AUDIT PROGRESS REPORT

1 PURPOSE OF REPORT

1.1 This report provides Members with an update on the work of the Internal Audit team in terms of progress made against the annual audit plan and action taken by service departments in implementing audit recommendations.

1.2 Details of the 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 2019/20 Internal Audit plan was agreed by the Audit Committee at its May 2019 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 2020, 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 assessment.

3.3 The main risk to delivering the audit plan is the risk of insufficient resources; this is considered below.

4 RESOURCE IMPLICATIONS

4.1 Excluding the CAE (provided by Basildon Borough Council) the audit resource at the commencement of 2019/20 was 2 Full Time Equivalent (FTE) staff. The Annual Audit plan was based on the expectation that 2 FTEs would be in post through the year. One member of the team is a trainee who is gaining knowledge and experience in the role.

5 LEGAL IMPLICATIONS

5.1 Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.

5.2 The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement to prepare and present regular reports to the Audit Committee on the performance of the Internal Audit service.

5.3 Internal audit is a key way in which Members can be assured that the Council is using its resources effectively and that the Council is discharging its fiduciary duties concerning taxpayers' money. It helps services to design systems which have appropriate controls and also helps identify and respond to breaches if they occur. The report seeks to update the Committee on the activities of the Council's Internal Audit section for the purposes of providing further assurance.

6 EQUALITY AND DIVERSITY IMPLICATIONS

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

7 RECOMMENDATION

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

(1) That the update on delivering the 2019/20 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.

Naomi Lucas
Assistant Director, Resources

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 A total of 10 audit engagements have been completed since April 2019; five areas were rated as 'Good' and three 'Adequate', no opinion was provided for two of the areas examined. A total of 14 new recommendations have been raised. Two of the Council's key financial systems have been examined, Council Tax and Business Rates, both received a 'Good' assurance opinion and no audit recommendations were made. Both areas are well managed, and controls are consistently applied to mitigate identified risks.

1.3 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. The role will also include identification and recovery of errors of omission.

2.2 As at the end of September 2019 the value of Council Tax items recoverable as a result of compliance work, from all sources including LCTS, was £64k, significantly from identifying unbilled properties and withdrawal of discounts or exemption that no longer apply. The value of business rates bills issued, as a result of proactive work by officers, to business properties in 2019/20 to date where the property was previously not in the rating list or had been significantly modified and not revalued was £225k. This figure is stated without taking into consideration any discounts or reliefs that may subsequently apply.

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. Amounts identified for recovery by compliance work in respect of Housing Benefits was £18k as at the end of September 2019

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 potential 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 dataset was last provided in October 2018,, the results of which became 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). Data for the 2019 review is due to be uploaded in December.

2.6 The Council participates in a pan-Essex data-matching scheme where data is submitted monthly and, like the NFI scheme, identifies potential fraud and error. As this is a regular process this has been very successful as it is almost real-time in its provision of data. Data relating to Small Business Rate Relief has recently been added to the datasets.

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. There are 15 live recommendations of which 9 have had revised dates since the last Audit Committee meeting.

COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Abandoned Vehicles Report 1 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	26/11/2019	-	1	-	-
Revenues & Benefits System Parameter Testing Report 2 - 2019/20	Council data is lost, disclosed or misused to detriment of individuals or organisations as a result of inadequate protection.	Light touch review; assessment not given	26/11/2019	-	-	-	-
Well Homes Assistance Grants Report 3 – 2019/20	Failure to innovate and develop new ways of meeting customer needs and expectations. Failure to ensure good governance of the Councils activities and delivery of its priorities.	Good	26/11/2019	-	-	2	-
Housing Allocations Report 5 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate	26/11/2019	-	1	3	-
Social Media Report 6 – 2019/20	Failure to engage with stakeholders to understand and communicate what the	Adequate	26/11/2019	-	-	2	1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
	Council should be trying to achieve						
Payroll Report 7 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	26/11/2019	-	-	3	-
Income Receipting & Banking Report 8 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Adequate	26/11/2019	-	1	-	-
Council Tax Report 9 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	26/11/2019	-	-	-	-
Business Rates Report 10 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Good	26/11/2019	-	-	-	-

OTHER WORK UNDERTAKEN		
AUDIT AREA	**NATURE OF WORK**	**REPORTED TO AUDIT COMMITTEE**
Housing Benefit Subsidy Report 4 – 2019/20	An in-depth review of transactions made in respect of 40 housing benefit cases from 2018/19. These were selected by and on behalf of BDO, the external auditor appointed for this function. This is a major piece of work taking in excess of 30 audit days and feeds into BDO's own work on Grant Certification, which will be presented to this Committee later in 2019/20. As a result, no Audit Opinion is given.	26/11/2019

APPENDIX 2

ABANDONED VEHICLES- REPORT 1 (2019/20)

Audit objective

To provide an overview of processes adopted prior to issue of instruction to contractor to remove vehicles.

Corporate links

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

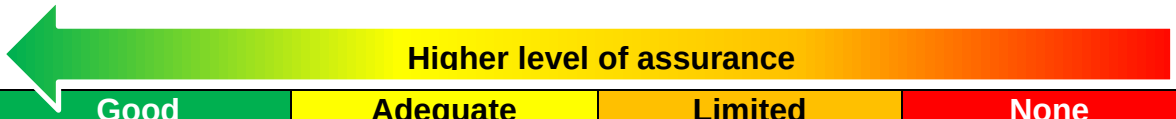
Business Plan objective	Early Intervention
Corporate risk	Failure to ensure good governance of the Council's activities and delivery of its priorities

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
✓			

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
Processes relating to the removal of abandoned vehicles are not followed by staff consistently or in a timely manner	**Good**	None
Enquiries into vehicle keeper information via the DVLA database do not meet legislative (DPA/GDPR) or DVLA requirements leading to misuse of data	**Good**	None
Enquiries into vehicle keeper information via the DVLA database do not relate to legitimate investigations or the system is inappropriately accessed leading to error, fraud or misuse of data	**Adequate**	1 Significant
Information recording/evidence is insufficient or not reliable preventing the Council from taking enforcement actions.	**Good**	None
Enforcement action is taken against vehicles inappropriately i.e. that are not abandoned	**Good**	None

Risk area	Assurance Level	No. of Recommendations
There are insufficient numbers of staff with enough training or authorisation to provide a service in the event of holiday or unplanned periods of absence.	**Adequate**	None

The process to investigate and remove abandoned vehicles appears to be followed in line with both Council and DVLA procedures.

The target response time of 24 hours is met in most but not all occasions. However, this target is based on historic KPI's when there were greater resources within the contract management role and does not reflect current circumstances. A reliance of 48/72 hours may be more realistic. On one occasion tested the initial report was sent by a member of staff directly to the Street Scene Officer (SSO). This caused a delay in notifying the Customer Service Team and in responding to the report. However, this was well intentioned, and a recommendation is not being raised.

The Council has a licence for the DVLA Web Enabled Enquiry System (WEE), which provides real time, restricted access to vehicle keeper information. Testing confirmed that enquiries comply with DVLA guidance and relate to legitimate investigations. All enquiries are supported by a clear audit trail and multiple checks are undertaken to verify vehicle details. A DVLA audit of the Council conducted in July 2018 confirmed that a high level of compliance was demonstrated.

Under DVLA guidelines, it is a requirement that a current anti-virus guard is installed on the WEE link and regularly updated. This task remains outstanding since November 2017. The DVLA could remove access to vehicle keeper data if the Council are not compliant. This would have a significant impact on the Council delivering the required service. Whilst the issue has been raised again recently, action is yet to be taken.

Contact appears to be made with vehicle owners wherever possible and decisions made to remove vehicles are justified. DVLA guidance requires vehicle keeper information to be redacted from letters that are saved on Council systems. Testing of a small sample found just one occasion where owner information had not been redacted, but the registered keeper was reported as deceased (under GDPR information about a deceased person does not constitute personal data).

Testing identified that the dockets raised to inspect vehicles are not always fully completed. However, there is enough evidence to show signs of abandonment. As the dockets are scanned into Comino to provide an audit trail, this should be fully addressed.

Enough staff resources appear to be in place to enable continued service provision and training is being provided where appropriate. Procedure guides are comprehensive albeit require minor updates and these will be addressed in planned reviews of the guide.

WELL HOMES ASSISTANCE GRANTS – REPORT 3 (2019/20)

Audit objective

To review arrangements for assessing and awarding home adaptation grants

Corporate links

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

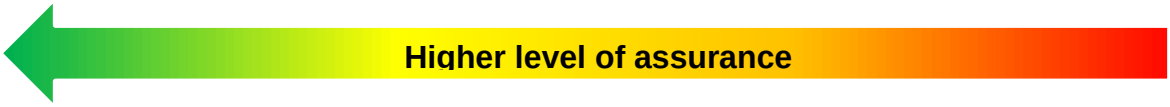
Business Plan objective	Become Financially Self-Sufficient Enable Communities
Corporate risk	Failure to innovate and develop new ways of meeting customer needs and expectations. Failure to ensure good governance of the Councils activities and delivery of its priorities.

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
✓			

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
Grants are awarded to those not meeting the required terms and conditions. This could also result in inability to award grants to those who do qualify due to exhausted funding.	**Good**	None
Applicants are incorrectly assessed resulting in the applicant not paying a required	**Good**	None

Risk area	Assurance Level	No. of Recommendations
contribution. This could lead to unnecessary expenditure, budget pressure and reputational damage		
Grants are not processed and works delivered in a timely manner resulting in delayed improvement of the applicant's circumstances	**Good**	None
Performance information is insufficient and or not reliable to effectively monitor the progression of cases and where necessary intervene to meet required standards and drive improvements in service delivery	**Adequate**	None
Financial information is insufficient or not reliable to effectively manage the budget resulting in unplanned under or overspends. Budget overspends, unless addressed by additional money, could delay works on other eligible applicants' properties.	**Adequate**	2 Moderate

The Council received a Disabled Facilities Grant (DFG) of £475,968 for 2019/20. The Well Homes discretionary budget is set at £20k. The service has been managed by Rochford District Council in its current format since April 2017 and there is currently no waiting list.

The Well Homes Financial Assistance Policy has recently been updated to include the implementation of non-means-testing for works up to the value of £5,000.

Regular budget monitoring and reconciliation of cases to the general ledger is reliable, however, the total budget for DFG's appears to be overstated on the Budget Monitoring Spreadsheet by £24,032, which could result in a potential overspend. This was due to the final grant allocation from MCHLG not being confirmed at the time of budget setting and will be corrected going forward.

Sample testing of approximately 10% of DFG cases and 50% of discretionary payments found that grants are awarded to applicants meeting the qualifying criteria. There is evidence to support the approval of applications based on current financial information and clients are assessed for contributions where appropriate.

A suggested list of suppliers is available to applicants. The contract for works (adaptations) is between the applicant and the supplier. Multiple quotes for works are obtained where required and contractors are fairly rotated.

Payments are approved at the appropriate level and processed upon receipt of invoice and once a post work inspection has been completed by the RDC Surveyor. Records of land charges are in place where applicable. There are inconsistencies in the approach to VAT for discretionary payments. The Council pays for works on behalf of the claimant and therefore should not be claiming VAT. This process should be reviewed.

Performance feedback reflects that works carried out are generally of a high standard. The Evaluation Form is somewhat outdated, however, there are plans to update this to reflect the in-house service and outcomes for the client and so a recommendation is not being raised.

Performance information effectively monitors case progression and of 38 DFG and discretionary cases reviewed only 4 exceeded statutory timescales, with documented and valid reasons provided by the Private Sector Housing Service. The Council's response times are prompt and any delays are normally due to awaiting responses from clients or where physical works are ongoing.

HOUSING ALLOCATION – REPORT 5 (2019/20)

Audit objective

To assess whether decisions to allocate social housing are made correctly and in line with established policy.

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:

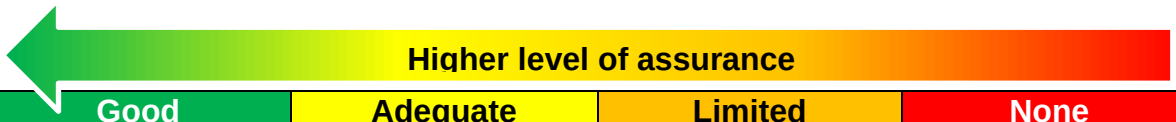
Business Plan objective	• Early Intervention • Become financially self-sufficient
Corporate risk	• Failure to ensure good governance of the Council's activities and delivery of its priorities

Reason for inclusion in the annual audit plan

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

Audit opinion

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



Good	Adequate	Limited	None
	✓		

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
Housing Allocations Policy & Procedures are not fit for purpose.	**Adequate**	None
Applicants are placed on a relevant housing band without meeting the relevant requirements of the Housing Allocations Policy or are not placed on a relevant housing band appropriate to their circumstances.	**Adequate**	1 Significant (no. 1) 2 Moderate (Nos. 2 & 3)
Property offers do not meet requirements of the Housing Allocations Policy.	**Good**	None
There are insufficient measures in place to enable an applicant to appeal against a decision.	**Good**	None
Applications are not processed in a timely manner.	**Good**	None
Applicant data is not effectively controlled.	**Good**	1 Moderate (no.4)

Executive Summary

The Housing Allocations Policy was effectively implemented by the Housing Options Team in October 2018. It is considered fit for purpose, however, there have been some statutory housing allocation guidance changes since the policy was adopted and there are some areas that require amending or updating in line with actual procedures. The six-monthly report that is available on the RDC website requires further information as detailed in the Policy. The Housing Options team have recognised these changes as part of their ongoing review of the Policy. Given this acknowledgement, recommendations are not being raised.

Housing applications are processed within a reasonable time (an average of 7 days in the sample tested). From testing carried out, applicants who are placed on the Housing Register appear to meet the eligibility and qualification criteria in line with the Policy and are allocated properties that meet their requirements. The Housing system (Locata) prioritises applicants correctly and valid reasons are provided when a property is let to an applicant who is not at the top of a shortlist. In such a case offers are made to the next highest prioritised applicants. Decisions to bypass a shortlist and offer a property directly to an applicant are also justified. However, there is not always a complete record to support decisions made in the event of an appeal or challenge against a decision. Although there is no reason to believe cases are not being progressed correctly, evidence should be added to the system.

On a few occasions evidence of third-party consent was not seen on the system. A recommendation has been made to ensure that GDPR policy requirements are complied with.

Applicants that are deemed ineligible to join the Housing Register appear to be rejected in line with Policy criteria. Appeals made by applicants are reviewed independently and promptly. Outcomes are documented and reasons are provided for upholding or overturning the original decision.

Two officers are involved when checking and approving applications and when allocating a property in the event of a complaint or an accusation of favouritism.

Reviews of applicant's circumstances should take place both annually and when an allocation of a property is made. Although annual reviews are documented, testing found that reviews at the point of a property offer are not evidenced.

The Housing Service does not hold a published privacy statement in line with General Data Protection Regulations, to advise the public on the nature and use of data that is collected.

Once the recommendations have been implemented, there would be scope in future audits for a Good level of assurance, assuming there are no further changes.

SOCIA MEDIA – REPORT 6 (2019/20)

Audit objective

To assess whether effective use is made of social media and that such use is made in a professional, appropriate and secure manner. This review is limited to use of official Rochford District Council social media accounts for the purpose of communication or engaging with residents / stakeholders.

Corporate links

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

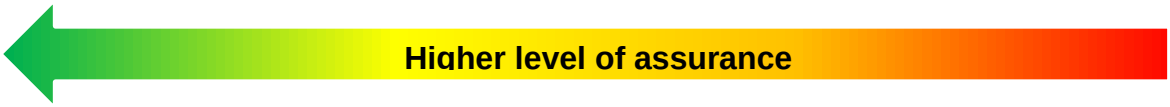
Business Plan objective	• Enable Communities
Corporate risk	• Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve • We fail to innovate and develop new ways of meeting customer needs and expectations

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
	✓		

We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Potential Risk area	Assurance Level	No. of Recommendations
The Council does not have a defined strategy / policy for using social media	**Adequate**	None
Effective control is not maintained over administration of social media	**Adequate**	1 Low (*Rec 1)*
Inappropriate content is posted on a social media stream damaging reputation of the	**Adequate**	2 Moderate *(Recs 2 & 3)*

Potential Risk area	Assurance Level	No. of Recommendations
Council or potential for financial penalty against the Council		
Contributors do not receive an appropriate response to matters raised	**Adequate**	None
Introducing malware into RDC Network by infected link	**Good**	None

Executive Summary

The Council, at the time of this review, had no Social Media Policy, but one was significantly advanced in development to formalise what was being done in practice. Content of the draft appears appropriate and includes areas of best practice from a corporate and officer perspective. The policy has still to be adopted but this, combined with the existing Communications Protocols and Communications Strategy, should provide a firmer basis to manage social media, linking it to other policies, such as the Corporate Information Security Policy.

It is difficult to assess the value of social media to the Council, based on data available from various platforms which details the number liking or following an account. Software, about to go live, should enable tags to be applied to types of content and this could help identify trends and provide data on what the accounts are providing to the public and shape future content. What is key to remember is that social media provides part of a wider communication stream with the public, many of whom no longer rely on older technology and is likely to become more important in the future.

Officers in Communications and ICT had recognised that the administration of accounts required strengthening and steps have been taken, prior to the audit work, to centralise control over access and ownership of accounts. This will be further enhanced by the new software, which is designed to carry this out. Details available to the public on the Website, about the Council's social media requires an update.

Whilst comments on accounts are encouraged, inappropriate content on a Council social media account is a significant risk. It is possible to apply filters on some social media types to prohibit certain words or images. Whilst this is in place on the main Facebook accounts it is not known if these are applied to all possible accounts. This should be addressed. Terms and conditions of use should be "pinned" to the main Facebook account, so it remains visible, but this is currently not the position. A similar wording relating to all types of social media should be displayed on the relevant page on the Website. It is worth noting that testing did not identify any content that was inappropriate.

Where possible, responses are given to queries or complaints either by the officer monitoring an account or by passing these on to the relevant service area. Knowing when, or how, to pitch responses, particularly to critical comments, requires thought and care and, as part of the Social Media Policy, a flow chart is to be developed to guide officers, based on a model used by Essex County Council.

PAYROLL – REPORT 7 (2019/20)

Audit objective

To assess whether the key controls in the payroll 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:

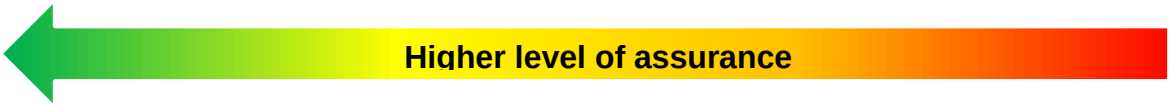
Business Plan objective	• Maximise Assets
Corporate risk	• Failure to ensure good governance of the Council's activities and delivery of priority outcomes

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
✓			

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
Payments are made to ghost employees	**Good**	None
Staff records are amended incorrectly (e.g. in relation to increments awarded or change in salary etc.) or inappropriately (e.g. due to fraud) resulting in inaccurate payments	**Good**	3 Moderate
Payments in addition to salary (e.g. overtime, meeting attendance, expense reimbursement) are made incorrectly or inappropriately.	**Good**	None
Incomplete or inaccurate payments are made to staff due to errors in processing of BACS instructions	**Good**	None
Salary deductions (e.g. of income tax, national insurance, pension and other	**Good**	None

Risk area	Assurance Level	No. of Recommendations
voluntary deductions) are incompletely or incorrectly made		
Staff continue to be paid after they have left	**Good**	None
Payroll payments are made early or late	**Good**	None
The relevant financial system is inappropriately accessed leading to error, fraud, or loss or misuse of data	**Good**	None
Data is not effectively controlled	**Good**	None

Executive Summary

The payroll process is well established and the procedures and controls that are in place continue to allow payments to staff that are accurate, on time and authorised appropriately. Adjustments and additional payments are generally processed correctly, and relevant approval is obtained where required.

An error was made regarding notification of the start date of new Member allowance rates, resulting in a small overpayment of allowances to all Members including those who are no longer Members in 2019-20. This has been corrected for all current Members but for consistency of approach the overpayment should also be recovered from those who ceased to be Members at the end of 2018-19.

Sickness absence is not always captured and reported to the Payroll team promptly which could result in changes to salary (i.e. half pay) not being identified, attendance bonuses paid in error and trigger points for managing attendance being missed. This was raised in the 2016/17 Payroll Audit and requires a reminder to management and staff as to what is needed. The Sickness Absence Policy is also being revised and clarification of reporting a sickness will be included.

In one case, an officer had inadvertently claimed overtime and received a Committee attendance allowance for the same occasion. This is an isolated instance that has been raised with the Payroll team to correct and raise with the relevant service area. The TeamSpirit Payroll system is due to migrate to a cloud based hosted server. By discussion, Internal Audit found that measures are in place to progress this and the approach as planned appears appropriate.

Whilst not a criticism of practice within the Payroll team, it has become apparent that there is an opportunity for fraudulent changes to bank details. Staff should be reminded that the internal form must be used when providing a change of bank details for payroll purposes.

The service does not have a Privacy Notice to comply with data protection regulations however this is being addressed within a separate approach for the Finance Department.

INCOME RECEIPTING & BANKING – REPORT 8 (2019/20)

Audit objective

To assess whether the key controls and procedures in the financial systems used by Resources Directorate are adequately designed and effectively applied in respect of income receipting and banking

Corporate links

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

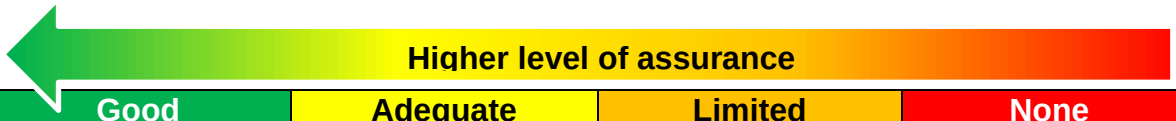
Business Plan objective	• Maximise our assets
Corporate risk	• Failure to ensure good governance of the Council's activities and delivery of its priorities. • Council held data is lost, disclosed, or misused to detriment of individuals or organisations as result of inadequate protection.

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
	✓		

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
Payments by and to the council from originating payment systems (e.g. Direct Debits, debit/credit card payments, by telephone and website, car parking income etc.) are not completely and accurately recognised on the income management system	Good	None
Cash / cheques received are not processed and banked in full; promptly and securely	Good	None
Account balances do not reflect all transactions following incomplete or incorrect reconciliations with other key financial systems and the bank	Adequate	1 Significant

Risk area	Assurance Level	No. of Recommendations
Data held does not comply with GDPR requirements	**Adequate**	None
The relevant ICT systems used are inappropriately accessed leading to error, fraud or misuse of data.	**Adequate**	None
Access to the banking account is not effectively controlled	**Good**	None

Executive Summary

Procedures for daily identification, processing and reconciliation of income and expenditure are long established, effective and are carried out in a timely manner. However, procedures to reconcile income and expenditure on the Finance System to the actual bank account are still not in place and is still an active ongoing piece of work within the Accountancy function. No additional recommendation is required.

Although it is Council policy that cash is not normally taken, there are occasions when cash is offered, particularly in settlement of, or reduction in debts. Procedures have been developed in such cases to provide a receipt and bank the cash promptly and these appear to be effective. The volume of cash transactions is low.

At the start of the Audit work it was identified that a key check of reconciling the audit tickets from car park machines to cash counted had not been carried out for several months. This check is designed to identify machine errors or potential fraudulent transactions and to be effective, should be carried out in a timely manner in relation to the actual collections. This work was brought up to date during the period of testing and a subsequent review of variances identified did not identify areas of undue concern. A recommendation has been accepted.

The cash and banking function is not a specific collector of customer data and does not require a separate privacy notice under current data regulations. There is a great deal of paper files that do not have adequate secure storage, much of which could be stored electronically. This is an issue across the Finance section of the Resources Directorate and measures are under consideration to address this.

It was identified that access to the Income Management system was only possible using just one PC and there was use of a shared password. This was flagged to the ICT Team, by Audit, and subsequent reconfiguration has allowed multi-device access and individual passwords.

From late September / early October the actual function of counting of car park cash will transfer from Rayleigh to Rochford. There have been planning meetings to manage the change and consider safety and security implications. These appear effective and appropriate. It is the intention that the operational procedures will be reviewed by Internal Audit when the transition has been completed. The assessment of the risk; “Cash / cheques received are not processed and banked in full, promptly and securely” is based on existing arrangements.

COUNCIL TAX – REPORT 9 2019/20

Audit objective

To assess whether the key controls in the operations undertaken by Revenues and Benefits in respect of Council Tax 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
✓			

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 systems 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
Significant amounts of unpaid income due are not collected or actively pursued	**Good**	None
Inappropriate or incorrect refunds are made	**Good**	None

Risk area	Assurance Level	No. of Recommendations
The system is inappropriately accessed leading to error, fraud, or loss or 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
Insufficient data security is given to non-digital information	**Good**	None

Executive Summary

The key controls and procedures in place for the Council Tax Function are consistently applied to manage the above risks to a good level.

The property database is consistently maintained to ensure accurate Council Tax billing and collection of amounts due. Discounts and exemptions appear to be awarded and calculated correctly and reviewed as required. Charges are correctly applied to empty properties, including premiums where applicable. Testing identified that due to a system issue, outcomes of outstanding property inspections are not always held following input. However, controls have been put in place for monitoring outstanding visits and periodic checks confirm that properties are not being missed.

Procedures for collecting overdue Council Tax are well established. Recovery of arrears progresses in accordance with the escalation process, from reminder through to court action. Where debt is written off, valid reasons are provided, and authorisation is compliant with Financial Regulations.

Refunds made to customers are appropriate and justified. Financial reconciliations of income and refunds to the general ledger are accurate and variances are identified.

Work is underway to reduce paper files held in the office and any sensitive data is stored in locked cupboards.

BUSINESS RATES – REPORT 10 2019/20

Audit objective

To assess whether the key controls in the operations undertaken by Revenues and Benefits in respect of 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:

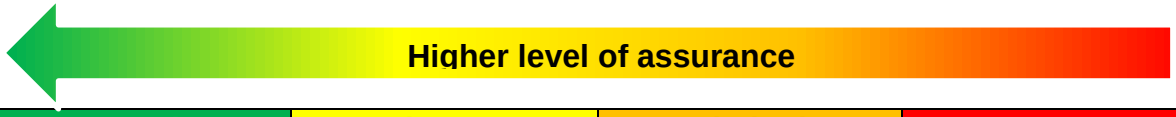
Business Plan objective	• Maximise our assets
Corporate risk	• Failure to ensure good governance of the Council's activities and delivery of its priority outcomes • Council held data is lost, destroyed, disclosed or misused to detriment of individuals or organisations.

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
✓			

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
Business Rates systems parameters (e.g. regarding poundage, relief & 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	**Good**	None
Significant amounts of income due are not collected or actively pursued	**Good**	None

Risk area	Assurance Level	No. of Recommendations
Inappropriate or incorrect refunds are made	**Good**	None
The system is inappropriately accessed leading to error, fraud, or loss or 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
Insufficient data security is given to non-digital information	**Good**	None

Executive Summary

The Business Rates Service is well managed, and controls are consistently applied to mitigate the risks as outlined above to a good level. Procedures for identifying and reporting new and adapted properties to the Valuation Office and maintaining the Councils property database are effective. Weekly reconciliations are in place to identify any variances between Council and Valuation Office Agency records.

Business Relief appears to be awarded only to businesses that meet the criteria and discounts are calculated correctly according to the rateable value of the property. The introduction of Retail Rate Relief for 2019/20 appears to have been managed effectively. Empty properties are inspected regularly, and testing confirmed that the empty property rate is applied correctly following exemption periods.

Procedures for debt recovery from reminder through to court and enforcement action are effective and there were no issues identified during testing. On occasions where uncollectable rates are written off, valid reasons are provided and approval at the relevant level is evidenced.

Refunds made to ratepayers are justified and authorised appropriately. Monthly financial reconciliations of income and refunds to the general ledger are well established and any variances are identified.

APPENDIX 3

REVENUE & BENEFITS SYSTEM PARAMETER TESTING – REPORT 2 (2019/20)

As part of the Audit plan for 2019/20, a review of the Academy Revenue and Benefits system was undertaken to ensure that parameters for the financial year for Council Tax, Business Rates and Housing Benefit have been input correctly and that bills are accurate.

Parameters for Council Tax, Business Rates and Housing Benefit have been input correctly. Multiple checks by officers have been evidenced by signed screen prints. The sample of bills tested for Council Tax and Business Rates were correct.

A sample of Academy users were tested to ensure that the level of permissions for each function were appropriate to the job role. There were no matters arising.

HOUSING BENEFITS SUBSIDY AUDIT – REPORT 4 (2019/20)

As part of the 2019/20 Annual Audit Plan, work was carried out on behalf of the BDO, the External Auditor for the subsidy claim, to review a sample of benefit cases from the 2018/19 Housing Benefits work. This involved testing the accuracy of 20 rent allowance cases, 19 cases in temporary accommodation of all types and 1 modified scheme. This work is carried out under Department for Work and Pensions (DWP) regulations and all errors, regardless of value, are reported.

For purpose of context the subsidy claimed for 2018/19 is in the region of £15.6m. During the year there were 292 new Rent Allowance and 74 new Non-HRA (Temporary Accommodation) claims with 12,160 changes in circumstances processed during the year. There was an average active caseload of 2,585 Rent Allowance and 157 Temporary Accommodation.

Errors were identified in two of the rent allowance cases (these errors were attributable to officers):

- an overpayment of £57.50 arising from not changing a rent payment which has now been corrected as a Local Authority Error and
- a misclassification of overpayments between authority error and claimant error. This was part of an overpayment and re-award of benefit that netted out to zero so there will be no impact on the subsidy claim.

Errors were found in four cases in the temporary accommodation category (these errors had no impact on the claimants):

- two are known system related issues, to the value of £38.36 where part-week benefit adjustments have not been allocated to the correct accounting cell which can impact on the subsidy claim. These issues have been previously raised with the software providers to investigate. Work is to be done within the Benefits Team to review all cases that could be subject to this issue.

- two errors related to the type of temporary accommodation being incorrectly categorised with the potential for an underclaim in subsidy to the value of approximately £150.
- one other case had a two-homes payment correctly calculated but categorised to temporary accommodation when it should have been rent allowance related. Overall this will not impact on the subsidy claim.

There was one further case where a notification of changes to tax credits was not actioned resulting in an underpayment of £206.96. This has now been corrected and paid to the claimant.

There were no matters arising from the modified scheme

The volume of errors is comparable to that identified in the testing in the 2017/18 subsidy audit where there were seven errors on five claims out of a sample of 39 cases; five in temporary accommodation and two in rent allowances.
.
The result of this testing will be passed to BDO who will consider the results and carry out further testing as required by the DWP to enable them to determine the extent and impact of the errors within the whole claim and provide their opinion of the Housing Benefit Subsidy Claim. They will make their Grants Certification Report to this Committee later in this financial year.

APPENDIX 4

PROGRESS OF AUDIT RECOMMENDATIONS

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 E-learning and Guide for AD's still under development. Revised end date 31/08/19. E-learning awaiting sign off and testing to users prior to rollout. Revised end date 31/12/19

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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	Complete. Key Decision ref: 10/19 People & Communities Enforcement Policy DELETE
7 2017/18	Environmental Health	4	S	Management will consider improving expertise and obtaining support from software provider to make more effective use of the UniForm environmental health system	Agreed implementation date 30/4/18 Update to relevant system due in June 2018 with training for key officers. Update for progress Revised to 13/7/18. Revised version not 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 30/6/19 Contact made to enlist help from IT staff at Chelmsford CC. Revised end date 31/08/19. Implemented DELETE
11 2017/18	Cash & Banking	3	M	A detailed format / procedure will be developed to ensure effective bank	Agreed Implementation date

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				account reconciliation is in place by year end.	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. Work still ongoing. Revised end date 30/08/19. Progress has been made but priority has been given to the completion of the Accounts. To be in place for year-end 2019/20. Revised end date 31/3/20
15 2017/18	Debtors	9b	M	Benchmarking will be used relating to charges and recovery protocols to develop a debt management policy for housing related debts	Agreed end date 30/4/19 There is no obvious benchmark identified however the Debt Policy has been produced and approved and has taking various best practice guidance into consideration. Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 HR advised working on a preferred Supplier List and in the meantime ensuring we get three quotes for each assignment. Revised end date 01/04/19. Partially completed. HR is now the central point of contact for all agency recruitment and spend. However, Framework is a work in progress. Revised end date 30/09/19. Tender is out to advert, evaluating w/c 14/10/19, awarding w/c 4/11/19. Revised end date (to include cooling off period) 21/11/19.
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	Agreed Implementation Date 31/3/19 CPR review ongoing. Revised end date 31/12/19. Work in progress with many elements progressed but unable to complete, partially in respect of EU arrangements. Revised end date 31/03/20
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 Outcomes are being negotiated with Contractor. Revised end date 30/06/19. Monitoring sheets are being implemented. Written procedures still to be developed. Revised

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					implementation 31/10/19. Procedures still to be developed. Revised end date 31/12/19.
5 2018/19	Creditors	1	L	New Supplier Forms will be amended for the originator to be identified.	Agreed implementation date 30/11/18 Form with ICT Team for development. Revised to 30/04/19. Implementation of online dashboard under development. Revised implementation 9/8/19 Implemented DELETE
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	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 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	Work initiated Agreed implementation date 30/4/19 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				un-occupancy but are not considered as Void properties.	
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 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 Implemented DELETE
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 Process is being drafted. Revised end date 31/07/19. Implemented DELETE
11 2018/19	Budget Setting and Monitoring	2	M	RDC Financial Regulations will be reviewed to include appropriate controls of transfers to and from Reserves as stated in the Medium-Term Financial Strategy. To be considered as part of overall review of Financial Regs during 2019/20.	Agreed implementation date 31/03/20

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
14 2018/19	Contracts Procurement and Purchasing	1	M	The Contract Register will be updated and maintained to include all awarded contracts. The 'Selling to the Council' page on the RDC website will also be brought up to date.	Agreed implementation date 31/08/19. Partially complete, Contract Register has been updated. Website still in progress. Revised end date 30/11/19
14 2018/19	Contracts Procurement and Purchasing	2	M	Finance resilience checks will form part of the competitive process for fully tendered purchases for high value, high risk contracts, in order for the Council to be aware of the financial health of a supplier before entering into business with them. Contract Procedure Rules will be amended to include this detail.	Agreed implementation date 31/12/19
14 2018/19	Contracts Procurement and Purchasing	3	L	CPR will be amended to include safeguarding requirements and whether copies of contractor's policy statements should be included in all appropriate contracts.	Agreed implementation date 31/12/19. Unable to progress CPR until EU arrangements are known. Revised end date 31/03/20
14 2018/19	Contracts Procurement and Purchasing	4	M	Sample checks will take place on a small number of FocalPoint Orders between £500-£10,000 to ensure best value is evidenced and procedures are being complied with.	Agreed implementation date 31/08/19 Implemented DELETE
15 2018/19	Risk Management	1	M	Service Area Risk Registers will include GDPR / data protection risks and controls relating to the secure	Agreed Implementation date 31/07/19 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				storage of non-electronic records, where appropriate.	
15 2018/19	Risk Management	2	M	Service Area Risk Registers that are overdue for a detailed review will be brought up to date. This review and subsequent reviews for all Service Area Risk Registers will detail current controls and an accurate re-assessment of likelihood, impact and residual risk will be carried out to accurately describe current circumstances.	Agreed Implementation date 31/07/19 Work in progress. The most overdue SARRS have been reviewed however some remain outstanding. Revised end date 12/08/19. Implemented DELETE
17 2018/19	GDPR Implementation	1	M	The GDPR E-learning module will be completed by all staff	Agreed Implementation Date 31/5/19 Work still in progress. Revised end date 31/07/19. List shared with AD's of officers yet to complete. Revised end date 26/08/19. Implemented DELETE
17 2018/19	GDPR Implementation	2	M	A review will be carried out to determine if services currently without an Asset Information Register actually require one and, if so, one will be completed	Agreed Implementation Date 30/9/19 Postponed to determine impact of Brexit. Revised end date 31/12/19
17 2018/19	GDPR Implementation	3	M	Services will carry out a periodic review of data held to confirm that all data held is accurately considered and recorded in the Information Asset	Agreed Implementation Date 30/9/19 Postponed to determine impact of Brexit. Revised end date 31/12/19

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				Register; the type of data, the lawful basis for holding it, security arrangements and retention periods should be detailed.	
17 2018/19	GDPR Implementation	4	S	The process of publishing service area privacy notices will be completed in a manner that ensures residents have a full understanding of the nature and use of data provided for all relevant services.	Agreed Implementation Date 31/8/19. Some service area privacy notices are still in progress. Revised end date 31/12/19
18 2018/19	ICT Security & Access	2	M	Those users recorded on the Active Directory List that have no apparent need to be there will be deleted.	Agreed End Date 1/9/19 Implemented DELETE
18 2018/19	ICT Security & Access	3	M	The process for removing officers from Network access swill be reviewed to minimise the use of requests to extend access. If used, however, there will be an automatic cut-off where that account would be closed	Agreed End Date 1/9/19 Implemented DELETE
1 2019/20	Abandoned Vehicles	1	S	Measures will be put in place to ensure that the computer used to access the Web Enabled Enquiry System has anti-virus/malware protection and that this is updated in line with recommended practices.	Agreed Implementation Date 31/10/19 Anti-virus software has been installed. Operational system is due to be updated and awaiting a response from the DVLA re how this will connect to the Web Enabled system. Revised end date 30/11/19.

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
3 2019/20	Well Home Financial Assistance Grants	1	M	The budget for DFG's for 2019-20 will be updated on the Budget Monitoring Spreadsheet to reflect latest guidance.	Agreed Implementation Date 30/06/19 Implemented DELETE
3 2019/20	Well Home Financial Assistance Grants	2	M	The Council's approach to VAT for discretionary payments will be reviewed	Agreed Implementation Date 30/06/19 Implemented DELETE
5	Housing Allocations	1	S	A Privacy Notice for the Housing Service should be completed and published to ensure that residents understand the nature and use of data that is collected.	Agreed Implementation Date 10/09/19 Implemented DELETE
5	Housing Allocations	2	M	Appropriate documentation or confirmation should be added to the system to fully support any decisions made**.**	Agreed Implementation Date 10/09/19 Implemented DELETE
5	Housing Allocations	3	M	Confirmation of an applicant's circumstances and property requirements should be fully evidenced on the Housing System when an allocation of a property is made to comply with the Policy.	Agreed Implementation Date 31/08/19 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
5	Housing Allocations	4	M	As part of proving family local connection, if investigation requires access to records other than open sources then the applicant must provide evidence or consent should be obtained from other parties to search, in order to comply with GDPR.	Agreed Implementation Date 10/09/19 Implemented DELETE
6 2019/20	Social Media	1	L	The Social Media Page on the Council's website will be reviewed and updated to include all relevant social media accounts and remove those no longer in use	Agreed End Date 30/9/2019 Implemented DELETE
6 2019/20	Social Media	2	M	The wording relating to terms and conditions of use of the Council's social media accounts, as detailed in the Communications Protocols document will be applied as a "pinned post" or on the "About" section the main Facebook page. This information should also be included on the Social Media page on the Council's website in order to inform readers independent of the actual account used.	Agreed End Date 30/9/2019 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2019/20	Social Media	3	M	All relevant social media accounts will be reviewed to maintain the highest possible settings level to minimise potential use of inappropriate content	Agreed End Date 31/12/2019
7 2019/20	Payroll	1	M	For Members and staff where an overpayment is identified after they have ceased to be a current member of staff or Councillor, then efforts should be made to recover the amounts overpaid.	Agreed immediate implementation 17/09/19 Implemented DELETE
7 2019/20	Payroll	2	M	Line Management should be reminded of the process for reporting sickness absence to Payroll in a timely manner.	Agreed immediate implementation 17/09/19 Implemented DELETE
7 2019/20	Payroll	3	M	Staff should be reminded that the internal form must be used when providing a change of bank details for payroll purposes.	Agreed immediate implementation 17/09/19 Implemented DELETE
8 2019/20	Income Receipting & Banking	1	S	The reconciliation of car park cash counted to car park machine audit tickets will be carried out promptly to identify errors or potentially fraudulent activity and will be subject to management overview.	Agreed Immediate Implementation 25/9/19 DELETE

APPENDIX 5

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	• 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	• 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	• 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	• 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.

APPENDIX 6

RECOMMENDATION CATEGORIES		
C	**CRITICAL**	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. There are **no compensating controls** to possibly mitigate the level of risk.
S	**SIGNIFICANT**	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. 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. 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.
M	**MODERATE**	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.
L	**LOW**	The identified control weakness is **not significant,** and recommendations are made in general to improve current arrangements. Note – these recommendations will not be followed up.