

---

## 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 audits.
- 1.2 Detail of the progress made in delivery of the annual audit plan is 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 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.

### 4 LEGAL IMPLICATIONS

- 4.1 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.
- 4.2 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.
- 4.3 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.

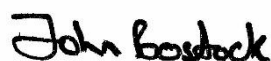
## 5 EQUALITY AND DIVERSITY IMPLICATIONS

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

## 6 RECOMMENDATION

### 6.1 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 appendices 2 and 3 be noted.
- (3) That the updated status of audit recommendations in appendix 4 be noted.



John Bostock  
Assistant Director, Democratic Services

---

### **Background Papers:-**

None.

For further information please contact Jim Kevany on:-

Phone: 01702 318075

Email: James.kevany@rochford.gov.uk

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

## APPENDIX A

**1 DELIVERY OF THE ANNUAL AUDIT PLAN**

- 1.1 A table detailing the audit engagements completed to date is provided for at Appendix 1.
- 1.2 The opinion given and main points arising from the completed audit engagements is summarised at Appendix 2 or in respect of light touch reviews at Appendix 3. An explanation of the meaning of and reason for each assessment (opinion) is provided in Appendix 5. This appendix should be read in conjunction with Appendix 6 setting out the recommendation categories.

**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 and officers in Business Rates.
- 2.2 As at the end of December 2018 the value of Council Tax items recoverable as a result of compliance work, from all sources was £99k, significantly from identifying unbilled properties and withdrawal of exemption that no longer apply. The value of bills issued to business properties in 2018/19 where the property was identified by proactive work of officers was, net of small business or charitable relief allowable was £212k
- 2.3 Housing Benefit fraud is investigated by the Department for Work & Pensions but leads are passed to that organisation by the Compliance Officer, although the Revenues & Benefits Team continues to identify and collect overpayments of Housing Benefit.
- 2.4 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.
- 2.5 There are two NFI exercises. The main exercise is performed every 2 years and a full data-set was provided in October 2018, the results of which will be made available in January / February 2019. There is also annual exercise that matches the Council's Electoral Register with Council Tax data (single person discount exercise).

**3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS**

- 3.1 Recommendations arising from completed audit engagements are shown in Appendix 4. This includes the status of recommendations that were live as at the date of the prior Audit Committee and all recommendations raised since that date.

**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	-
Street Cleaning Contract Report 2 - 2018/19	The Council could fail to provide consistent value for money (VFM) across all services or to obtain VFM in its procurement	Adequate	27 November 2018	-	-	3	1
Applications Review Payroll and Revenues & Benefits Systems) Report 4 – 2018/19	Council data is lost, disclosed or misused to detriment of individuals or organisations as a result of inadequate protection.	N/A	27 November 2018	-	-	-	1
Creditors Report 5 – 2018/19	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	27 November 2018	-	-	1	1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Leisure Contract Report 1 – 2018/19	The Council could fail to provide consistent Value For Money (VFM) across all services or obtain VFM in its procurement	Adequate	26 February 2019	-	1	2	-
Insurance Administration Report 6 – 2018/19	Failure to ensure good governance of the Council's activities and delivery of its priorities.	Limited	26 February 2019	-	2	8	-
Treasury Management Report 7 – 2018/19	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	26 February 2019	-	-	-	-
Counter-fraud Work Report 8 – 2018/19	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate	26 February 2019	-	-	1	1
Applications Review (Finance System) Report 9 – 2018/19	Council data is lost, disclosed or misused to detriment of individuals or organisations as a result of inadequate protection.	N/A	26 February 2019	-	-	-	3
Main Accounting Report 10 – 2018/19	Failure to ensure good governance of the Council's activities and delivery of its priorities. Data is lost, disclosed or misused to the	Good	26 February 2019	-	-	1	1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
	detriment of individuals or organisations						

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Housing Benefit Subsidy (Report 3 – 2018/19)	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 25 audit days and feeds into EY’s own work on Grants Certification.  As a result no Audit Opinion is given.	24 July 2018

**LEISURE CONTRACT  
Report 1 – 2018/19**

**Audit objective**

To assess whether the Council’s Leisure Contract is effectively managed to ensure compliance and achieve required outcomes.

**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 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:



Good	Adequate	Limited	None
	✓		
The Leisure Contract has been in place since 2002, initially with a different provider. The day to day contract management appears well considered with a			



good working relationship between the Council and the Contractor. Building condition contractual requirements are underway as the contract is entering its last few years. Progression on these has been reported to Member and has not been included in this audit work.

Control of contract payments is effectively managed and where variations have been seen these have been relevant to effective running of the contract. Formal monitoring procedures should be put in place where external reviews or assessments identify deficiencies which require remedial action, particularly in the areas of health and safety.

An updated contract risk analysis should be carried to ensure that key risks reflect current circumstances and stated mitigating controls both exist and are effective. A documented risk analysis has not been completed since 2013, under a prior contractor.

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:

<b>Risk area</b>	<b>Assurance Level</b>	<b>No. of Recommendations</b>
The required service is not delivered or not delivered to the required standard	<b>Adequate</b>	1 Moderate ( <i>No. 1</i> )
The council pays for a service that is not delivered or not delivered to the required standard	<b>Good</b>	None
The contract is varied to the detriment of the Council; either financially, operationally or by reputational damage	<b>Good</b>	None
There is business continuity failure by the contractor which may result in reputational, operational or financial damage to the Council	<b>Adequate</b>	None
There is financial failure by the contractor which may result in reputational, operational or financial damage to the Council	<b>Adequate</b>	None
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	<b>Limited</b>	1 Significant ( <i>No 3</i> ) 1 Moderate ( <i>No 2</i> )

**INSURANCE ADMINISTRATION**  
**Report 6 – 2018/19**

**Audit objective**

To assess the completeness of insured items, and compliance with insurer conditions (including relating to physical security).

**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:

- |                                |   |
|--------------------------------|---|
| <b>Business Plan objective</b> | <ul style="list-style-type: none"> <li>• Become Financially Self-Sufficient</li> <li>• Maximise Our Assets</li> </ul>   |
| <b>Corporate risk</b>          | <ul style="list-style-type: none"> <li>• The Council could fail to provide consistent Value for Money (VFM) across all services or obtain VFM in its procurement.</li> <li>• Failure to ensure good governance of the Council’s activities and delivery of its priorities.</li> </ul> |

**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
		✓	

All relevant assets appear to be covered under existing insurance policies. There are several areas where procedures for monitoring the condition of buildings (occupied or unoccupied), for carrying out required inspections and for compliance with expected regulatory controls are not fully effective and this could result in elements of insurance cover not being maintained. If a major incident were to occur resulting in injury or worse in such a situation the reputational and financial cost to the Council could be significant.

The Council currently has no harmonised asset record with several different records being used for different purposes, with differing records of assets on each. One overarching record should be created as a single point of reference.

Pro-active actions have taken place involving a strategic risk review and training, by external organisations, for senior management in areas of health & safety and contract management, both of which can impact on insurance cover. An officer

Event Advisory Group has been initiated to give challenge and advice on risk and insurance when organising events within or at Council owned premises.

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 schedule of relevant assets provided to the Council's insurers is not complete and therefore those assets are not insured against normal operational risks.	<b>Adequate</b>	3 Moderate <i>(nos. 1-3)</i>
Not all insurable operations / events have been identified and considered as part of the Council's insurance arrangements	<b>Adequate</b>	None
The terms and conditions for continued cover, specified by the insurers, are not adhered to with potential for reduced or nil payments in the event of a claim, with further potential for compensation claims against the Council in the event of reduced or non-payment of claim by insurers.	<b>Limited</b>	2 Significant <i>(nos. 4-5)</i> 5 Moderate <i>(nos. 6-10)</i>

**TREASURY MANAGEMENT**  
**Report 7 – 2018/19**

**Audit objective**

To ensure that the Council has approved clear treasury management objectives, strategies and policies and that these are supported by sound operational practices, including authorisation and recording of transactions and reporting of performance to relevant stakeholders

**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
- Become financially self-sufficient

**Corporate risk**

- Failure to ensure good governance of the Council’s activities and delivery of its priorities
- Failure to provide consistent value for money (VFM) across all services or obtain VFM in its procurement
- Data is lost, disclosed or misused to the 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 Treasury Management policy and supporting practices are satisfactory and reported on to management and members as required. No significant issues have been identified.			

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
Treasury management practices are not defined or not defined in line with required Cipfa code of practice and therefore does not meet statutory requirements	<b>Good</b>	None
Treasury management decisions are taken by staff without sufficient knowledge, experience or training	<b>Good</b>	None
There is not regular reporting on Treasury Management activity and performance in line with required Cipfa code of practice and therefore does not meet statutory requirements	<b>Good</b>	None
Investments are made which do not comply with the approved strategy increasing the risk of loss	<b>Good</b>	None
Cash flows are not accurately forecast resulting in a failure to meet liabilities as they become due or incurring avoidable borrowing costs or missed investment income	<b>Good</b>	None
CHAPS or direct payments are made inappropriately, in error or fraudulently	<b>Good</b>	None
Investment or borrowing transactions are not correctly recorded and reconciled to relevant financial systems	<b>Good</b>	None
Maturing investments and loans and their associated interest payments are not received promptly and in full	<b>Good</b>	None
Borrowing does not comply with Treasury Management policies which may result in the Council acting outside of its powers or borrowing with excessive costs	<b>N/A</b>	No borrowing undertaken in 2018-19 at time of audit
The maturity profile of borrowing is unaffordable or could require re-financing at unfavourable rates. Opportunities to re-finance are not regularly considered to manage future interest rate risk or reduce current costs of borrowing.	<b>N/A</b>	No borrowing undertaken in 2018-19 at time of audit
Borrowing is not repaid on time or in full.	<b>N/A</b>	No borrowing undertaken in 2018-19 at time of audit
Relevant financial systems, including online applications, are inappropriately accessed leading to error, fraud, or loss or misuse of data	<b>Good</b>	None

**COUNTER-FRAUD WORK  
Report 8 – 2018/19**

**Audit objective**

To carry out an overview of the policies, procedures and controls in place to mitigate risks from fraudulent and corrupt activities against the Council

**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
- 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, disclosed or misused to the detriment of individuals or organisations as a result of inadequate protection

**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 current Anti-fraud &amp; Corruption Policy &amp; Strategy, Whistle Blowing and Money Laundering Policies are generally fit for purpose but are overdue for update. Work on the policies will commence shortly and they will be re-launched with appropriate publicity when completed. The Whistleblowing policy is not available on the website where the Council’s stance against corruption would be evident.</p> <p>There are e-learning modules in respect of anti-fraud &amp; corruption, whistleblowing and ICT security. There are a few minor amendments required on next review, following changes in operational structure and legislation but, once again, the modules are considered fit for purpose. These modules are mandatory for officers as part of an induction processes but currently there is no requirement to renew the training.</p> <p>A review of potential areas for fraud within service areas was carried out and</p>			

generally the assessed risk was “Low”. There have been some cases of officers collecting cash payment service from residents’ properties, following withdrawal of the ATMs. This requires a detailed consideration of need, a risk assessment and procedures to protect the Council and officers from allegations of fraud or corruption.

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:

<b>Risk area</b>	<b>Assurance Level</b>	<b>No. of Recommendations</b>
Policies in place to protect against fraud or corrupt activity are not up to date or relevant and fail to address current or foreseeable risks	<b>Adequate</b>	1 Low
There is ineffective training or awareness of potentially fraudulent or corrupt activity	<b>Adequate</b>	None
Procedures in place to not effectively reduce the risk of fraudulent or corrupt activity	<b>Adequate</b>	1 Moderate

**MAIN ACCOUNTING**  
Report 10 – 2018/19

**Audit objective**

To assess whether the key controls in respect of the Main Accounting system 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
- Become financially self-sufficient

**Corporate risk**

- Failure to ensure good governance of the Council's activities and delivery of its priorities
- Data is lost, disclosed or misused to the 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>Overall, the process for maintaining the Councils General Ledger system is assessed as good.</p> <p>The processing of journal transactions and importing of feeders from other Council systems into the General Ledger is being followed appropriately and documented in line with procedures.</p> <p>The procedure of reconciling income and expenditure from the bank statement to the General Ledger appears appropriate and transparent.</p> <p>Amendments to the budget in the form of virements are justified and fully documented with approval evidenced. However, sample testing found that virements are not always approved at the appropriate level or by all relevant parties</p>			



in line with Financial Delegations. Sample testing also found that aggregated virements are not always acknowledged and approved at the appropriate level or approved at all.

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
Account balances are inaccurate following inappropriate use of journals	<b>Good</b>	None
Account balances do not reflect all transactions following incomplete or incorrect reconciliations with other key financial systems and the bank accounts	<b>Good</b>	None
Amendments to the budget approved by Full Council (i.e. by virements of money from one budget heading to another) are made without appropriate authority and or justification	<b>Adequate</b>	1 Moderate 1 Low

## APPENDIX 3

**APPLICATIONS REVIEW (FINANCE SYSTEM)  
Report 9 – 2018/19****Summary of Access and User Permissions for Dimensions**

As part of the Audit Plan for 2018/19 key IT systems are being reviewed to ensure that access and user permissions are effectively controlled.

A review was undertaken in respect of the Dimensions Finance System. Unique passwords are required for each user and the system forces password change after 30 logons. The system will quit after three failed log on attempts. However it is possible to enter back into the application and attempt password log on for a further three times. It appears to be unlimited in the amount of times an officer can attempt to log on. This could pose a risk allowing someone to attempt to break an officer's password to gain unauthorised access to the system.

A sample of users was tested to ensure access permissions to the relevant functions were appropriate. There were no matters arising for current staff, who appeared to have the relevant group permissions. Those tested had access to the functions appropriate for their job role. There were several officers on the user list who have left the council whose accounts remain enabled (FocalPoint Users) and two unused generic 'Master' accounts. Given that there are unlimited password log on attempts to Dimensions, these accounts should be disabled to prevent possible unauthorised access and misuse of the system.

**APPENDIX 4**

**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. Project end date anticipated to be by 31/7/18</p> <p>Draft policy in place but to be adopted as part of Constitution Review. Some procedures arising from review are in place</p> <p>Revised end date 31/3/19</p>
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</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</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				through an appropriate procurement procedure in line with CPR given total contract value.	<p>to the most effective means to deal with this aspect of procurement.</p> <p>In line with schemes being put into place to deal with temporary accommodation there may be a requirement for a framework arrangement. The position will be clearer by the New Year and any required procurement will start in January 2019. Review date 31/1/19 CPR are currently under review with exceptional business cases being exempted. The emergency accommodation arrangements would qualify under the new rules. No timelines are available for this review, therefore, a new framework for nightly lets is now being considered, through an appropriate procurement procedure in line with the current CPR.</p> <p>Revised end date 31/10/19</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"> <li>• threshold for exemptions</li> <li>• criteria for exemptions provides sufficient</li> </ul>	<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.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				clarity on the principles of when exemptions are appropriate	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
14 2016/17	Housing Benefits	3	M	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	Agreed Implementation Date 30/6/17. Procedures under review. Revised Date 24/11/17  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. Project end date anticipated to be by 31/7/18 Date for HB Procedures 31/12/18 Implemented  DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 August meeting. Review position 24/8/18</p> <p>Progress being made in identifying hosted applications and requests are being made for the required data. Work in progress Review 31/12/18</p> <p>Progressing. Volume of hosted systems i.e. non-Cloud is low. Review 15/3/19</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 Framework is a work in progress and roll out will link in to Business Plan projects. Revised end date 28/2/18</p> <p>Due to key work in Project Management Office this has been delayed. Expected end date by 31/7/18</p> <p>Framework in draft format. Leadership Team Approval required and launch.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					Anticipated completion 31/12/18  Implemented <span style="float: right;">DELETE</span>
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  Much work is under way in relation to risk. A strategic risk review has been undertaken by one of the Council's insurers. Training will be provided to the Leadership Team and awareness training will be carried out with those with responsibility for organising events etc. Revised end date 31/1/19 E-learning under course of development followed by facilitated AD training planned mid-June. Revised end date 14/06/19
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  This recommendation closely links Legal services and the Asset Management Team, of which there are currently

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					<p>vacancies. Recruitment is under way for a new Asset Officer and this will be picked up jointly. Revised 31/3/19</p> <p><b>This recommendation is superseded by Recommendation No 1 of Insurance Arrangements Audit 2018/19</b></p>
7 2017/18	Environmental Health	1	S	<p><i>The Council's Enforcement Policy , Environmental Services will be reviewed and published in relevant pages on the Council's website</i></p> <p>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</p>	<p><i>Agreed Implementation date 30/4/18</i> <b>Implemented</b></p> <p>Agreed Implementation date 30/6/18. Work still to be progressed in line with structure of Environmental Services Policy. Revised to 30/9/18</p> <p>Full re-write underway but not completed. Task is bigger than anticipated and there will be close alignment to Environmental Services Policy above. Revised to be implemented by 28/2/19</p>
7 2017/18	Environmental Health	4	S	<p>Management will consider improving expertise and obtaining support from software provider to make more effective use of the UniForm environmental health system</p>	<p>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. Revised version not</p>



Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					yet in place. Training to be sought shortly after. Revised 30/9/18  Awaiting corporate decision to upgrade at which time recommendation will be addressed. Review 31/3/19
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 Priority given to Health & Safety Training. It is anticipated that courses will be available to attend by 31/3/19
11 2017/18	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  Difficulties are still occurring relating to timings of transactions. A full review of requirements and procedures will be undertaken. Revised end date 31/10/18. Partially completed. Further work is being undertaken alongside system changes.  Revised end date 31/3/19
11 2017/18	Cash & Banking	4	L	The system administrator for Cash Receipting will determine procedures for changing	Agreed Implementation date 30/6/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				password parameters and for deleting users that no longer require access.	<p>Cash Receipting update has been deferred until October at which time these issues will be fully addressed. Meeting to be held (September) with software provider to resolve matters. Revised 31/10/18</p> <p>Work still ongoing to upgrade system, which should occur by end of year. Review 31/12/18</p> <p>Testing of new system is due to start early February with sign-off programmed for Mid March. Revised 25/3/19</p>
13 2017/18	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 respective responsibilities	<p>Agreed Implementation Date 1/6/18 Procedures are now in place 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</p> <p>Officer with responsibility has left the Council. The post is being recruited to and this will be picked up.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					Revised 31/3/19
13 2017/18	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. Orders have been placed for remaining sites. Mark forward to confirm completion 17/12/18. Work completed Implemented DELETE
13 2017/18	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  Work is ongoing with many of the required areas addressed. At the present there is no defined completion date and a review will be carried out to monitor progress. Review 31/1/19. Policies rolled out as developed and guidance given as required. Active H&S Group and LT involvement Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
15 2017/18	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 2017/18	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 First draft procedures produced. Additional work required to encompass a variety of scenarios. Revised to 31/1/2019  Implemented <span style="float: right;">DELETE</span>
15 2017/18	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. When work under Rec 4 completed this will follow through Expected date of completion 31/10/18. To be reviewed as part of budget process.  Revised to 28/2/19
15 2017/18	Debtors	9	M	a) Protocols for collating information, monitoring and progression of housing related debts will be developed to enable recovery action in cases agreed as appropriate	Agreed Implementation Dates a) 31/7/18. Linked with Debt Policy Review Revise to 31/8/18. This element implemented  <span style="float: right;">DELETE</span>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				b) Benchmarking will be used relating to charges and recovery protocols to develop a debt management policy for housing related debts	b) 30/4/19
17 2017/18	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><i>b) Total spend with individual creditors will be reviewed to ensure total spend does not exceed procurement thresholds and if so appropriate procurement procedures will be followed</i></p> <p>c) Further procurement training will be given to staff which will include areas where non-compliance with procurement rules are identified</p>	<p>Agreed Implementation Dates</p> <p>a) 31/3/19 Implemented                      DELETE</p> <p>b) 31/8/18 Implemented                      DELETE</p> <p>c) 31/7/18 A series of training events for all staff has been initiated with last scheduled date 8/11/18.</p> <p>Review for completion 9/11/18 Implemented                      DELETE</p>
17 2017/18	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	<p>Agreed Implementation date 31/7/18 To be linked with training. A series of training events for all staff has been initiated with last scheduled date 8/11/18. Review for completion 9/11/18 Implemented                      DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
17 2017/18	Procurement	3	M	Contract Procedure Rules and Procurement Guidance will be updated <b>(a)</b> , supported by <b>(b)</b> training and <b>(c)</b> 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	Agreed Implementation Dates <b>a) 31/3/19</b>  b & c) Originally 31/7/18 & 31/8/18 A series of training events for all staff has been initiated with last scheduled date 8/11/18. Review for completion 9/11/18 Implemented <span style="float: right;">DELETE</span>
17 2017/18	Procurement Addendum	1	M	Urgent training for all relevant officers (although training was noted an action in the IA report on Procurement, this will be prioritised and actioned as soon as practicable)	Link to existing Recommendations  A series of training events for all staff has been initiated with last scheduled date 8/11/18. Review for completion 9/11/18 Implemented <span style="float: right;">DELETE</span>
17 2017/18	Procurement Addendum	2	M	The introduction of one point of control for central management for all agency spend	HR to act as point of control. Framework arrangement to be developed End Date 28/2/19
17 2017/18	Procurement Addendum	3	M	The introduction of formal reporting and warning of any possible procurement breaches that are about to occur or have occurred	Reporting process developed. Reporting to be into Leadership Team. End Date 31/10/18 Implemented <span style="float: right;">DELETE</span>
17 2017/18	Procurement Addendum	4	M	Identify whether the Council's purchasing system, FocalPoint, can be better utilised to help identify possible issues at an early stage	Meeting to be held with supplier of FocalPoint to determine availability of meaningful report output. Will report into Leadership Team, December End Date 31/12/18

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					Implemented DELETE
2 2018/19	Street Cleaning Contract	1	M	For consistency and future planning the work of the Street Scene Officers involved in monitoring the contract will be documented in a set of operational procedures.	Agreed Implementation date 1/4/19
2 2018/19	Street Cleaning Contract	2	L	Inspections and outcomes relating to Rectification Notices will be recorded as part of the contract monitoring process	Agreed Implementation date 30/11/18. IT issues and workload which has delayed implementation. New end date 31/01/19  Implemented DELETE
2 2018/19	Street Cleaning Contract	4	M	The merits of acquiring from the contractor method statements that support S8.1 and S9.4 of the General Specifications relating to environmental protection and air quality will be considered. It is acknowledged this would be relevant to all current contracts, not just street cleaning	Agreed Implementation date 1/4/19
5 2018/19	Creditors	1	L	New Supplier Forms will be amended in order for the originator to be identified.	Agreed implementation date 30/11/18 Form with ICT Team for development. Revised to 28/2/19
1 2018/19	Leisure Contract	1	M	A detailed contract risk analysis will be carried out to accurately document the risks inherent in carrying out the Leisure Contract and the controls that are in place to mitigate such risks	Agreed implementation date 31/3/19

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
1 2018/19	Leisure Contract	2	M	Health & Safety will become a standing item on the monthly meeting schedule to ensure it retains an appropriate profile to deal with outstanding items on a formal basis	Agreed implementation date 31/1/19 Implemented DELETE
1 2018/19	Leisure Contract	3	S	Procedures will be reviewed to ensure an appropriate and effective monitoring system is implemented for recommended works carried out by the contractor, particularly those relating to health and safety, following external assessments or inspections.	Agreed implementation date 28/2/19
6 2018/19	Insurance Arrangements	1	M	A project team will be established to consider an approach to produce, ideally, to produce a single asset register and to work on a solution.  Matter raised during the audit will be reviewed and reflected in the 2018/19 balance sheet	Agreed implementation date 31/12/19
6 2018/19	Insurance Arrangements	2	M	An ICT asset list will be compiled and then be updated on a regular basis. Details will be supplied to the officers with insurance administration responsibility so records can be updated	Inventory completed Implemented DELETE
6 2018/19	Insurance Arrangements	3	M	Insurance schedules will be looked at as part of an annual insurance requirements review to ensure cover is still relevant and asset is properly described	Agreed implementation date 31/8/19



Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2018/19	Insurance Arrangements	4	S	A detailed, ongoing inspection programme to inspect and maintain the condition of Council's operational buildings to an appropriate standard will be developed. As part of the inspection routine a full record of statutory or other inspections, relevant to the Council's assets will also be compiled and such inspections programmed into the routine.	Procedures instigated Implemented  DELETE
6 2018/19	Insurance Arrangements	5	S	A documented and evidenced inspection routine for empty properties will be developed and implemented to comply with the terms and conditions of the Council's insurers.	Procedures instigated Implemented  DELETE
6 2018/19	Insurance Arrangements	6	M	An approach will be made to the Council's Insurer to determine the nature of an inspection regime for properties that may have periods of un-occupancy but are not considered as Void properties.	Work initiated Agreed implementation date 30/4/19
6 2018/19	Insurance Arrangements	7	M	The disposition of fire marshals will be reviewed and updated to maintain coverage in all operational buildings and tested as required in a fire drill. This will be subject to future periodic reviews to monitor for staff turnover and office moves. The requirement for the weekly checks will be restated and reinforced.	Agreed implementation date 31/5/19
6 2018/19	Insurance Arrangements	8	M	The evidential process to confirm that contractors, working in or at Council owned properties, have received effective site health & safety induction will be effectively managed.	Procedures instigated Implemented  DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				This will include confirmation of contractor capability to undertake the planned task, which has itself been properly risk-assessed, and confirmation that post-task checks have been carried out.	
6 2018/19	Insurance Arrangements	9	M	A Home Parking Assessment will be carried out for all relevant officers to enable them to park Council owned vehicles at their place of residence overnight, in line with the Driving At Work Policy	Agreed Implementation date 28/2/19
6 2018/19	Insurance Arrangements	10	M	A review of those who use Council owned vehicles and regularly use them for home to work travel will be carried out to ensure compliance with the Driving At Work Policy and to comply with HMRC benefit-in-kind arrangements, should that apply.	Implemented  DELETE
8 2018/19	Counter-Fraud	1	L	The Whistle-blowing policy will be included in the suite of policy documents available to the public on the Council's website	Agreed implementation date 31/5/19
8 2018/19	Counter-Fraud	2	M	A process will be agreed for where officers are required to take cash payments in exceptional circumstances	Agreed implementation date 30/6/19

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
9 2018/19	Applications Audit- Finance System	1	L	The feasibility of reducing the number of log in attempts into Dimensions (e.g. to 3 or 5 graces) at which point the system administrators should reset the password will be examined and changed if possible.	Agreed implementation date 31/1/19 Implemented DELETE
9 2018/19	Applications Audit – Finance System	2	L	The position relating to active users will be reviewed and those with no potential need for access will be disabled where appropriate. Review will take place as soon as possible and periodically thereafter.	Agreed implementation date 31/1/19 Meeting with software company representative end of January. Mark forward for outcome Refer 28/2/19 Leavers profile created. Implemented DELETE
9 2018/19	Applications Audit – Finance System	3	L	Examination will take place into the possibility of disabling the two unused Master Profiles.	Agreed implementation date 31/1/19 Meeting with software company representative end of January. Mark forward for outcome Accounts have been considered and are relevant. Implemented DELETE
10 2018/19	Main Accounting	1	L	Approval will be obtained from each Assistant Director where a virement in excess of £100 is made between directorates.	Implemented DELETE
10 2018/19	Main Accounting	2	M	Virement requests and aggregated virements will be approved in line with officer authorisation limits.	Agreed implementation date 31/01/19 Implemented DELETE

APPENDIX 5

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

RECOMMENDATION CATEGORIES		
<b>C</b>	<b>CRITICAL</b>	<p>The identified control weakness could lead to a <b>critical impact</b> on the activity’s ability to manage the risks to achieving its key objectives. The control weakness means the associated risk <b>highly likely</b> to occur or have occurred.</p> <p>There are <b>no compensating controls</b> to possibly mitigate the level of risk.</p>
<b>S</b>	<b>SIGNIFICANT</b>	<p>The identified control weakness could have a <b>significant impact</b> on the activity’s ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is <b>likely to occur</b> or have occurred.</p> <p>There are <b>few effective compensating controls</b>. 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>
<b>M</b>	<b>MODERATE</b>	<p>The identified control weakness could have a <b>moderate impact</b> on the activity’s ability to manage the risk to achieving its key objectives. The control weakness <b>does not undermine the activity’s overall ability</b> 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>
<b>L</b>	<b>LOW</b>	<p>The identified control weakness is <b>not significant</b> and recommendations are made in general to improve current arrangements.</p> <p>Note – these recommendations will not be followed up.</p>