
INTERNAL 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 Details of progress made in delivery of the annual audit plan are provided 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 2017/18 internal audit plan was agreed by the Audit Committee at its March 2017 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 2018, 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 auditors 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 (VFM) 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 There has been an acknowledged lack of audit resource since June following the departure of two part-time members of staff. Arrangements are in hand to recruit a full-time auditor to replenish and enhance the internal staffing resource.
- 4.2 Resources provided by Basildon Council by way of casual audit staff, employed to deliver discrete pieces of work, have helped to support delivery of the audit plan. This provision has run into some difficulties due to the nature of employment of such staff, but it is hoped this will be remedied in the new

year to enable completion of the audit plan for 2017/18 or substantial completion of such to enable the CAE to provide an informed opinion..

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.

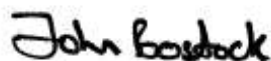
6 EQUALITY AND DIVERSITY IMPLICATIONS

- 6.1 There are no direct equality and diversity implications arising from this report.

7 RECOMMENDATION

- 7.1 It is proposed that the Committee **RESOLVES**

That the update on delivering the 2017/18 audit plan, as set out at Appendix A, which includes the conclusions and results from completed audit engagements and the updated status of audit recommendations be noted.



John Bostock

Assistant Director, Democratic Services

Background Papers:-

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

Appendix A**1 DELIVERY OF THE AUDIT PLAN**

- 1.1 A table detailing the audit engagements completed to date is provided at **Appendix 1**.
- 1.2 Since the September 2017 Audit Committee we have completed a further five audit reviews. The opinion given and main points arising from these completed audit engagements is summarised at **Appendix 2**. An explanation of the meaning of and reason for each assessment (opinion) is provided at **Appendix 4**. This appendix should be read in conjunction with **Appendix 5** setting out the recommendation categories.

2 MONITORING OF RECOMMENDATIONS

- 2.1 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.

3 COUNTER FRAUD ACTIVITY

- 3.1 Responsibility for investigation of non-benefit fraud, Local Council Tax Support (LCTS), Council Tax Discounts and Exemptions, Disability Grants and Business Rates Fraud rests with the local authority and for Rochford District Council such is undertaken by the Compliance Officer, Revenues and Benefits.

Compliance Team: Revenues & Benefits

- 3.2 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 indicate a fraud, an error or an over payment may have taken place, signalling the need for review and potential investigation. The Cabinet Office assumed responsibility for the National Fraud Initiative following the demise of the Audit Commission in March 2015. The National Exercise is a biennial event. Matches for the 2016/17 exercise were released in January 2017.
- 3.3 The National Exercise is now supplemented by an annual exercise that matches council tax data with the electoral register looking to identify false claims of single person discount (SPD).

Outcomes

- 3.4 With regard to the National Exercise, 22 cases of fraud have been identified with a reported value of £19,338.93.
- 3.5 Matches from the new SPD exercise for 2017/18 have recently been released and are being worked on. Priority in this area is being given over to the Pan Essex data matching exercise (provided by way of a data sharing agreement across Essex at both a District and County level) as the matching seems to be much more accurate than NFI. Since April 2017, a total 21 (£70) penalty notices have been issued for failure to report a change of circumstance that affected council tax exemptions, discount, or CTS.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Trading Company Governance	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate	26 September 2017			1	
Risk & Performance Management	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate	26 September 2017			4	
Waste Management Light Touch Review	The Council could fail to provide consistent Value for Money (VFM) across all services or to obtain VFM in its procurement	N/A	26 September 2017			1	
Bank Reconciliation Light Touch Review	Failure to ensure good governance of the Council's activities and delivery of its priorities	N/A	26 September 2017			1	
Licensing (Report 3)	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate +	16 January 2018			1	1
Asset Management (Report 6)	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate -	16 January 2018			2	1
Environmental Health (Report 7)	There is a serious food or health & safety, environmental or other incident for which the Council is	Limited	16 January 2018		3	7	3

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
	culpable						
Business Rates (Report 8)	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	16 January 2018			1	2
Waste Contract (Report 9)	The Council could fail to provide consistent Value for Money (VFM) across all services or to obtain VFM in its procurement	Limited	16 January 2018			6	1
Council Tax (Report 10)	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	16 January 2018				1

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Housing Benefit Subsidy Claim	An in depth review of 41 benefit cases across 2016/17 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. As a result no Audit Opinion is given.	26 September 2017

AUDIT ENGAGEMENTS COMPLETED SINCE SEPTEMBER 2017 AUDIT COMMITTEE

LICENSING – REPORT 3 (2017/18)

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 Early Intervention

Corporate risk

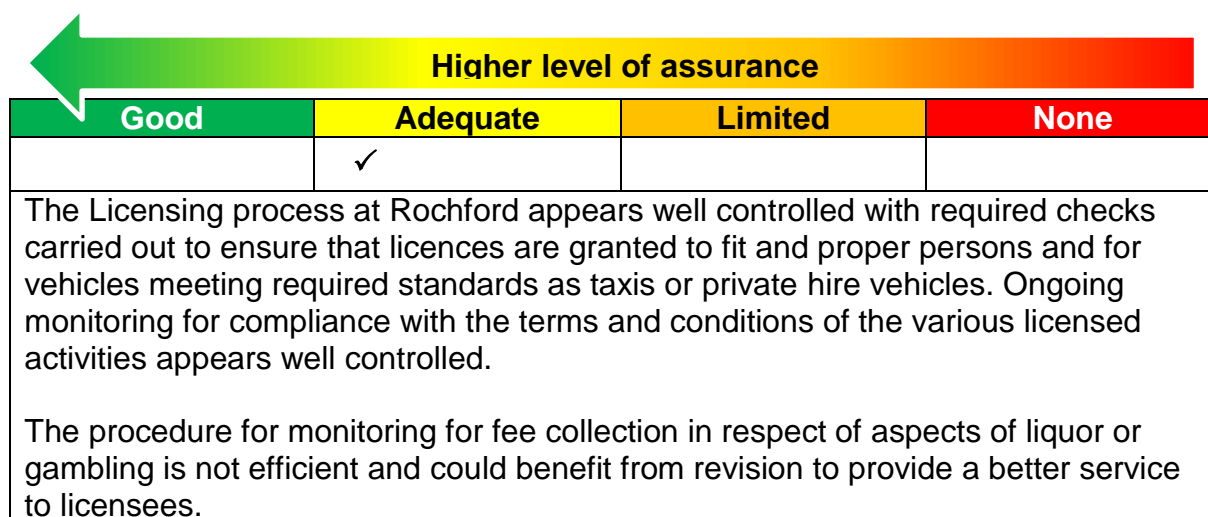
- Failure to ensure good governance of the Council’s activities and delivery of its priorities.
- There is a failure to safeguard children and adults at risk in line with the Council’s legal responsibilities

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:



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
Procedures & Policies are not up to date with potential for operation outside of legislation	Adequate	1 Low (Rec. No. 1)
Processing procedures are not robust	Good	None

Risk area	Assurance Level	No. of Recommendations
leading to approval of licences for inappropriate persons		
Enforcement procedures are not effective resulting in activities being carried out that are not in line with relevant legislation	Good	None
The Representation and Appeals function is not effectively managed in a consistent or timely manner	Good	None
Licensing Register is not up to date providing inaccurate information about licenced individuals or premises	Good	None
Fees for licensing applications are not paid / paid in full resulting in lost income to the Council	Adequate	1 Moderate (Rec No. 2)

ASSET MANAGEMENT – REPORT 6 (2017/18)

Audit objective

To assess whether land and property assets are strategically managed to ensure they remain fit for purpose and contribute to the achievement of the Council’s Business plan.

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

- Maximise assets
- Become financially self-sufficient

Corporate risk

- Failure to produce and meet balanced budget and MTFS that allow for the successful delivery of the priorities contained in the Business Plan or adequately plan, fund and monitor the Council’s Capital Programme
- Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes
- There is a serious Health and Safety incident for which the Council is culpable

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
	✓		

Testing has identified that the Asset Register is not up to date but with limited turnover of property this does not appear to have a material impact on the final accounts for purposes of valuation. Responsibility for maintenance of the Register needs to be determined and a full update is overdue to reflect changes since 2013.

There has been a substantial review of land and property, both operational and other owned by the Council, as part of the Business Plan 2016-2020 under the remit of the Assistant Director, Commercial Services. Options are under consideration.

There is no formal over-arching Asset Management Plan at the current time but the review inspection measures introduced this year and proposed adoption of third party estate-management software would go some way in developing an approach for asset management.

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
Absence of a developed Asset Management (Land and Property) Strategy / disposals policy	Adequate	1 Low <i>(Recommendation 1)</i>
Failure to maintain a list of assets - not knowing what you have, their condition and suitability	Limited	2 Moderate <i>(Recs 2 & 3)</i>
Over or under maintenance during the operational phase of the asset life cycle	Adequate	None
Ineffective arrangements for managing the performance of assets	Adequate	None
Failure to obtain best possible price on the open market for property and/or land deemed surplus	N/A	No disposals of land or property in 2061/17 or 2017/18 to date

ENVIRONMENTAL HEALTH – REPORT 7 (2016/17)

Audit objective

To assess whether there is effective planning and delivery of statutorily required inspections.

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 Early Intervention

Corporate risk There is a serious food or health & safety, environmental or other incident for which the Council is culpable

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>The Environmental Health Team has been under significant strain with reduced staffing resulting in a lack of resilience and I.T. systems issues diverting officer time away from frontline duties.</p> <p>As existing staff are required to focus on reactive work, the Council, due to a vacant post and extended sickness in the year, does not always meet its obligations for prompt food hygiene inspection and may only be able to complete its statutory food hygiene inspection programme with the help of outside contractors.</p> <p>The Council’s Air Quality Management programme is well-controlled. Its health and safety intervention programme is well-defined and more flexible, meaning that the impact of resilience issues is less severe.</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
Negative publicity leading to poor perception of Environmental Health Decisions	Limited	1 Significant (<i>Recommendation 1</i>)
Failure to maintain the FSA's Brand standard for the food hygiene rating scheme	Limited	2 Significant (<i>Recs 2 & 4</i>), 3 Moderate (<i>Recs 3, 5 & 6</i>) 2 Low (<i>Recs 7 & 8</i>)
Failure to agree a rating with food operative and risk of litigation	Adequate	1 Moderate (<i>Recommendation 9</i>)
Failure to identify areas of poor air quality	Adequate	1 Moderate (<i>Recommendation 10</i>)
Failure to ensure businesses comply with health & safety laws	Adequate	2 Moderate , (<i>Recs 11 & 12</i>) 1 Low (<i>Recommendation 13</i>)

BUSINESS RATES – REPORT 8 (2017/18)

Audit objective

To assess whether the key controls in the operations undertaken by Revenues and Benefits, in relation to Business Rates, 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

- Maximise our assets

Corporate risk

- Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes
- Council held data is lost, destroyed, disclosed or misused to detriment of individuals or organisations

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>The issues identified in the audit work of 2016/17 have been actively addressed, particularly advising the Valuation Office Agency of newly identified chargeable properties.</p> <p>Minor issues have been seen in respect of Small Business Rate Relief but in part these were legacy issues from 2016/17. New reliefs introduced for 2017/18 appear to have been effectively managed. A discretionary relief scheme has been placed before The Executive and is being prepared for rollout</p> <p>Testing on income was focussed on the processing of write off cases, which was not in compliance with Financial Regulations in 2016/17. Limited testing was made on actual debt recovery, which has not given cause for concern in prior years and there have been no changes in operational practices.</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
The Business Rate system parameters (e.g. regarding poundage, relief and exemption values etc.) are inaccurate leading to incorrect bills being sent	Good	None
The business property database is incomplete or inaccurate leading to bills not being sent or inaccurate bills	Good	None
Bills sent out are incomplete, inaccurate (i.e. there are errors in printing) or are sent late	Good	None
Discounts, exemptions or reliefs are given incorrectly or inappropriately through fraud or error leading to loss of income	Adequate	1 Moderate 1 Low <i>(Recommendations 1 & 2)</i>
Significant amounts of income due is not collected or actively pursued	Good	1 Low <i>(Recommendation 3)</i>
Inappropriate or incorrect refunds are made	Good	
The system is inappropriately accessed leading to error, fraud, or loss / misuse of data	Good	None
Staff are not asked to declare relevant interests regarding residents and businesses and or declarations are not acted upon appropriately leading to an inability to counter perceptions of favouritism	Good	None

WASTE MANAGEMENT CONTRACT – REPORT 9 (2017/18)

Audit objective

To assess whether the Council’s key contracts are well managed to ensure compliance and achieve required outcomes.

This report is in respect of the Waste Management and Recycling contract.

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:
“We will review our services so that we provide more of what is important to our residents”
- Early intervention:
“We will use early intervention to manage demand on our services”;
- *“We will work closely with those partners who will help us achieve our aims, especially those whose focus is on early intervention and prevention”*

Corporate risks

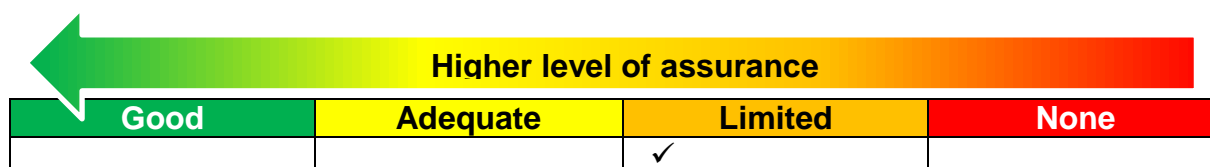
- Failure to enter into and maintain effective partnerships for the delivery of services and outcomes
- The Council could fail to provide consistent Value For Money (VFM) across all services or obtain VFM in its procurement
- Failure to ensure good governance of the Council’s activities and delivery 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:



Contract Management activity is focussed where there is readily available data, rather than within confirmed high risk or high impact areas. Recorded data is available in a raw format that limits management from effectively recognising trends, linking issues and focussing contract monitoring efforts where required.

The contractor’s performance is generally deemed satisfactory but this is not formally documented due to limited performance indicators being recorded and reported, with the exception of key indicators such as missed bin rates. Some ambiguity around the contract specification is causing difficulty with raising defaults with the contractor for poor performance where this has occurred.

Appropriate processes are in place to challenge and approve contract payments.

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
The required service/s is not delivered or not delivered to the required standard	Adequate	2 Moderate (Rec. No’s. 1 & 2) 1 Low (Rec. No. 3)
The Council pays for a service that is not delivered or not delivered to the required standard	Adequate	1 Moderate (Rec. No. 4)
The contract is varied to the detriment of the Council; either financially, operationally or by reputational damage	Good	None
There is business continuity failure by the contractor which may result in reputational, operational or financial damage to the Council	Limited	1 Moderate (Rec. No. 5)
There is financial failure by the contractor which may result in reputational, operational or financial damage to the Council	Limited	1 Moderate (Rec. No. 6)
The contractor, when operating on behalf of the Council does not meet all required legal or other specified obligations or regulations resulting in reputational, operational or financial damage to the Council	Limited	1 Moderate (Rec. No. 7)

COUNCIL TAX – REPORT 10 2017/18

Audit objective

To assess whether the key controls in the Council Tax operations undertaken by Revenues and Benefits 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 | <ul style="list-style-type: none"> • Maximise our assets |
| Corporate risk | <ul style="list-style-type: none"> • Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes • Council held data is lost, destroyed, disclosed or misused to detriment of individuals or organisations |

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
✓			

The Council Tax operational function is well managed with its management controls appropriately designed and consistently applied to manage risks to a satisfactory level.
 Progress is evident in tightening up the few areas identified for improvement in the 2016/17 audit work.

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
The Council Tax system parameters (e.g. regarding bandings, discount / exemption values etc.) are inaccurate leading to incorrect bills being sent	Good	None
The residential property database is incomplete or inaccurate leading to bills not being sent or inaccurate bills	Good	None
Bills sent out are incomplete, inaccurate (i.e. there are errors in printing) or are sent late	Good	None
Discounts (including Council Tax support), exemptions or reliefs are given incorrectly or inappropriately through fraud or error leading to loss of income	Good	None
Significant amounts of income due is not collected or actively pursued	Good	1 Low
Inappropriate or incorrect refunds are made	Good	None
The system is inappropriately accessed leading to error, fraud, or loss / misuse of data	Good	None
Staff are not asked to declare relevant interests regarding residents and businesses and or declarations are not acted upon appropriately leading to an inability to counter perceptions of favouritism	Good	None

PROGRESS OF AUDIT RECOMMENDATIONS

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
3 2016/17	Safeguarding	1	M	A full review of the recruitment policy will be undertaken, together with the range of supporting procedures documentation	<p>Agreed Implementation Date 30/4/2017. Linkage to proposed People Policy which has to be agreed prior to creating Value Based Recruitment Policy. Revised to 31/8/2017 Draft version produced late August. To consult with LT & Unison in September with anticipated adoption October Revised 31/10/17</p> <p>Implemented</p> <p style="text-align: right;">DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
3 2016/17	Safeguarding	2	M	The documentation review will include the identification of the relevant officer with responsibility for undertaking additional identification checks or UK eligibility to work checks if required	Agreed Implementation Date 30/4/2017 Linkage to proposed People Policy which has to be agreed prior to creating Value Based Recruitment Policy. Revised to 31/8/2017 Draft version produced late August. To consult with LT & Unison in September with anticipated adoption October Revised 31/10/17 Implemented DELETE
6 2016/17	Debtors	3	L	Periodically due income will be recorded on a master spreadsheet broken down by tabs relating to the month the income is due to be invoiced. Core data can either be recorded on the spreadsheet or a hyperlink to a master Invoice Request form stored for information uplift as required. The spreadsheet will then be updated with the invoice date and number to maintain an audit trail, minimise paper usage and save Officer time	Agreed Implementation Date 31/7/2017 Included in Finance Business Process Review (BPR) which is a work in progress. Revised 31/10/17 Implemented DELETE

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</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>
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</p> <p>This will be monitored via project management. Review for progression 31/1/18</p>
6 2016/17	Debtors	7	S	<p>Reports will be provided that calculate and state the level of debts that are paid within payment terms</p>	<p>Agreed Implementation Date 31/7/2017</p> <p>Included in Finance BPR which</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					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 the ICT migration to the Cloud is completed. Revised end date 28/3/18
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 the ICT migration to the Cloud is completed. Revised end date 28/2/18
10 2016/17	Compliance with Contract Procedure Rules	1	S	Submit a request for an exemption for the procurement of emergency accommodation for the homeless based on rule 3.4. Arrangements to provide ongoing, non-emergency accommodation needs to awarded through an appropriate procurement procedure in line with CPR given total contract value.	Agreed Implementation Date 30/6/2017 Housing Team Working with Procurement to develop working process. Revised to 31/1/18 to assess impact on revised arrangements

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
10 2016/17	Compliance with Contract Procedure Rules	2	S	The Assistant Director of Commercial Services will require the Procurement Team report to them and Section 151 officer and/or Leadership Team the numbers and trends of rejected orders (e.g. common reasons, hotspots of non-compliant services) to effectively target remedial action.	Agreed Implementation Date 30/9/17 Reporting in place Implemented DELETE
10 2016/17	Compliance with Contract Procedure Rules	4	M	The administration for contract management will be reviewed and implemented by the Procurement Team and formal procedure notes will be written and maintained. This will include the maintenance and storage of files.	<i>Administrative function.</i> <i>Implemented</i> Procedure notes / tool kit are under development and will be finalised shortly. Some training has taken place. Revised to 31/1/18
10 2016/17	Compliance with Contract Procedure Rules	7	M	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: <ul style="list-style-type: none"> • threshold for exemptions • criteria for exemptions provides sufficient clarity on the principles of when exemptions are appropriate 	Agreed Implementation Date 30/11/17. 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 Revised end date 31/3/19

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
10 2016/17	Compliance with Contract Procedure Rules	8	S	<p>The Procurement Team will create the relevant reports within FocalPoint to identify potential cases of:</p> <ul style="list-style-type: none"> disaggregated spend to avoid a more rigorous competitive exercise non-use of corporate contracts or framework agreements invoices received without appropriate prior approved orders <p>In addition, consider updating Contract Procedure Rules to outline how and roles and responsibilities to manage this risk.</p>	<p>Agreed Implementation Date 30/9/2017</p> <p>Reporting in place Implemented</p> <p style="text-align: right;">DELETE</p>
12 2016/17	Payroll	2	M	<p>The process for receiving reports of sickness absence will be strengthened to ensure Payroll are made aware of all absence sickness dates</p>	<p>Agreed End Date 31 October 2017</p> <p>Implemented</p> <p style="text-align: right;">DELETE</p>
13 2016/17	Main Accounting	3	S	<p>The format of the expenditure reconciliation will be revised to enhance clarity of data entered to enable a reviewer to understand the process</p>	<p>Agreed Implementation Date 30/6/2017</p> <p>Ongoing process. Revised end date 30/9/17</p> <p>Implemented</p> <p style="text-align: right;">DELETE</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 overpayments in order to focus resource on collectable debt</p>	<p>Agreed Implementation Date 30/6/17. Procedures under review</p> <p>Revised Date 24/11/17</p> <p>A project to reconstruct the</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					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
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	Agreed Implementation Date 31/10/17 Under review as part of the ICT Migration Project. Revised to 31/1/18
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	Agreed Implementation Date 31/12/17 Framework is a work in progress and roll out will link in to Business Plan projects Revised end date 28/2/18
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
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

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
3 2017/18	Licensing	1	L	The Appendices to accompany the Statement of Licensing Policy, Gambling Act 2005 will be made available in full on the Council's Website	Agreed Implementation Date 31/10/17 Implemented DELETE
3 2017/18	Licensing	2	M	Procedures will be revised to improve the ability to monitor for receipt of initial and renewal licensing fees to ensure that said fees are paid in a timely manner and to reduce the risk of following up an unpaid fee when it had in fact been paid	Agreed Implementation Date 31/1/18
6 2017/18	Asset Management	1	L	The old version of the Asset Management Plan will be taken down from the Council's website	Agreed implementation date 31/12/17
6 2017/18	Asset Management	2	M	Ownership of the Asset Register will be determined	Immediate Implementation
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
7 2017/18	Environmental Health	1	S	The Council's Enforcement Policy , Environmental Services will be reviewed and published in relevant pages on the Council's website 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	Agreed Implementation date 30/4/18 Agreed Implementation date 30/6/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
7 2017/18	Environmental Health	2	S	The services will explore measures to build resilience and increase capacity in the Environmental Health team	Agreed Implementation date 31/3/18
7 2017/18	Environmental Health	3	M	The Environmental Health team should consider removing category E interventions (all questionnaires) from the main inspection programme to free up officer time to focus on categories D – A.	Agreed Implementation date 31/3/18
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
7 2017/18	Environmental Health	5	M	Measures will be introduced to improve input and data integrity when uploading data to the Food Standards Agency	Agreed Implementation date 31/3/18
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
7 2017/18	Environmental Health	7	L	Consideration will be given to input follow up visit dates into UniForm to enhance monitoring	Agreed Implementation date 31/3/18
7 2017/18	Environmental Health	8	L	Completion and documentation of officer CPD records will be reviewed	Agreed Implementation date 31/3/18
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

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 or in the Executive Summary to the Annual Air Quality Status Report	Agreed Implementation date 30/6/18
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
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
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
8 2017/18	Business Rates	1	M	Procedures should be developed to ensure that when a SBRR applicant states there is no other property this statement can be checked at least within Rochford's database	Immediate Implementation

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
8 2017/18	Business Rates	2	L	The wording on the Council's website in respect of small business rate relief should be amended to ensure it complies with the legislation. Other reliefs, introduced with effect from 2017/18 should be included on the website, to ensure ratepayers are fully aware of potential entitlements. The out of date page should be taken down	Immediate Implementation
8 2017/18	Business Rates	3	L	There should be a process in place to ensure reconciliations are signed off by an appropriate officer in a timely manner	Immediate Implementation
9 2017/18	Waste Management Contract	1	M	The Contract Manager will risk assess the Contract Specification to identify the most important requirements that need active and evidenced contract management activity. This risk assessment to direct and record contract management activity	Agreed Implementation date 31/3/18
9 2017/18	Waste Management Contract	2	M	The Contract Manager will work with the contractor to determine better reporting tools to allow the information to be more transparent, malleable and relevant, allowing for appropriate management action to be taken and evidenced as required	Agreed Implementation date 31/1/18
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

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
9 2017/18	Waste Management Contract	4	M	The Assistant Director will confirm the points within the contract specification that are causing the ambiguity and enter into resolution management to ensure the points are clarified, in order to enable effective contract management and potential defaulting arrangements going forward	Implemented
9 2017/18	Waste Management Contract	5	M	Business continuity arrangements will be confirmed with the contractor. Rochford's Business Continuity Plan for the contract will be updated to include specific plans in the event there is a major contractor failure	Agreed Implementation date 18/1/18
9 2017/18	Waste Management Contract	6	M	The Council will seek to obtain financial information of the contractor that it is entitled to and can reasonably obtain in order to monitor its financial standing.	Agreed Implementation date 31/12/17
9 2017/18	Waste Management Contract	7	M	The Contract Manager will review the contract to determine what documents are required by the Council (<i>such as insurance certificates etc.</i>) and seek copies of these. In addition, any other documents considered relevant will be requested to seek satisfaction that the Council is working within its statutory requirements. The maturity dates of any documents will be recorded and diary notes will be made to ensure copies of new versions are received at expiry	Agreed Implementation date 31/3/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
10 2017/18	Council Tax	1	L	Future submissions for write-off will be reviewed to ensure that only cases below the bulk authorisation threshold are included in that form and all others above the threshold will have an individual form per account	Immediate Implementation

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. 	Recommendations are 'low' rating. Any 'moderate' recommendations will need to be mitigated by consistently strong controls in other areas of the activity.
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. 	Recommendations are 'moderate' or "Low" rating. Any 'significant' rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity. A 'critical' rated recommendation will prevent this level of assurance.
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. 	Recommendations are 'significant' or a large number of 'moderate' recommendations. Any 'critical' recommendations need to be mitigated by consistently strong controls in other areas of the activity.
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. Management cannot demonstrate they have identified or manage their significant risks Required outcomes are not clearly defined and or consistently not met. 	Recommendations are 'critical' without any mitigating strong controls in other areas of the activity.

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>