Authority's responsibilities for funding housing adaptations may be a factor.</p> <p>A review of reports from the Uniform system identified several gaps in information, which would make it difficult to manage the DFG budgets effectively. Including that reports do not differentiate between mandatory or discretionary DFGs or between DFGs and other Housing Assistance payments. There is no single report to show approved grants (committed spend) where payment is still outstanding. Discussion with officers established that regular monitoring and forecasting of activity and budget has not been taking place in part due to Uniform reporting being difficult and time consuming and there is reliance on the capital monitoring sheets sent by Finance. There has been a new reporting system implemented and work is ongoing with IT development to develop a new suite of reports.</p> <p>The lack of available monitoring, especially the lack of monitoring with regard to commitments, prevented the potential budget pressures being identified even earlier than above. We established that the high number/value of grants approved in 2017/18 led to a substantial commitment carried forward into this year and therefore the pressure already existed at budget set-up.</p> <p>Reconciliation of DFG payments occurs between Housing and Finance at year end. A review of Discretionary cases on the uniform system found that 3 (totalling £4,047) out of the 13 payments reviewed were not discretionary payments. These had been miscoded due to manual input errors and the report development stated above is also planned to automate the process for raising payment from finance. Review of Discretionary payments on Uniform also identified a number of grants where relevant referral documents had not been uploaded onto the system.</p>