
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 Detail of the progress made in delivery of the annual audit plan is provided for 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 auditor for their assessment of the Council's arrangements to economically, efficiently and effectively use its resources. The lack of CAE opinion could negatively impact on the AGS and Value for Money assessment.
- 3.3 The main risk to delivering the audit plan is the risk of insufficient resources, this is considered below

4 RESOURCE IMPLICATIONS

- 4.1 Excluding the CAE (provided by Basildon Borough Council) the audit resource at the commencement of 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 throughout the year. One member of the Team is a trainee who is gaining knowledge and experience in the role.

5 LEGAL IMPLICATIONS

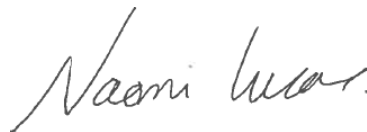
- 5.1 Under the Local Government Act 1972 (s151) and the Accounts and Audit Regulations, the Council has a responsibility to maintain an adequate and effective Internal Audit function.
- 5.2 The Internal Audit Section works to the statutory Public Sector Internal Audit Standards. This includes the requirement 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 the 2019/20 Annual Audit Plan in Appendix 4 be noted
 - (4) That the updated status of audit recommendations in Appendix 5 be noted.



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Background Papers: -

None.

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APPENDIX A

1 DELIVERY OF THE ANNUAL AUDIT PLAN

- 1.1 A table detailing the audit engagements completed to date is provided for at **Appendix 1**.
- 1.2 A total of 9 audit engagements have been completed since the Audit Committee of November 2019; One was rated as 'Good', five 'Adequate' and one "Limited". No opinion was provided for two light touch engagements. A total of 13 new recommendations have been raised.
- 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 6**. This appendix should be read in conjunction with **Appendix 7** setting out the recommendation categories.

Changes to the Plan:

- 1.4 Provided at **Appendix 4** is a copy of the revised Audit Plan for 2019/20 for Members' information. Due to changes across the Council, there has been a need to review the plan and make a number of changes. The Chief Audit Executive (CAE) can provide assurance that sufficient work is being undertaken as part of the revised plan, together with independent third-party assurance, and as such, this will not affect the ability to provide the annual opinion.
- 1.5 In order to assist the Council during this period of change, consultants and/or advisory bodies have been engaged to push forward particular areas of work. For example, the Planning Advisory Service was engaged to examine how the Council processes planning applications and Hytec Information Security undertook an examination of the Council's internal ICT network infrastructure, which will lead to work to improve functionality.. Internal Audit is able to place assurance upon this work rather than undertake planned separate audit reviews.
- 1.6 The following priority 1 audits, will/may now be undertaken in 2020/21
- Business Resilience
 - Partnerships and Alternative Delivery Models
- 1.7 There are also a number of priority 2 audits that will not be undertaken in 2019/20 but will be re-considered for inclusion in the 2020/21 audit plan.

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. These roles also include identification and recovery of errors of omission.
- 2.2 As at mid-January 2020 the value of Council Tax items identified as recoverable as a result of compliance work, from all sources including LCTS, was £74.2k, significantly from identifying unbilled properties and withdrawal of discounts or exemption that no longer apply.
- 2.3 Proactive work by the Business Rates Officer and Compliance Officer to mid-January 2020 has resulted in billing of £648.9k where properties were previously not in the rating list or had additional space or modifications without notifying the Council or the Valuation Office Agency to seek a subsequent revaluation. This figure is stated without taking into consideration any discounts or reliefs that may subsequently apply. In addition, £14.3k was identified from businesses that were not entitled to the small business rate relief that had been awarded.
- 2.4 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 £36.9k as at mid-January 2020
- 2.5 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.
- 2.6 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 an annual exercise that matches the Council's Electoral Register with Council Tax data (single person discount). Data for the 2019 review was uploaded in December and one fraud case has already been identified. Within the current financial year to mid-January 2020, NFI has accounted for £48.6k of the values reported in 2.2 & 2.4 above.
- 2.7 The Council also 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. Within the current financial year to mid-January 2020, the pan-Essex scheme has accounted for £9.2k of the values reported in 2.2 & 2.4 above. Data provided by the Compliance Officer lists Rochford's savings (actual recovery identified and projected future savings) in the scheme since October 2017 as 5th highest of the 14 Essex authorities. Data relating to Small Business Rate Relief was added to the scheme during 2019 but no results have been produced centrally.

3 MONITORING OF INTERNAL AUDIT RECOMMENDATIONS

- 3.1 Recommendations arising from completed audit engagements are shown in **Appendix 5**. 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 **13** live recommendations of which 3 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 Council's 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	Adequate	26/11/2019	-	-	2	1

AUDIT COMMITTEE – 10 March 2020

Item 7

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
	communicate what the 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	-	-	-	-
Sundry Debt Management Report 11 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of its priorities	Limited	10/3/2020	-	1	4	2

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
General Data Protection Regulations Report 12 – 2019/20	<p>Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls and statutory compliance.</p> <p>Council held data is lost, disclosed, or misused to the detriment of individuals or organisations as a result of inadequate protection.</p>	Adequate	10/3/2020	-	-	-	-
Risk Management Report 13 – 2019/20	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Adequate	10/3/2020	-	-	-	-
Emergency Planning Report 14 – 2019/20	Failure to respond to, or provide, relevant services in the event of an incident or disaster	Good	10/3/2020	-	-	-	-
Health & Safety Report 16 – 2019/20	There is a serious health & safety incident for which the council is culpable	Adequate	10/3/2020	-	-	3	1

AUDIT COMMITTEE – 10 March 2020

Item 7

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Grounds Maintenance Contract Report 17 – 2019/20	Failure to obtain consistent value for money (VFM) across all services or to obtain VFM in its procurement	Adequate	10/3/20	-	-	2	-
Project Management Report 18 – 2019/20	Failure to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes	Light touch review; assessment not given	10/3/2020	-	-	-	-
Performance Management Report 19 – 2019/20	Failure to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes	Light touch review; assessment not given	10/3/2020	-	-	-	-
Counter Fraud Report 20 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of priority outcomes	Adequate	10/3/2020	-	-	-	-

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Housing Benefit Subsidy Report 4 – 2019/20	<p>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.</p> <p>As a result, no Audit Opinion is given.</p>	26/11/2019

APPENDIX 2

SUNDRY DEBT MANAGEMENT
REPORT 11 – 2019/20

Audit objective

To assess whether the key controls in the debtors’ function 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 priority outcomes
- 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
		✓	

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

Risk area	Assurance Level	No. of Recommendations
Invoice requests are not promptly or correctly raised for all chargeable activity	Adequate	2 Moderate (Nos 1 & 2) 1 Low (No 3)
VAT is not raised or raised incorrectly	Good	None
Debts are not pursued or are pursued in a manner not in keeping with the Corporate Debt and Write Off Policy	Limited	1 Significant (No 4) 1 Moderate (No 5)
Debts are written off inappropriately	Adequate	None
Credit notes are applied inappropriately	Adequate	1 Moderate (No 6)

Risk area	Assurance Level	No. of Recommendations
(includes management of credit balances)		
Data is not effectively controlled	Adequate	None
Risk Assessments are not in place, not relevant or are not up to date	Adequate	1 Low (No 7)

Executive Summary

It is considered that there are adequate procedures in place for raising invoices and progressing them through to payment, recovery or write-off. However, these procedures are not being followed in a timely or effective manner.

Delays have been seen, across the summer months, in the raising of invoices for periodic income, where invoices are raised on an annual, quarterly or monthly basis. For one contract, with monthly billing arrangements, no invoices have been raised during 2019/20, owing to an absence of purchase order from the contractor, but this had not been chased up. This has now been flagged with the relevant service area.

The debtors' system does not have an automated debt management function, so progression stages are processed manually. The ongoing monitoring of invoices has not been effective. Diary dates for progression have been missed, account notes are not up to date and a spreadsheet, designed to aid monitoring and reporting was out of date by 2-3 months at the time of testing. The majority of invoices raised relate to Housing. Work has started to bring this fully up to date as a result of this review.

There is no reconciliation carried out within the finance system to confirm the accuracy of the total of the debtors. Testing identified a small variance that will be corrected. A regular reconciliation should be carried out to confirm that the debtors' position in the Council's records is correctly stated.

Several non-housing invoices were identified as unpaid and records suggest that these were advised to the relevant service areas. Liaison with these services identified that they were not aware, and steps are now being taken to progress these invoices. There are several credit balances that are in place that originate prior to 2019. There is no apparent record of investigation to identify if these are due to residents or as the result of accounting errors. Balances are not significant.

Risk assessments are incomplete or out of date but the underlying controls in place are effective.

GDPR COMPLIANCE
Report 12 – 2019/20

Audit objective

To follow up on recommendations arising from Internal Audit work of 2018/19 and review ongoing compliance arrangements.

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 Function encompasses all priorities in the Business Plan

Corporate risk Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls and statutory compliance.

Council held data is lost, disclosed, or misused to 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
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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
Information Asset Registers are not kept up to date or the Council is unaware of the information held or the management of that information.	Adequate	No new recommendations made as 2 existing recommendations still apply.
Appropriate Protection is not given to data.	Adequate	None
Subject Access Requests are not dealt with in line with GDPR requirements.	Good	None

Risk area	Assurance Level	No. of Recommendations
Data breaches are not recorded or are not reported and escalated in line with GDPR/DPA requirements.	Good	None
Privacy Notices are not kept up to date or are not accessible to those dealing with the Council.	Adequate	No new recommendation made as existing recommendation still applies.
The transfer or sharing of personal data internationally is not compliant with GDPR/DPA requirements.	Adequate	None

Executive Summary

The Council has adequate processes and controls in place to ensure GDPR compliance; however, some tasks remain outstanding from the 2018-19 GDPR implementation audit.

Information Asset Registers (IAR), detailing data held across the Council are in place for most service areas. Work remains outstanding to bring some functions up to date including security of paper-based records, together with the recording of retention timescales, the lawful basis for holding information and whether data is processed outside of the UK. Data owners have been contacted by Internal Audit where information is missing. A small number of services do not have a specific IAR in place. Existing recommendations are in place to address these issues.

Relevant service areas are required to produce and publish a Privacy Notice (PN) on the Council’s website. The 2018-19 audit highlighted that many services had not completed PN’s or they were complete but remained unpublished. At the time of this follow up review substantial progress has been made. Internal Audit and the Data Protection Officer have contacted relevant officers and as a result most service areas have now published PN’s on the website. No new recommendation has been raised as an existing recommendation is in place.

The policy in place for recording and reporting data breaches appears robust. However, the biggest potential failing in the area is that breaches are not reported. This may be due to officers not adequately interpreting what has occurred as a breach. Legal Services are proactively publishing a reminder on the Council’s Intranet of how and when to report a data breach, with links to relevant documentation.

The majority of Council data is stored within the UK. Housing data is backed up outside of the UK and there are preparations in place to back up the information within the UK if required following the EU Exit. A subscription service adopted by the Council (GovDelivery) is owned by an American Company (Granicus) and data is transferred outside of the EEA in compliance with a Privacy Shield Framework. The requirements to transfer personal data internationally will need to be reconsidered by the Data Protection Officer as and when the future relationship with Europe is defined.

RISK MANAGEMENT
Report 13 – 2019/20

Audit objective

To review the existence and effectiveness of a sample of mitigating controls and actions for key service area risks, with a residual risk assessment of High or Medium.

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
Stated mitigating controls do not exist or are not implemented effectively.	Adequate	None See Executive Summary
Relevant risk registers are not reviewed or updated in line with changing circumstances.	Adequate	None See Executive Summary

Executive Summary

This review is the first part of a two-year programme to review all Service Area Risk Registers (SARR’s). A sample of 13 SARR’s was selected as part of this year’s audit.

Risks, controls and residual scoring for service areas generally appear relevant and well considered. However, this audit identified the following:

- Comments that have previously been added to SARR's for consideration either by Internal Audit or the Principal Performance Business Support Officer (PPBSO) have not been actioned by the reviewing officer.
- Some SARR's contain controls that are no longer relevant and potential controls have not been included. However, the absence of these controls is not significant in assessing the residual risk.
- The likelihood and impact assessments may require reappraisal for certain risks, given current circumstances within the service area.
- Although the PPBSO is responsible for initiating six monthly reviews, it is not always clear who is reviewing the SARR.

These matters have been raised with relevant officers for consideration at the next SARR review and will be revisited during the Risk Management audit for 2020/21 to determine whether they have been followed up.

Six monthly reviews have taken place in 10 of the 13 service areas tested. Those where reviews are outstanding have been highlighted to the relevant officers.

Contract risk registers have recently been established for high value, high risk contracts and project risk registers are being developed.

EMERGENCY PLANNING
Report 14-2019/20

Audit objective

Examination of arrangements in place for dealing with a disaster/major security incident impacting residents

Corporate links

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

Business Plan objective Early Intervention

Corporate risk We fail to respond to, or provide, relevant services in the event of an incident or disaster.

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
Failure to respond to an emergency situation in the expected manner	Good	None
Failure to plan for an emergency situation /failure to comply with the Civil Contingencies Act.	Good	None

Executive Summary

An organisation can't always prevent a disaster from occurring, but it can ensure that it is well prepared. Integral to its success in doing so are stringent procedures, training of key staff to understand their roles, and reinforcing their knowledge of how to deal effectively with any incident likely to cause significant harm to the site and/or its people.

The Council has a structured, hierarchical process in place in the event of a disaster or major security incident, which is actively led and coordinated by the Emergency Planning and Business Continuity Officer (EPBCO). If an incident were to occur outside of the Council environment, the initial responsibilities of the Council may include support to emergency services and other organisations involved, for example, use and assistance at rest centres and providing information to the public.

The level and role of Rochford's involvement moving forward would depend on the severity and nature of the incident and any initial assessments and controls, including co-ordinated responses would likely inform the wider plan. Chains of communication for longer term plans that extend outside of the district to central government are well established.

Volunteers are in place within the Council as primary responders in the event of an out of hours incident. Officers have also been identified should the need for a District Emergency Information Centre (EIC) arise, to collate information that will enable both the Leadership Team (LT) to strategise and the Communications Team to ensure the public are kept informed. All Council staff may be called up to assist in incidents as part of standard contracts.

Emergency planning arrangements and details on how the Council can support other agencies have been developed as part of the membership to the Essex Resilience Forum. Multi-agency subgroups are established, and risk priorities have been identified for the district. Detailed Corporate Response and Communications Response Plans are in place and published on the Council's Website.

Potential primary rest centres have been established and emergency provisions are stored at a separate location. Arrangements are also in place to liaise with Parish Councils in an emergency to identify further places of shelter.

In the event of a local IT or communications failure due to a major external incident, hard copy process documents are located at Council offices and Mobile Telephone Preferential Access Scheme (MTPAS) sim cards are installed in the work phones of relevant officers.

A desk top scenario exercise of a heavy-duty oil spill heading towards the River Crouch was recently undertaken by volunteers for the EIC and LT. The EPBCO concluded that a strategy had been agreed by managers and all issues were dealt with.

An updated report on Emergency Planning went to the Review Committee on 7th January 2020.

HEALTH & SAFETY
Report 16 – 2019/20

Audit objective

To assess whether key issues identified as significant or moderate risk in the Health & Safety Audit of 2017/18 and the Insurance Administration Audit of 2018/19 have been adequately addressed and are operating effectively. The areas subject to review included:

- Rollout and upkeep of health & safety policies & procedures
- Training for health & safety purposes
- Implementation of health & safety action plans arising from sources other than Internal Audit
- Fire, security and related risk policies & procedures
- To confirm that data protection and risk assessments are effectively managed

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 There is a serious health & safety incident for which the Council is culpable. Failure to ensure good governance of the Council's activities and delivery of its 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
Audit Recommendations arising from 2017/18 and 2018/19 audit work have not been implemented	Adequate	1 Low (No. 1) 1 Moderate (No. 2)
Data is not effectively controlled	Good	None

Risk area	Assurance Level	No. of Recommendations
Risk Assessments are not in place, not relevant or are not up to date	Adequate	None
There is a health & safety incident for which the Council is culpable.	Adequate	2 Moderate (Nos.3 & 4)

Executive Summary

The level of assurance as a result of this audit recognises the positive direction of travel made and improvements in raising the profile of health and safety (H&S) since the previous audit work of 2017/18 and the external H&S review of 2015. The Council does not yet fully meet the standards as outlined in the Health and Safety Executive HSG 65 guidance and a Strategic Action Plan is in place to address these areas. Two of the six control elements that comprise risk 3b in the Corporate Risk Register (There is a serious health and safety incident for which the Council is culpable/liable) are stated as “Poor”. These relate to training, awareness of risks and implications and creation of Policies and Procedures, all of which will develop a corporate culture of embracing health and safety. These elements have more weight than the other areas in the overall assessment of controls. The ratings appear relevant currently but there is evidence of movement towards improving the score.

Progress has been made to implement a significant number of H&S policies and guidance across the Council; however, a number of policies are still to be developed and some existing policies are due a review. These are covered in the Strategic Action Plan and so a recommendation is not required. Similarly, elements of H&S training or refresher training are yet to be delivered or have not been completed by all required staff although there is now 100% compliance with the E-learning module. There are plans to develop a Corporate Training and Development Plan, to include H&S, as part of the Connect Transformation Programme.

The H&S Policy requires an annual report, but quarterly reports are made to the Leadership Team and feedback is provided to the Portfolio Holder who is responsible for H&S. This aspect of the Policy could be updated at the next review.

In December 2018 an external company was engaged to provide a Security Risk Assessment of Council Offices. The recommendations from this report have mostly been or are on the way to being implemented. This includes improving security at the Rayleigh Civic Suite and installing additional internal CCTV with internet protocol at Council Offices. Emergency procedures are in place for Council locations. Procedures for the Hockley Woods Office are in place but have not been included in the relevant Policy.

The previous audit highlighted two areas where health surveillance did not appear to be performed; Hand Arm Vibration Syndrome (HAVS) and asbestos monitoring. Relevant officers who regularly use equipment that causes vibration are being monitored for HAVS. However, there is no effective recording of outcomes. Screening records should be held in a format that is readily retrievable to evidence that the

Council is meeting its obligations. There is now a full asbestos register in place. This area will be reviewed in the Asset Management Audit 2019/20, which will be reported separately.

The position on regular fire marshal checks throughout Council offices has not improved in recent years, with approximately 32% of the required checks being recorded in the first seven months of the financial year. When a range of comprehensive fire marshal checks were introduced there was not an effective fire and emergency contractor presence or internal inspection regime. These are now in place as well as up to date fire risk assessments. Whilst fire marshals must ensure that escape routes are clear and provide support in the event of an evacuation, the level of checks can be reviewed in light of the measures now in place. External servicing contracts, building fire safety checks and alarm tests will be reviewed in Asset Management Audit Work of 2019/20.

Sample testing found that accidents, incidents and near misses are reported and recorded in accordance with policy guidance. The use of lone working safety devices is minimal across the Council. This is an ongoing issue that has been raised with the Leadership Team by the HSO and each service has been requested to assess the level of need for such a device. Accordingly, no recommendation has been raised in this review.

Health and safety clauses are included in contracts and H&S matters are discussed as part of standard contract monitoring arrangements.

The Service Area Risk Register only contains one risk. However, the register is currently being updated to include risks highlighted in internal audits and other external assessments.

H&S will continue to be reviewed in the 2020/21 audit plan.

GROUNDS MAINTENANCE CONTRACT
Report 17 – 2019/20

Audit objective

To assess whether the Council’s ground maintenance contract is well 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 | <ul style="list-style-type: none"> • Be financially sustainable |
| Corporate risk | <ul style="list-style-type: none"> • 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
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We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
The required service is not delivered or not delivered to the required standard	Adequate	None
The Council pays for a service that is not delivered or not delivered to the required standard	Adequate	1 Moderate (No.1)
Recharges between the Council and the Contractor are not correct	Good	None
The contract is varied to the detriment of the Council; either financially, operationally, or by reputational damage	N/A	There have been no contract variations

Risk area	Assurance Level	No. of Recommendations
There is business continuity failure by the contractor, which may result in reputational, operational or financial damage to the Council	Adequate	1 Moderate (No. 2)
There is financial failure by the contractor, which may result in reputational, operational or financial damage to the Council	Adequate	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	Adequate	None See Main Text

Executive Summary

This audit engagement relates to the management of the Grounds Maintenance contract and is not a review of the governance of GGT (GM) Ltd, which is the contractor. There is, however, a very close relationship between the Council and the contractor that does not exist with other contractors, and this provides assurance in areas which include business continuity arrangements and financial stability. The quality of work carried out is considered to be satisfactory.

Financial control appears effective in respect of contracted works and ad hoc engagements above and beyond the formal contract. There was an uplift in the contract price for 2019/20 but this was not in line with Retail Price Index, as specified in the contract, to the detriment of the contractor.

The Council provides staff time in respect of acting as company officers, in provision of financial services, and of payroll. This time is recharged to the company on an actual time-expended basis. The recharge is based on the hourly salary of named officers, plus on costs. This appears to be an appropriate and transparent process.

Due to changes in recording methodology, significantly the cessation of use of an online recording application, there are incomplete statistical records for the current year in respect of quality of work observed by the officer monitoring the work.

Inspections are regularly carried out and rectification notices to bring work to standard are issued if required, which are followed up to confirm completion of the necessary works. The service area has re-started using an older spreadsheet to record this data and this, going forward, should provide the statistical evidence required. No recommendation has been raised in respect of this matter although this area should remain under review by the Council’s Contract Manager.

The contract requires the company to have built into plant & equipment hire arrangements, a clause permitting assignment of the rental agreement to the Council, to allow the Council continued use of equipment without the need to enter into

procurement arrangements in the event of the company not being able to continue with the contract. This is not in place.

There were no significant issues identified in respect of meeting regulatory requirements. All relevant insurances are in place and the contractor's arrangements mirror many of the Council's policies such as safeguarding, recruitment and health and safety. The Council's Health & Safety Officer has carried out a review of GGT (GM) Ltd's health & safety arrangements and will be making a report on his findings which included the company's policy to be brought up to date and some operational procedures that need review. In the circumstances no recommendations are required from this review.

COUNTER FRAUD
Report 20 – 2019/20

Audit objective

To carry out an overview of the Council’s counter-fraud arrangements.

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 Councils 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
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	Adequate	None
There is ineffective training or awareness of potentially fraudulent or corrupt activity	Adequate	None
Procedures in place do not effectively reduce the risk of fraudulent or corrupt activity	Adequate	None

Executive Summary

An overview was carried out of the Council's counter-fraud arrangements. The potential for fraud and error is considered as part of the scoping for all Internal Audit Work. There has been no internal fraudulent activity identified by Internal Audit in 2019/20 and the service has not been made aware of any internal fraud from other directorates.

The Anti-Fraud and Corruption Policy and Money Laundering Procedure notes are currently under review. Updates that were required as a result of previous audit work and further suggestions from this audit are being considered. The Whistleblowing Policy was last updated in June 2019 and is available on the Council's website. There have been no whistleblowing referrals relating to fraud and corruption in 2019/20. The Policies and procedures that are in place are relevant to the nature and size of the Council and act as internal controls. Further key documents support these policies including Financial Regulations, Contract Procedure Rules, Data Protection, GDPR and Codes of Conduct.

The CIPFA Fighting Fraud and Corruption Locally (FFCL) checklist has been adopted by the Council to conduct a review of the policies and procedures in place. This task was led by the Principal Performance Business Support Officer (PPBSO), with assistance from Internal Audit on a consultancy basis, and the Compliance Officer. The findings have highlighted high levels of compliance; an Action Plan has been produced to address identified areas of partial/non-compliance; further, the Council risk registers have been updated where relevant. Plans are in place to consult with the Leadership Team once the Action Plan has been approved by the Assistant Director, Resources, in order to further inform and finalise the above policies.

A review of potential areas of fraud within each service area was carried out and the risk was generally assessed as 'Low'. The risks and controls are fundamentally relevant although updates are required to reflect changes in particular service areas. This information has been shared with the PPBSO.

Mandatory E-Learning modules on Anti-Fraud and Corruption, Money Laundering and Whistleblowing are available for all officers to complete. There are plans to develop this further with consideration being given to refresher training on an annual basis. Measures are in place to remind officers and Members to declare any interests that may be of conflict to Council work and to record occasions where offered gifts or hospitality, both accepted and declined. A review of the registers showed a total of three entries for 2019/20 so far, all of which appear appropriate.

The Revenue and Benefits Service face the highest level of fraud attempts made against the Council. Full details of counter fraud activity undertaken by the service are included in the March 2020 Audit Progress Report.

Network access has been reviewed with ICT and approximately 80 inactive accounts have been deleted.

APPENDIX 3**PROJECT MANAGEMENT****Report 18 – 2019/20**

Project Management is included in the 2019/20 Annual Audit Plan. During the year the role of the Leadership Team and the Project Management Office (PMO) were revised, as was project related supporting documentation for initiating a project. This is designed to be used as a standardised template to develop a consistent and uniform approach for creating and moving forward any project. The Terms of Reference for the Project Management Office (PMO) were revised. This was reported to and was agreed by The Executive on 6th November 2019.

With the exception of the Asset Development Project, there were no other current projects that would extend significantly into the forthcoming financial year, and this is currently under detailed review by Members and officers.

As part of audit work for 2019/20, the approach to project management was discussed with officers involved in the PMO, and the planned methodology of the PMO and the changes introduced within The Executive Report were considered. Internal Audit is of the opinion that the revised approach for project management appears appropriate. This should provide a framework to create, monitor, challenge and report on progression of key projects.

The scope for the Discover 2020 project had been agreed by the Leadership Team already but the new initiation format has been utilised as a test version and appears to be a comprehensive approach. This project is to be delivered spring/summer of this year. This provides an opportunity for it to be monitored by Internal Audit under the new format for review, challenge and reporting, and determine the level of assurance in these procedures, with a report to this Committee during 2020/21.

PERFORMANCE MANAGEMENT**Report 19 – 2019/20**

Performance Management is included in the 2019/20 Annual audit Plan under the objective, “To assess the arrangements for measuring performance against the Business Plan”.

A range of performance indicators are produced and reported to the Leadership Team and quarterly to the Executive. These are linked to Business Plan priorities but are, on the whole, legacy indicators that relate to service area operational objectives and do not provide a specific measurement in respect of achievement of the Business Plan. These indicators are extracted from operational systems for the most part. The report to the Executive reports in depth on the Council’s financial position.

There are no specified expected outcomes for the current Business Plan, but this has been addressed in the refreshed version of the Plan, which was presented to Council in February 2020. Steps will be taken to develop meaningful performance measurements and reporting methodology to address these outcomes, identify areas

that may need improvement or focus, and to enable continued performance reporting throughout the life of the Plan.

A revised Performance Framework was adopted in January 2019 and is considered fit for purpose, although it may require tweaks to align with the revised Business Plan, whilst still ensuring service performance measures are used to assist management to keep on track of targets within proposed service area plans.

During the year the Council undertook a Peer Review by the LGA and a review of procedures in Development Management by the Planning Advisory Service, both of which provided a report with recommendations that focus on improving performance.

In the circumstances, given the imminent changes, it is considered that no further work be carried out in 2019/20 by Internal Audit on this subject, but work will be carried out in 2020/21 to monitor changes in approach under the new Business Plan.

REVISED 2019/20 AUDIT PLAN

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
<i>Corporate Risk 1: We fail to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes</i>				
Business Continuity	Brought forward from 2018/19 due to changes in BC planning introduced in latter part of year	Financially self-sufficient	1	Remain 2019/20
Performance Management	To assess the arrangements for measuring performance against the Business Plan	All Priorities	1	Completed as short-form overview. Detailed work to follow in 2020/21
Project Management	To provide constructive challenge over governance and design of controls for new systems or processes To assess the progress of projects in relation to agreed timescales, the robustness of project management, and the effectiveness of project activity in delivering outcomes Deferred from 2018/19 Annual Audit Plan	Financially sustainable	1	Completed as short-form overview. Detailed work to follow in 2020/21

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Corporate Risk 2: There is a failure of safeguarding arrangements				
No Work 2019/20				
Corporate Risk 3a: There is a serious Food, Environmental or other incident for which the Council is culpable				
Environmental Health Service	Follow-up of Audit work from 2017/18	Early Intervention	1	In progress 2019/20
Corporate Risk 3b: There is a serious Health and Safety incident for which the Council is culpable				
Asset Management	Follow-up from Asset Management Audit of 2017/18 and Insurance Audit of 2018/19	Maximise our assets	1	Completed To be reported to May 2020 Audit Committee
Health and Safety	Follow-up from Health & Safety Audit of 2017/18 and Insurance Audit of 2018/19	Maximise our assets	1	Completed
Corporate Risk 4: We fail to respond to, or provide, relevant services in the event of an incident or disaster				
Emergency Planning	Examination of arrangements in place for dealing with a disaster/major security incident impacting residents	All priorities	2	Completed
Corporate Risk 5: Council held data is lost, disclosed or misused to detriment of individuals or organisations as result of inadequate protection				
Applications audits	To review a sample of IT applications to assess access controls, and controls relating to data input processing and output, and parameters	Financially sustainable	1	Revenues & Benefits and Payroll Completed

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Cyber Security	Non-technical overview to assess actions to raise awareness of risks and preparedness to withstand attack	Financially sustainable	1	Remain 2019/20
Investigation of critical information breaches	Independent investigation by Internal Audit in the event of a critical information security breach. (Contingent)	Financially sustainable	1	None to date 2019/20
Corporate Risk 7: Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve				
No work 2019/20				
Corporate Risk 8: We fail to innovate and develop new ways of meeting customer needs and expectations				
Well Homes Financial Assistance Grants	To review arrangements for assessing and awarding grants. Changes in procedures since last audit	Enable communities	1	Completed
Social Media	To assess whether there are effective controls in place to: <ul style="list-style-type: none"> • use social media effectively to help the Council best communicate with the public and service users and promote and deliver council services 	Enable communities	1	Completed

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
	<ul style="list-style-type: none"> ensure social media activity is carried out in a professional, secure, and appropriate manner 			
<p>Corporate Risk 9: Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the Business Plan priorities or the Capital Programme</p>				
No work 2019/20				
<p>Corporate Risk 10: The inability to recruit, retain, develop and manage appropriately skilled staff to deliver the Council's priorities</p>				
Staff performance management and development	To assess whether there is a robust and consistently applied framework to manage staff performance and ensure staff receive required training	Maximise assets	2	Process to be re-stated under Connect Project commencing 2020/21. Include in 2020/21 Annual Audit Plan
Business Resilience	To assess the risk associated with reliance on key individuals to achieve priorities, including succession planning, training and span of control.	Financially sustainable	1	Process to be re-stated under Connect Project commencing 2020/21. Include in 2020/21 Annual Audit Plan.
<p>Corporate Risk 11: Failure to enter into and manage effective partnerships for the delivery of services and outcomes</p>				
Partnerships and Alternative Delivery Models	To assess arrangements for governance and oversight of partnerships to include ensuring delivery of agreed outcomes.	Early intervention	1	No significant partnerships requiring review. Remove from 2019/20 AAP Consider for 2020/21 Audit Plan

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Contract Monitoring and Management	<p>To assess whether the Council’s key contracts are well managed to ensure compliance and achieve required outcomes.</p> <p>The contracts that will be reviewed in 2019/20 are:</p> <ol style="list-style-type: none"> 1. ICT Financial Management 2. Grounds Maintenance – GGT(GM) <p><i>Where possible, this work will identify and assess the extent existing sources of assurance activity can be relied on.</i></p>	Financially sustainable	1	<ol style="list-style-type: none"> 1. Remain 2019/20 2. Completed
Procuring goods & services	<p>To assess whether the requirements of Financial Regulations and Contract Procedure Rules are complied with for a sample of purchased goods and services across a range of values and service areas as a follow up to the 2017/18 and 2018/19 reviews.</p>	Financially sustainable	1	Remain 2019/20
Vehicle fleet management	<p>To assess whether the Council effectively manages its fleet of vehicles in respect of maintenance and replacement management</p>	Maximise our assets	2	<p>Low Priority for 2019/20.</p> <p>No work undertaken</p>
Corporate risk 13: Failure to ensure good governance of the Council’s activities and delivery of priority outcomes				
Abandoned Vehicle Contract	<p>Overview of processes adopted prior to issue of instruction to contractor to remove vehicles</p>	Maximise assets	2	Completed

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Annual Governance Statement (AGS) 2019/20	<p>Ensure the AGS covers all elements set out in best practice guidelines</p> <p>Ensure relevant assurances have been obtained to support the elements of the AGS</p> <p>Review evaluations of systems, processes and documentation supporting development of the AGS</p> <p>Confirm areas for improvement identified in the AGS have been adequately identified and have action plans in place with arrangements for monitoring progress</p>	All Priorities	1	Collation work under way
Cemetery Management	Overview of the provision and accuracy of data and management information	Financially sustainable	2	Low Priority for 2019/20. No work undertaken.
Counter Fraud Arrangements	<p>To carry out an overview of the Council's counter-fraud arrangements</p> <p>Where necessary, investigate any fraud referrals</p>	Maximise assets	1	Completed
Counter Fraud; National Fraud Initiative	<p>To provide oversight of, and reports to Audit Committee on the progress in dealing with the 2019 National Fraud Initiative data match exercise</p> <p><i>This work is an oversight role only to ensure the Chief Audit Executive is aware of the extent and nature of matches should it indicate any</i></p>	Maximise assets	1	This work is included within the narrative of each Audit Progress Report under "Counter Fraud Activity"

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
	<i>significant control issues and to gain assurance that any issues arising are being dealt with</i>			
Discretionary Housing Payments (DHP)	Overview of arrangements for awarding DHP	Early intervention	2	Testing under way 2019/20
Elections Bank Account	Review of governance arrangements for the bank account	Financially sustainable	2	Low Priority 2019/20 Election Team much higher workload than originally envisaged during 2019/20. Include in 2020/21 Audit Plan
Homelessness Reduction	Review of procedures and outcomes	Early Intervention	1	Remain 2019/20 but will be late in year pending consultation/roll-out of proposed Homeless Strategy
Housing Allocations	Overview of Housing Allocations policy against legislative requirements	Early intervention	1	Completed
Housing Benefit Subsidy	Review benefit cases selected by the external auditor to feed into the external audit grants certification work (New DWP worksheet for 2019/20)	Maximise assets	1	Completed
Key financial systems	To assess whether the key controls in the key financial systems are adequately designed and effectively applied. <ul style="list-style-type: none"> • Payroll • Debtors & Debtor Management • Cash & Banking 	Maximise assets	1	Work completed on all services as shown

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
	<ul style="list-style-type: none"> • Council Tax • Business Rates <p>Testing will focus on key controls relating to significant income, expenditure or changes in underlying risks, personnel, systems etc.</p>			
<p>Planning & Regeneration - Services - Development Management</p>	<p>To assess whether there are effective processes and procedures to ensure planning applications processed in required timescales</p>	<p>Early intervention</p>	<p>1</p>	<p>External review has been undertaken by Planning Advisory Service to support service</p> <p>Additional work has been requested but this is not time critical per financial year and will be actioned, possibly into 2020/21</p>
<p>Risk Management</p>	<p>To review the existence and effectiveness of a sample of mitigating actions for key risks</p>	<p>Maximise assets</p>	<p>1</p>	<p>Completed</p>
<p>Service Provision to Other Local Authorities</p>	<p>To review the provision of payroll services/ processing election payments for other Local Authorities.</p>	<p>Financially sustainable</p>	<p>1/2</p>	<p>Completed</p> <p>To be reported to the May 2020 Audit Committee</p>

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Corporate Risk 14: Failure to ensure the ICT Estate supports achievement of the Business Plan				
Critical Friend	Internal Audit will act as ‘critical friend’ with regard to ICT developments to support the identification of risks and control measures to mitigate such risks. Further to this IA will seek external assurance from relevant third parties with regard to the Council’s IT infrastructure	Early Intervention	1	Remain 2019/20 if required
Corporate Risk 15: Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls and statutory compliance				
GDPR	To follow-up on recommendations arising from Internal Audit work of 2018/19 and review ongoing compliance arrangements	Financially sustainable	1	Completed
Other audit activity chargeable to the audit plan				
Audit management	To undertake required management activity including quality assurance and continuous improvement processes. To review and, where necessary, update the Audit Charter and Strategy.		1	Ongoing Work
Audit planning	To develop the 2020/21 audit plan		1	Ongoing Work

Activity to be audited	Objective of work	Business Plan priority	Audit Priority	Current Position
Following up recommendations	Where not included in Plan above, we will follow up High and Moderate recommendations to assess whether recommendations have been effectively implemented		1	Ongoing Work
Governance Group	To attend the Governance Group meetings and contribute to the development/improvement of governance processes		1	Attendance at periodic meetings
Investigations	To carry out investigations in conjunction with Human Resources as directed by the Leadership Team.		1	None to date 2019/20
Reporting to Audit Committee	To prepare and present the required reports to Audit Committee throughout 2019/20		1	Ongoing Work

APPENDIX 5PROGRESS 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	<p>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</p> <p>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</p> <p>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 Roll-out of E-learning 26/11/19 Implemented</p> <p style="text-align: right;">DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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.	<p>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</p> <p>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.</p> <p>Progress has been made but priority has been given to the completion of the Accounts. To be in place for year-end 2019/20.</p> <p>Revised end date 31/3/20</p>
17 2017/18	Procurement Addendum	2	M	The introduction of one point of control for central management for all agency spend	<p>HR to act as point of control. Framework arrangement to be developed End Date 28/2/19</p> <p>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.</p> <p>Partially completed. HR is now the central point of contact for all agency recruitment and spend. However, Framework is a work in progress.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
					<p>Revised end date 30/09/19. Tender is out to advert, evaluating w/c 14/10/19, awarding w/c 4/11/19.</p> <p>Revised end date (to include cooling off period) 21/11/19. Contract to be awarded 7/12/19. Revised end date 16/12/19. Implemented DELETE</p>
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	<p>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</p>
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.	<p>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 implementation 31/10/19. Procedures still to be developed. Revised end date 31/12/19.</p> <p>Internal Audit have been advised, by Assistant Director, Place & Environment, that due to resource issues it has not been possible to dedicate time to complete this recommendation. It is acknowledged that such operating procedures are required and this recommendation will be kept open, subject to ongoing review.</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
6 2018/19	Insurance Arrangements	1	M	<p>A project team will be established to consider an approach to produce, ideally, a single asset register and to work on a solution.</p> <p>Matter raised during the audit will be reviewed and reflected in the 2018/19 balance sheet</p>	<p>Original End Date 31/12/19</p> <p>An internal project team has met to work on a solution and has obtained a master list of assets from the Land Registry which is currently being worked through. Some additional resource may be required to fully complete the detailed reconciliations. A project plan will be drawn up and reported in line with PMO processes, with the intention that a solution is fully implemented by end of 2020.</p> <p>Revised end date 31/12/2020</p>
11 2018/19	Budget Setting and Monitoring	2	M	<p>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 Regulations during 2019/20.</p>	<p>Agreed implementation date 31/03/20</p>
14 2018/19	Contracts Procurement and Purchasing	1	M	<p>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.</p>	<p>Agreed implementation date 31/08/19. Partially complete, Contract Register has been updated. Website still in progress.</p> <p>Revised end date 30/11/19</p> <p>Implemented</p> <p style="text-align: right;">DELETE</p>

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 Revised end date to bring in line with other CPR recommendations 31/3/20
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
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 EU Exit. Revised end date 31/12/19. Implemented DELETE
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 Register; the type of data, the lawful basis for holding it, security arrangements and retention periods should be detailed.	Agreed Implementation Date 30/9/19 Postponed to determine impact of EU Exit. Revised end date 31/12/19 Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
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 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. Implemented DELETE
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 Implemented DELETE
11 2019/20	Sundry Debt Management	1	M	All monthly invoices that have not been raised in respect of a management contract, identified in audit testing, will be produced and will thereafter be issued as and when they fall due	Agreed End Date 13/1/20. Implemented DELETE
11 2019/20	Sundry Debt Management	2	M	An ongoing management review of the process for managing periodic invoicing will be introduced	Implemented DELETE

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
11 2019/20	Sundry Debt Management	3	L	On order to provide a detailed audit trail of the rationale and values relating to periodic invoicing will be introduced	Agreed End Date 31/1/20 Implemented DELETE
11 2019/20	Sundry Debt Management	4	S	An ongoing management review of the process for managing sundry debt invoicing and income collection will be introduced	Implemented DELETE
11 2019/20	Sundry Debt Management	5	M	A monthly process to reconcile sundry debt records to the finance system will be re-introduced	Implemented DELETE
11 2019/20	Sundry Debt Management	6	M	Procedures will be developed between Finance and service areas to effectively identify and address credit balances that may arise relating to sundry debt accounts	Agreed End Date 31/1/20 Implemented DELETE
11 2019/20	Sundry Debt Management	7	L	The Resources Directorate service risk register will be updated to reflect all relevant operations	Agreed End Date 3/2/20 Implemented DELETE
16 2019/20	Health & Safety	1	L	The Fire Safety Policy and Emergency Evacuation Procedures will be updated to include the emergency evacuation procedures for the Hockley Woods office	Agreed End Date 30/4/20

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
16 2019/20	Health & Safety	2	M	Annual screening records for Hand Arm Vibration Syndrome will be held in a form that is readily retrievable should it be required	Agreed End Date 31/5/20
16 2019/20	Health & Safety	3	M	<p>The Council’s Policy towards fire marshals and the duties and responsibilities of those marshals will be reviewed, taking into consideration staff changes, office moves, and the work and inspections carried out by the fire and emergency contractors and the Asset Management Team.</p> <p>If the review does not lead to changes, the actual reporting process will be reviewed to ensure that matters that require urgent attention are e-mailed direct to the Asset Management Team.</p>	Agreed End Date 31/5/20
16 2019/20	Health & Safety	4	M	<p>Effective health & safety training is a corporate issue and realistically should be addressed accordingly.</p> <p>The findings in respect of training will be taken to the Leadership Team to develop an approach, ideally within a staff development programme and will ensure that;</p>	Agreed End Date 30/4/20

Report No	Report Title	Rec No	Risk	Recommendation	Implementation progress
				<p>A) All officers who require IOSH training will complete it.</p> <p>B) Training will be undertaken by all relevant staff at a level appropriate to their role, including re-fresher training.</p>	
17 2019/20	Grounds Maintenance Contract	1	M	Steps will be taken to ensure that the annual inflation uplift for the Grounds Maintenance Contract will be carried out in line with the contract terms for 2020/21 and future years.	Agreed End Date 30/6/20
17 2019/20	Grounds Maintenance Contract	2	M	The Supervising Officer will seek to obtain a clause to enable assignment of leasehold agreements to the Council, in the event of the contractor ceasing trading, in line with the wording in the Grounds Maintenance Contract.	Agreed End Date 31/8/20

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

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