
AUDIT PROGRESS REPORT

1 PURPOSE OF REPORT

- 1.1 This report provides Members with an update on completed audit engagements, delivery of the audit plan and progress in implementing audit recommendations.
- 1.2 Detail of the progress made in delivery of the annual audit plan is set out in Appendix A.

2 INTRODUCTION

- 2.1 Internal Audit is a statutory requirement under the Accounts and Audit Regulations. Internal Audit's work is monitored through regular reports presented to this Committee.
- 2.2 The 2018/19 Internal Audit plan was agreed by the Audit Committee at its April 2018 meeting.

3 RISK IMPLICATIONS

- 3.1 Failure to operate a robust assurance process (which includes delivering the Internal Audit Annual Plan) increases the risk that inadequacies in the Council's risk management, governance and control arrangements are not identified and effective remedial action agreed and implemented.
- 3.2 If the Internal Audit Plan is not substantially completed by June 2019, the Chief Audit Executive (CAE) may not be able to give a sufficiently informed opinion on the Council's control environment. The CAE's opinion is a source of assurance for the Annual Governance Statement (AGS), which is also considered by the Audit Committee and is of interest to the external auditor for their assessment of the Council's arrangements to economically, efficiently and effectively use its resources. The lack of CAE opinion could negatively impact on the AGS and Value for Money assessment.
- 3.3 The main risk to delivering the audit plan is the risk of insufficient resources, this is considered below.

4 RESOURCE IMPLICATIONS

- 4.1 Excluding the CAE (provided by Basildon Borough Council) the audit resource at the commencement of 2018/19 was 1 FTE. The Annual Audit Plan was based on the expectation of 2 FTE.
- 4.2 Steps are being taken to recruit a full-time auditor on a career graded post. The post has been re-advertised and candidates are being invited to attend

interview as at the date of writing this report. Other internal options are being considered to provide support for some of the Internal Audit workload.

- 4.3 The Audit Plan will be prioritised to ensure delivery of those audits key to the CAE's annual audit opinion, within available resource constraints. .

5 LEGAL IMPLICATIONS

- 5.1 Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.
- 5.2 The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement to prepare and present regular reports to the Audit Committee on the performance of the Internal Audit service.
- 5.3 Internal audit is a key way in which Members can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. The report seeks to update the Committee on the activities of the Council's Internal Audit section for the purposes of providing further assurance.

6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 An Equality Impact Assessment has not been completed as no decision is being made.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES**
- (1) That the update on delivering the 2018/19 Audit Plan be noted.
 - (2) That the conclusions and results from completed audit engagements in Appendix 2 be noted
 - (3) That the updated status of audit recommendations in Appendix 3 be noted.

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Background Papers:-

None.

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APPENDIX A**1 DELIVERY OF THE ANNUAL AUDIT PLAN**

- 1.1 A table detailing the audit engagements completed for the first quarter of 2018/19 is included in **Appendix 1**. The opinion given and main points arising from the completed audit engagements is summarised in **Appendix 2**. Please note that the outcome of the two engagements shown were noted at the Audit Committee in May 2018 and accordingly were taken into consideration in the Chief Audit Executive's Audit Opinion and the Annual Governance Statement, also presented at that sitting of this Committee. An explanation of the meaning of and reason for each assessment (opinion) is provided in **Appendix 4**. This appendix should be read in conjunction with **Appendix 5** setting out the recommendation categories.
- 1.2 We have also completed work on the Housing Benefits Subsidy Claim. This is the first stage of the Grants Certification work by EY, the external auditor. Accordingly no audit opinion is provided. A summary of the findings, at this stage, is also included in **Appendix 2**.

2 COUNTER FRAUD ACTIVITY

- 2.1 Responsibility for investigation of non-benefit fraud, Local Council Tax Support (LCTS), Council Tax & Business Rates Discounts and Exemptions rests with the local authority and for Rochford District Council such work is undertaken by the Compliance Officer, Revenues and Benefits.
- 2.2 Housing Benefit fraud is investigated by the Department for Work & Pensions but leads are passed to that organisation by the Compliance Officer.
- 2.3 The Council continues to conform to the requirements of the National Fraud Initiative (NFI). The NFI matches data from 1,300 public sector and 77 private sector organisations, including audit bodies in Scotland, Wales and Northern Ireland, government departments and other agencies. It flags up inconsistencies in the information analysed that could indicate that a fraud, an error or an overpayment may have taken place, signalling the need for review and potential investigation.

3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1 Recommendations arising from completed audit engagements are shown in **Appendix 3**. This also details the current status of whether the recommendation is implemented or when it is due to be implemented.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Debtors (Report 15 – 2017/18)	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Limited	24 July 2018	-	1	13	3
Procurement (Report 17 – 2017/18)	The Council could fail to provide consistent value for money (VFM) across all services or to obtain VFM in its procurement	Limited	24 July 2018	-	1	2	-

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Housing Benefit Subsidy (Report 3 – 2018/19)	<p>An in depth review of 39 benefit cases across 2017/18 selected by and on behalf of EY, the external auditor. This is a major piece of work taking in excess of 20 audit days and feeds into EY’s own work on Grants Certification.</p> <p>As a result no Audit Opinion is given.</p> <p>A summary of the review is included in Appendix 2.</p>	24 July 2018

APPENDIX 2

DEBTORS – REPORT 15 (2017/18)

Audit objective

To assess whether the key controls in the key financial systems are adequately designed and effectively applied.

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective	We will ensure that all of our assets are fully utilised to maximise income whilst ensuring social purpose
Corporate risk	Failure to ensure good governance of the Council’s activities and delivery of its priorities

Reason for inclusion in the annual audit plan

This audit is a planned, standard assurance review identified through the annual assessment of all Council’s activities.

Audit opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
		✓	
<p>Our testing extended to a number of service areas and identified weaknesses in controls relating to debt recovery protocols, the application of VAT, and system access management.</p> <p>In addition, some recommendations raised in the 2016/17 Internal Audit report on Debtors also remain outstanding (progress on resolution of some issues is hindered by the limitations of the system).</p>			

Our opinion is expressed as a level of assurance as set out in the table below. We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Invoice requests are not promptly or correctly raised for all chargeable activity	Adequate	2 Moderate <i>(Recommendations 1 and 2)</i> 1 Low <i>(Rec 3)</i>

Risk area	Assurance Level	No. of Recommendations
VAT is not raised or raised incorrectly	Limited	4 Moderate <i>(Recs 4, 5, 6, and 7)</i>
Debts are not pursued or are pursued inconsistently	Limited	3 Moderate <i>(Recs 8, 9, and 10)</i> 2 Low <i>(Recs 11 and 12)</i>
Debts are written off inappropriately or credit notes applied inappropriately to reduce debts	Adequate	1 Moderate <i>(Rec 13)</i>
Debtor accounts are inappropriately amended to reduce debts owed	Adequate	1 Moderate <i>(Rec 14)</i>
The relevant financial system is inappropriately accessed leading to error, fraud, or loss or misuse of data	Limited	1 Significant <i>(Rec 15)</i> 2 Moderate <i>(Recs 16 and 17)</i>

PROCUREMENT – REPORT 17 (2017/18)

Audit objective

Follow up on the 2016/17 audit that received a limited assurance opinion and assess whether the requirements of Contract Procedure Rules are complied with for a sample of purchased goods and services across a range of values and service areas.

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective	Become financially self sufficient
Corporate risk	Value for money

Reason for inclusion in the annual audit plan

This audit is a planned, standard assurance review identified through the annual assessment of all Council’s activities.

Audit opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
		✓	

Whilst many recommendations included in the 2016/17 report on Procurement, and followed up as part of the 2017/18 review, were confirmed to have been resolved or superseded our testing identified areas of purchasing across the Council that did not comply with Contract Procedure Rules and/or EU procurement regulations.

These areas related to the procurement of agency staff, childcare vouchers, property management, some reactive maintenance, temporary accommodation, and collection agents. There is some scope for periodic spend analysis to identify areas where formal procurement is to be conducted, and for developing corporate guidance in some areas.

The Procurement Team have provided staff training, a procurement toolkit, and also offer support and guidance to staff, corporately the Leadership Team needs to ensure Procurement Rules are followed by all staff.

Our opinion is expressed as a level of assurance as set out in the table below. We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
<i>Procurements, tender & non-tender, are made without following the procedures required within Contract Procedure Rules</i>	Limited	1 Significant (Recommendation 1) 1 Moderate (Rec 2)
<i>Spend is disaggregated to avoid a more rigorous competitive exercise or reduce value for money achieved (where disaggregation is spend that is made piecemeal rather than as part of an ongoing overall contract, and Corporate contracts and frameworks are not used, potentially reducing value for money achieved)</i>	Adequate	1 Moderate (Rec 3)

HOUSING BENEFITS SUBSIDY AUDIT – REPORT 3 (2018/19)

As part of the 2018-19 Annual Audit Plan, work was carried out on behalf of the External Auditor to review a sample of benefit cases from the 2017/18 Housing Benefits Subsidy Claim. This involved testing the accuracy of 20 rent allowance cases, 18 cases in temporary accommodation of all types and 1 modified scheme, where additional disregard of income is made in respect of War Pensions. This work is carried out under DWP regulations and all errors, regardless of value, are reported.

For purpose of context the subsidy claim for 2017/18 is in the region of £16.8m. There were 1,506 new claims and 14,774 changes in circumstances processed during the year with an average active caseload of 3,013 Rent Allowance cases and 33 Temporary Accommodation cases.

Errors were identified in two of the rent allowance cases: 1) a small overpayment of £21 arising from not changing a rent payment and 2) an underpayment of £211 due to not processing a change of circumstances correctly. These errors are attributable to officers and have now been corrected.

Errors were found in three cases in the temporary accommodation category, two of which appear to be system related issues where benefit adjustments have not been allocated to the correct accounting cell which can impact on the subsidy claim. These issues have been raised with the software providers to correct (one of these errors was also identified in the 2016/17 subsidy audit). The other error related to the non-processing of a change of address between different temporary accommodations, resulting in an underpayment of £902. In such cases the Council effectively acts as the landlord so this error did not affect the claimant.

No errors were found in the Modified Claim case.

There has been a reduction in the volume of errors in comparison to the claim for 2016/17 where there were errors on nine claims out of a sample of 42 cases; six in temporary accommodation and three from rent allowances.

The result of this testing will be passed to External Audit who will consider the results and carry out further testing as required by the DWP guidelines to enable them to determine the extent and impact of the errors within the whole claim and provide their opinion of the Housing Benefit Subsidy Claim. They will make their Grants Certification Report to this Committee later in this financial year.

APPENDIX 3**PROGRESS OF AUDIT RECOMMENDATIONS**

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2016/17	Debtors	5	S	<p>The Corporate Debt Policy will be re-written to clarify ownership, scope, usage (including escalation processes), procedure and Legal requirements dependant on the nature of the debt.</p> <p>It should be in-line with the Council's Constitution and the scheme of financial delegation, along with the Local Government Ombudsman and be available for use by internal staff to ensure adherence to all debt recovery matters.</p>	<p>Agreed Implementation Date 31/7/2017</p> <p>Included in Finance BPR which is a work in progress. Revised 31/10/17. A project to reconstruct the Corporate Debt Policy will commence and is expected to complete June 2018. This will be monitored via project management. Review for progression 31/1/18</p> <p>Project end date anticipated to be by 31/7/18</p>
6 2016/17	Debtors	6	S	<p>Formal operational debt recovery procedures for staff use will be documented which will translate the Corporate Debt Policy into required actions so staff consistently and effectively recover income.</p>	<p>Agreed Implementation Date 31/7/2017</p> <p>Included in Finance BPR which is a work in progress. Revised 31/10/17. This will be monitored via project management. Review for progression 31/1/18</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					Project end date anticipated to be by 31/7/18
6 2016/17	Debtors	7	S	Reports will be provided that calculate and state the level of debts that are paid within payment terms	Agreed Implementation Date 31/7/2017 Included in Finance BPR which is a work in progress. Revised 31/10/17. This work will be carried out as an add-on to the Finance System and will be done after that system is migrated to the Cloud is completed. Revised end date 30/9/18
6 2016/17	Debtors	8	S	A clear aged debtor report will be sent to management on a monthly basis to give a breakdown of debt outstanding by age and value. The aged debtor report should be supported by summary detail of activity taken in the last month to recover debt.	Agreed Implementation Date 31/7/2017 Included in Finance BPR which is a work in progress. Revised 31/10/17. This work will be carried out as an add-on to the Finance System and will be done after that system is migrated to the Cloud is completed. Revised end date 30/9/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
10 2016/17	Compliance with Contract Procedure Rules	1	S	<p>Submit a request for an exemption for the procurement of emergency accommodation for the homeless based on rule 3.4.</p> <p>Arrangements to provide ongoing, non-emergency accommodation needs to awarded through an appropriate procurement procedure in line with CPR given total contract value.</p>	<p>All options are being re-considered to effectively deal with provision of temporary accommodation following implementation of homeless reduction legislation. Guidance is being sought as to the most effective means to deal with this aspect of procurement.</p> <p>Revised end date 31/7/18</p>
10 2016/17	Compliance with Contract Procedure Rules	7	M	<p>As part of the next review of CPR, review the following to ensure exemptions are used in an appropriate manner but also supports the delivery of business objectives:</p> <ul style="list-style-type: none"> • threshold for exemptions • criteria for exemptions provides sufficient clarity on the principles of when exemptions are appropriate 	<p>Agreed Implementation Date 30/11/17</p> <p>The Contract Procedure Rules were last updated early in 2016 and are still considered fit for purpose at this time. There are no immediate plans to update the CPR; however the recommendation will be fully considered in the next review, which is likely to take place in 2018/19</p> <p>Revised end date 31/3/19</p>
14 2016/17	Housing Benefits	3	M	<p>Recovery procedures will be reviewed to identify cases where there little or no likelihood of recovery of</p>	<p>Agreed Implementation Date 30/6/17. Procedures under</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				overpayments in order to focus resource on collectable debt	<p>review. Revised Date 24/11/17</p> <p>A project to reconstruct the Corporate Debt Policy will commence and is expected to complete June 2018. This will be monitored via project management. Review for progression 31/1/18</p> <p>Project end date anticipated to be by 31/7/18</p>
17 2016/17	Business Continuity	3	M	Contracts with hosted software will be reviewed to ensure there are specific Recovery Point and Recovery Time objectives within them which can influence continuity planning	<p>Agreed Implementation Date 31/10/17. Under review as part of the ICT Migration Project. Revised to 31/1/18</p> <p>To take to new system administrator group with first meeting scheduled in May. Will include as an action point arising. To be included in planned July meeting</p> <p>Review position 31/7/18</p>
2 2017/18	Performance & Risk Management	2	M	The Performance Framework will be redrafted to reflect the current operational structure of the Council and to align it with the Business Plan 2016-2020	<p>Agreed Implementation Date 31/12/17</p> <p>Framework is a work in progress</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					and roll out will link in to Business Plan projects. Revised end date 28/2/18 Due to key work in Project Management Office this has been delayed. Expected end date by 31/7/18
2 2017/18	Performance & Risk Management	3	M	Level-appropriate training will be provided to those with responsibility for maintaining operational risk registers	Agreed Implementation Date 31/12/17 Training to be delivered in January. Revised to 31/1/18. January training related to contract risks. Wider training to be provided. Revised end date 31/8/18
2 2017/18	Performance & Risk Management	4	M	Performance measures going forward will be reviewed in line with the Business Plan 2016-2020 and will be designed to identify at an early stage if key elements of The Plan are not on schedule	Agreed Implementation Date 31/12/17 Project management is to be refocused with new monitoring tools to be put in place. Revised end date 28/2/18 Due to key work in Project Management Office this has been delayed. Expected end date by 31/7/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2017/18	Asset Management	3	M	The Asset Register will be brought up to date and maintained. A current version will be available as a source document for those with need	Agreed Implementation date 31/3/18. Revised end date 31/7/18
7 2017/18	Environmental Health	1	S	<i>The Council's Enforcement Policy , Environmental Services will be reviewed and published in relevant pages on the Council's website</i> Relevant Policy and procedures will be produced for Environmental Health, which was originally part of Environmental Services and included in old version of Enforcement Policy	<i>Agreed Implementation date 30/4/18</i> Implemented Agreed Implementation date 30/6/18 Work still to be progressed in line with structure of Environmental Services Policy Revised to 30/9/18
7 2017/18	Environmental Health	4	S	Management will consider improving expertise and obtaining support from software provider to make more effective use of the UniForm environmental health system	Agreed implementation date 30/4/18 Update to relevant system due in June 2018 with training for key officers. Update for progress Revised to 13/7/18
7 2017/18	Environmental Health	6	M	The Food Complaint Policy and Procedure will be reviewed and updated as required	Agreed Implementation date 31/3/18. Marked forward in line with Food Service Plan 30/6/18 Draft completed. Awaiting sign-

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					off Revised to 31/7/18
7 2017/18	Environmental Health	8	L	Completion and documentation of officer CPD records will be reviewed	Agreed Implementation date 31/3/18. Revised to 30/4/18 Implemented DELETE
7 2017/18	Environmental Health	9	M	The policy and procedures relating to Food Hygiene Rating Scheme appeals and outcomes will be documented as part of SOP Review	Agreed Implementation date 31/3/18. Marked forward in line with Food Service Plan 30/6/18 Implemented DELETE
7 2017/18	Environmental Health	10	M	The Council will consider documenting more clearly the rationale for its current approach towards air quality monitoring and make the statement publicly available on the website and in the Executive Summary to the Annual Air Quality Status Report	Agreed Implementation date 30/6/18 Draft completed. Awaiting sign-off Revised to 31/7/18
7 2017/18	Environmental Health	11	M	Health & Safety enforcement policy and procedures will be reviewed and updated as required	Agreed Implementation date 31/5/18. To be developed in line with Recommendation 1 Revised to 30/9/18
7 2017/18	Environmental Health	12	M	External health & safety will be included in the Environmental Health Operational Risk Register, detailing risks, existing controls and actions required	Agreed Implementation date 31/3/18. Marked forward in line with Food Service Plan 30/6/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
7 2017/18	Environmental Health	13	L	Performance information that will be presented to Committee in the 2018/19 Service Plan will compare actual work carried out to the original targets set in the 2017/18 Service Plan, and explain any significant variances to management and members.	Agreed Implementation date 31/5/18. To be signed off in June Revised end date 30/6/17 In Draft and awaiting sign-off Revised to 31/7/18
9 2017/18	Waste Management Contract	3	L	Formal Contract Management training opportunities will be researched and if appropriate, attended, in order to support existing staff in their roles	Agreed Implementation Date 31/7/18
11	Cash & Banking	3	M	A detailed format / procedure will be developed to ensure effective bank account reconciliation is in place by year end.	Agreed Implementation date 30/4/18. Procedures may change with removal of kiosks and agreed mark forward for review at that time Revised end date 30/6/18
11	Cash & Banking	4	L	The system administrator for Cash Receipting will determine procedures for changing password parameters and for deleting users that no longer require access.	Agreed Implementation date 30/6/18 Cash Receipting update has been deferred until October at which time these issues will be fully addressed. Revised 31/10/18
13	Health & Safety	1	M	Enable review of all leases and management agreements to confirm responsibilities for risk assessments, and ensure all parties are aware of	Agreed Implementation Date 1/6/18 Procedures are now in place

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				respective responsibilities	and reviews are under way. Procedures are not yet documented but it is intended they will be included in new Asset Management software that should go live in near future Revised date 30/9/18
13	Health & Safety	2	M	Conduct Fire Risk Assessments for all Council premises whether or not they are in use	Agreed Implementation Date 1/6/18 All properties, with exception of closed pavilions have had assessments completed. This will be carried out by new fire risk contractor. Revised implementation 31/7/18
13	Health & Safety	3	L	An Asbestos Register is compiled for all Council assets, and maintained, and the Council ensures that persons working on Council premises are aware of any asbestos or other risks, and that notification of such risks is recorded	Agreed Implementation Date 1/5/18. Revised to 30/6/18 Inspection work has been completed by contractor and format of register has been agreed. Anticipated completion 31/7/18
13	Health & Safety	4	L	Identify areas where Health surveillance should be conducted, and introduce formal health surveillance monitoring and recording of impact. This is relevant to areas such as exposure to asbestos or hand arm vibration	Agreed Implementation Date 30/9/18
13	Health &	7	M	Training gaps are identified, and training is provided	Agreed Implementation Date

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
	Safety			and recorded, before officers are permitted to use equipment requiring training	1/5/18 Training Matrix nearing completion. To be rolled out and training plans considered Revised to 31/8/18
13	Health & Safety	8	M	COSHH assessments and inventories are completed for all Council locations, and nil returns are recorded for locations where no such substances are held	Agreed Implementation Date 31/5/18 Completed DELETE
13	Health & Safety	9	L	The Health & Safety Officer provides instructions to responsible persons on preparation of Emergency Procedures for all Council locations, to include: evacuation, hazardous items, any safe locations and rescue equipment, exit / escape routes, nominated competent person, protocols for shutdown / isolation / making safe, assessment of safe to return, and training	Agreed Implementation Date 1/6/18 Significant amount completed but work still ongoing. Revised to 31/10/18
13	Health & Safety	10	L	Fire marshals are identified for all areas	Agreed Implementation Date 1/5/18 Implemented DELETE
13	Health & Safety	11	M	Contract managers are instructed to ensure Health and Safety clauses are included in contracts, and health and safety matters are discussed as part of standard contract monitoring arrangements	Agreed Implementation Date 1/6/18 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
13	Health & Safety	12	M	Staff are instructed to ensure that orders and invoices state clear and sufficient detail concerning the nature of works (such as but not limited to equipment repair and maintenance) such as to provide clear evidence of works completed and outcomes (such as delivery of specified equipment in safe working order)	Agreed Implementation Date 30/6/18 Implemented DELETE
13	Health & Safety	14	L	Establish arrangements for monitoring the effectiveness of implementation of policies	Agreed Implementation Date 30/6/18. Implementation of policies is to be monitored by a reformed Health & Safety Group. It is anticipated that the first meeting will take place in October. Revised to 31/10/18
15	Debtors	1	M	Staffing arrangements relating to invoicing for waste and recycling to Essex County Council will be reviewed to build resilience and enable prompt issue of invoices for this high value income source	Agreed Implementation Date 30/4/19
15	Debtors	2	M	Procedures for the administration of charging for waste and recycling will be agreed and procedure notes completed	Agreed Implementation date 31/7/18
15	Debtors	3	L	Applicable dates and periods covered will be published in the fees and charges list for sports pitch hire and specific details of the pitch and relevant dates will be included in pitch booking invoice	Agreed Implementation date 31/7/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
15	Debtors	4	M	Customer Services and Finance staff will agree a method of enabling the correct allocation of land charges income between the income code and VAT	Agreed Implementation date 31/7/18
15	Debtors	5	M	Customer Services and Finance will review the various sources of published land charges fees to harmonise the information	Agreed Implementation date 31/7/18
15	Debtors	6	M	<p>a) Formalise the agreement with the pre-school group identified in the audit review to ensure clarity of hire or lease arrangements and responsibilities</p> <p>b) The agreement relating to a pre-school group will be fully reviewed to ensure the nature of the agreement and whether the charging of VAT is relevant and if appropriate VAT will be recalculated</p>	<p>Agreed Implementation Dates</p> <p>a) 31/10/18</p> <p>b) 31/10/18. Guidance being sought from consultants.</p>
15	Debtors	7	M	The status of VAT in charging for provision of waste and recycling bins will be reviewed and the fees and charges list will be amended if required. If appropriate any miscalculated VAT arising will be rectified.	Agreed Implementation date 31/7/18
15	Debtors	8	M	The approach to dealing with debt recovery from Building Control activity will be reviewed to align with corporate debt collection procedures	Agreed Implementation date 31/7/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
15	Debtors	9	M	<p>a) Protocols for collating information, monitoring and progression of housing related debts will be developed to enable recovery action in cases agreed as appropriate</p> <p>b) Benchmarking will be used relating to charges and recovery protocols to develop a debt management policy for housing related debts</p>	<p>Agreed Implementation Dates</p> <p>a) 31/7/18</p> <p>b) 30/4/19</p>
15	Debtors	10	M	Resources within the Payments & Income Team will be prioritised too ensure higher value outstanding debts are prioritised	Agreed Implementation 31/7/18
15	Debtors	11	L	Amendments to invoices and / or website should be considered to direct Building Control customers to the correct area of the website to make payments	Agreed Implementation date 31/8/18
15	Debtors	12	L	The Collection Policy relating to Penalty Charge Notices will be reviewed and updated	Agreed Implementation date 31/10/18
15	Debtors	13	M	Batches of write-off requests for Penalty Charge Notices will be passed to the Section 151 for authorisation at least quarterly	Agreed Implementation date 31/7/18
15	Debtors	14	M	User Groups within Dimensions Finance system will be reviewed to ensure group access is directly relevant to the job role of users to ensure that there is no scope to amend debtor accounts and invoices. Any generic log in which may allow access permissions will be disabled. Consideration will be given to obtaining	<p>Agreed Implementation date 31/7/18</p> <p>Implemented</p> <p style="text-align: right;">DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				exception reports to enable oversight of amendments to debtor accounts.	
15	Debtors	15	S	All permissions applied to Dimensions Finance system will be reviewed to ensure they are appropriate to the individual s or groups in place, amending or disabling if required. This review will include generic user IDs with high level access. A documented review will be carried out periodically.	Agreed Implementation date 31/7/18
15	Debtors	16	M	Each person with system administrator rights will have an administration account in their own name, with unique password, rather than a generic logon. Any generic logons will be disabled subsequently.	Agreed Implementation date 31/7/18
15	Debtors	17	M	Areas identified as not compliant with protocols in Audit testing for 2017/18 will be subject to appropriate procurement review, staff will be instructed on correct procedures and exception reports will be made as required to the Leadership Team	Agreed Implementation date 31/7/18
17	Procurement	1	S	<p>a) Areas identified as not compliant with protocols in Audit testing for 2017/18 will be subject to appropriate procurement review, staff will be instructed on correct procedures and exception reports will be made as required to the Leadership Team</p> <p>b) Total spend with individual creditors will be reviewed to ensure total spend does not exceed procurement thresholds and if so appropriate procurement</p>	Agreed Implementation Dates a) 31/3/19 b) 31/8/18 c) 31/7/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				<p>procedures will be followed</p> <p>c) Further procurement training will be given to staff which will include areas where non-compliance with procurement rules are identified</p>	
17	Procurement	2	M	Adequate awareness of purchasing arrangements will be made available to avoid Council expenditure being paid from employees' personal finances and that staff are required to ensure procurement rules are followed for all purchases	Agreed Implementation date 31/7/18
17	Procurement	3	M	Contract Procedure Rules and Procurement Guidance will be updated (a) , supported by (b) training and (c) communicating of requirements to staff, to reinforce areas of weakness identified in Audit work of 2017/18 including; disaggregated spend, orders made outside of FocalPoint and appointment of contractors for matters where there is no direct Council expenditure	<p>Agreed Implementation Dates</p> <p>a) 31/3/19</p> <p>b) 31/7/18</p> <p>c) 31/8/18</p>
	Finance Follow-Up Investments	1	L	The month-end reconciliation of the Investment Register and General Ledger should be prepared and signed off by the last working day of the subsequent month	<p>Agreed Immediate Implementation</p> <p style="text-align: right;">DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
	Finance Follow-up Creditors	2	M	Cardholders will be periodically reminded of the requirement and importance of obtaining a detailed VAT invoice to enable the Council to minimise expenditure. The Procurement Team will be advised of deficiencies identified when processing Barclaycard transactions. All transactions where there is a quoted supplier VAT number should be processed accurately to enable reclaim of VAT paid.	Agreed Implementation Date 15/6/18 Implemented DELETE

BASIS FOR AUDIT OPINION		
Assurance level	Internal Audit's opinion is based on <u>one or more</u> of the following conclusions applying:-	Basis for choosing assurance level
Good	<ul style="list-style-type: none"> The activity's key controls are comprehensive, well designed and applied consistently and effectively manage the significant risks. Management can demonstrate they understand their significant risks and they are proactively managed to an acceptable level. Past performance information shows required outcomes are clearly defined and consistently met. 	<p>Recommendations are 'low' rating.</p> <p>Any 'moderate' recommendations will need to be mitigated by consistently strong controls in other areas of the activity.</p>
Adequate	<ul style="list-style-type: none"> Most of the activity's key controls are in place, well designed and applied consistently and effectively manage the significant risks. Management can demonstrate they understand their significant risks and they are generally and proactively managed to an acceptable level. Past performance information shows required outcomes are clearly defined and generally met. 	<p>Recommendations are 'moderate' or "Low" rating.</p> <p>Any 'significant' rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity.</p> <p>A 'critical' rated recommendation will prevent this level of assurance.</p>
Limited	<ul style="list-style-type: none"> The activity's key controls are absent or not well designed or inconsistently applied meaning significant risks. Management cannot demonstrate they understand and manage their significant risks to acceptable levels. Past performance information shows required outcomes are not clearly defined and or consistently not met. 	<p>Recommendations are 'significant' or a large number of 'moderate' recommendations.</p> <p>Any 'critical' recommendations need to be mitigated by consistently strong controls in other areas of the activity.</p>
None	<ul style="list-style-type: none"> The activity's key controls are absent or not well designed or inconsistently applied in all key areas. 	<p>Recommendations are 'critical' without any mitigating strong</p>

	<ul style="list-style-type: none"> • Management cannot demonstrate they have identified or manage their significant risks • Required outcomes are not clearly defined and or consistently not met. 	controls in other areas of the activity.
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APPENDIX 5

RECOMMENDATION CATEGORIES		
C	CRITICAL	<p>The identified control weakness could lead to a critical impact on the activity’s ability to manage the risks to achieving its key objectives. The control weakness means the associated risk highly likely to occur or have occurred.</p> <p>There are no compensating controls to possibly mitigate the level of risk.</p>
S	SIGNIFICANT	<p>The identified control weakness could have a significant impact on the activity’s ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is likely to occur or have occurred.</p> <p>There are few effective compensating controls. Where there are compensating controls, these are more likely to be detective (after the event) controls which may be insufficient to manage the impact.</p> <p>The difference between ‘critical’ and ‘significant’ is a lower impact and or lower probability of occurrence and or that there are some compensating controls in place.</p>
M	MODERATE	<p>The identified control weakness could have a moderate impact on the activity’s ability to manage the risk to achieving its key objectives. The control weakness does not undermine the activity’s overall ability to manage the associated risk (as there may be compensating controls) but could reduce the quality or effectiveness of some processes and or outcomes.</p>
L	LOW	<p>The identified control weakness is not significant and recommendations are made in general to improve current arrangements.</p> <p>Note – these recommendations will not be followed up.</p>