

AUDIT COMMITTEE – 19th November 2019

Report of the Head of Strategic Support

Part A

ITEM 8 INTERNAL AUDIT PROGRESS REPORT

Purpose of Report

The report summarises the progress made against outstanding audits for the 2018/19 Audit Plan and progress in respect of the 2019/20 Audit Plan. Furthermore, it outlines the key findings from the final audit reports and details the follow-up work completed since the previous progress report, considered by the Audit Committee at the meeting held 11th June 2019.

Recommendation

The Committee notes the report.

Reason

To ensure the Committee is kept informed of progress against the approved Internal Audit Plans.

Policy Justification and Previous Decisions

The Accounts and Audit Regulations 2015 state (Regulation 5 (1)) that the relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Audit Standards and any appropriate guidance.

Implementation Timetable including Future Decisions

Reports will continue to be submitted to the Committee on a quarterly basis.

Report Implications

The following implications have been identified for this report:

Financial Implications

None

Risk Management

There are no specific risks associated with this report

Background Papers:

None

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Part B

1. Progress against the 2018/19 and 2019/20 Audit Plans

General Audits – There are five audits that remain to be completed from the 2018/19 Audit Plan.

In the case of two audits (i.e. Decent Homes and Licensing) the fieldwork has been completed and draft reports will be issued in due course. There are two further audits where the draft reports have been issued (i.e. Performance Management and Car Parking) and one audit (i.e. CCTV) where the service has requested the field work to be undertaken in December.

Since the last Audit Committee meeting in June, additional external resources have been procured from accounting company BDO (Binder, Dijker and Otte) to undertake 7 general audits, during the period September 2019 to January 2020 (90 audit days in total):

Audit	Audit Days	Update
Decent Homes 2018/19	15 days	Draft report to be issued
Car Parking 2018/19	12 days	Draft report issued
Absence Management 2019/20	12 days	To commence 27th January 2020
General Data Protection Regulation 2019/20	12 days	In Progress
Procurement 2019/20	12 days	To commence 6th January 2020
Voids Management 2019/20	12 days	Being scheduled
Responsive Repairs 2019/20	15 days	To commence 20th January 2020

IT Audits – IT audits are undertaken by an external contractor and as scheduled the 2019/20 audit on Disaster Recovery is in progress. In addition, the remaining IT Audit on IT Helpdesk/Demand Management has been scheduled for January 2020.

In relation to the 2019/20 audit plan, there are twenty-eight general audits in the plan (ten key financial audits and eighteen strategic and service risk audits). At the end of September 2019 there was one audit completed (Disabled Facilities Grants); one in progress (GDPR) and four that had been scheduled with services (Absence Management, Procurement, Voids Management and Responsive Repairs).

Consideration is currently being given to commissioning further external support to deliver more of the planned 2019/20 audits.

2. Final Audit Reports Issued

The following final audit reports have been issued since the last update report to the Committee back in June. Further detail in respect of these audits is attached in Appendix B, including a background section, the executive summary, and the agreed action plan listing recommendations made and the management responses.

Audit	Field Work Completed	Draft Report Issued	Final Report Issued	Current Level of Assurance	Previous Audit Level of Assurance	Corporate Significance
Housing Benefits & Council Tax Support 2018/19	Apr-19	Apr-19	Jun-19	Substantial	Substantial	High
Creditors 2018/19	May-19	Jun-19	Jun-19	Substantial	Substantial	High
Debtors 2018/19	Apr-19	Jun-19	Jun-19	Substantial	Substantial	High
Non-Domestic Rates 2018/19	Apr-19	Jun-19	Jun-19	Substantial	Moderate	High
Annual Leave, Flexi & TOIL 2018/19	Feb-19	Feb-19	Jun-19	Moderate	No Previous Audit	Low
Revenues and Benefits Contract 2018/19	Jun-19	Jun-19	Jun-19	Moderate	Moderate	High
Enforcement 2018/19	Apr-19	Apr-19	Jul-19	Substantial	No Previous Audit	Medium
Housing Rents 2018/19	Jun-19	Jun-19	Jul-19	Substantial	Moderate	High
Income Collection 2018/19	May-19	Jun-19	Jul-19	Substantial	Substantial	High
Payroll 2018/19	May-19	Jul-19	Aug-19	Substantial	Substantial	High
Disabled Facilities Grants – Annual Certification 2019/20	Sept-19	N/A	Sept-19	Substantial	Substantial	High
Performance Management 2018/19	Oct-19	Oct-19	Oct-19	Moderate	Substantial	High

3. ICT Audits

One final IT audit report has been issued since the last update report to the Committee. Further details in respect of this audit are included in Appendix B.

Audit	Field Work Completed	Draft Report Issued	Final Report Issued	Current Level of Assurance	Previous Audit Level of Assurance	Corporate Significance
Cyber Security 2019/20	May-19	Jun-19	Jul 19	Moderate	No Previous Audit	High

4. Follow Up of Recommendations

The table below summarises the follow-up status of recommendations which were due to be implemented during the two quarters (April 2019 to June 2019 and July 2019 to September 2019).

The status of recommendations is as follows:

	Priority Level	Implemented	Not Implemented	No Further Action
Apr – Sept 2019	High	0	1	1
	Medium	6	7	0
	Low	16	2	6
Percentages		56%	26%	18%

5. Special Investigations

Since the last Audit Committee there have been two Right to Buy (RTB) applications referred to audit. The cases have been passed to the Corporate Investigation Manager at Leicester City Council for further investigations to be made.

In the meantime, the Audit Team have been working with Property Services (who administer these applications) with the view of implementing more robust procedures. Moving forward Property Services will also be working with the Exchequer Services Manager at Leicester City Council to establish best practice for administering RTB applications and there is also the potential that they will be able to provide additional checks, such as credit checks.

The audit on RTB in the 2019/20 plan will review progress with changes to the current procedures in place and the robustness of the application process.

6. Performance Indicators for Internal Audit

The following summary outlines the results against the local performance indicators for Internal Audit for 2019/20.

Indicator	Target	Result	Notes
Percentage of clients that rated the performance of Internal Audit as satisfactory or higher.	90% (Annual)	-	No data available
Percentage of the agreed 2019/20 Internal Audit plan delivered (as at 30/09/2019).	90%	3%	See commentary in the report. Percentage completed based upon actual time spent on 2019/20 planned audits.
Percentage of agreed recommendations arising from internal audit reviews implemented by the agreed	69%	96%	April – September 2019 (27/39 recommendations)

7. Update on the Internal Audit Shared Service Proposal

Cabinet approved the proposal to enter into a shared service arrangement for Internal Audit with North West Leicestershire and Blaby District Councils at their meeting on 19th September 2019.

Following that the new Senior Auditor post was advertised, but unfortunately no applications were received. Consideration is therefore being given to potential options to move forward, but the unsuccessful recruitment means that the implementation of the shared service will be delayed.

Therefore, and as referred to previously in this report, consideration is currently being given to using additional external resources to undertake further audits from the 2019/20 audit plan.

Appendices

Appendix A – Summary of progress against the 2018/19 and 2019/20 Audit Plans as at 30th September 2019.

Appendix B – Summary of Final Audit Reports Issued.

Appendix C – Recommendations not implemented by the Agreed Date as at 30th September 2019.

PROGRESS AGAINST THE 2018/19 AUDIT PLAN

2018/19 Audit Plan	Plan Days	Spent Days (30.09.19)	Status as at 30.09.19	Assurance Level	Corporate Significance
Key Financial Systems					
<i>Full Systems Audit</i>					
Accountancy & Budgetary Control	10.00	10.00	Completed	Substantial	High
Payroll	10.00	9.00	Completed	Substantial	High
Capital Accounting	8.00	8.00	Completed	Substantial	High
Non-Domestic Rates	8.00	10.00	Completed	Substantial	High
<i>Targeted Testing:</i>					
Creditors	3.00	2.50	Completed	Substantial	High
Debtors	2.00	6.75	Completed	Substantial	High
Income Collection	2.00	2.50	Completed	Substantial	High
Housing Benefits and Council Tax Support	3.00	4.50	Completed	Substantial	High
Council Tax	3.00	3.00	Completed	Substantial	High
Housing Rents	3.00	3.50	Completed	Substantial	High
<i>Quarterly Testing:</i>					
Treasury Management	2.00	2.00	Completed		
Bank Reconciliation	2.00	2.00	Completed		
Sub Total – KFS Reviews	56.00	63.75			
Strategic & Service Risk Audits					
NFI/Counter Fraud	10.00	10.00	Completed		
Homelessness	12.00	13.00	Completed	Substantial	High
Decent Homes Contract	15.00	14.00	In Progress -Draft Report to be issued Oct-19		

2018/19 Audit Plan	Plan Days	Spent Days (30.09.19)	Status as at 30.09.19	Assurance Level	Corporate Significance
Grants to Community Groups (Landlord Services)	8.00	5.50	Completed	Moderate	Low
Licensing	10.00	9.00	In Progress – draft report to be issued Nov-19		
Car Parking	12.00	12.00	Draft Report		
Enforcement (Cross cutting)	20.00	20.50	Completed	Substantial	Medium
Revenues & Benefits Contract	12.00	11.00	Completed	Moderate	High
Performance Management	10.00	16.00	Completed	Moderate	High
Staff Allowances & Expenses	10.00	10.25	Completed	Moderate	Low
Garden Waste Scheme	10.00	11.00	Completed	Moderate	Medium
Sport & Active Recreation	10.00	10.00	Completed	Substantial	Low
CCTV	8.00	1.00	Delayed due to Service		
Mayoralty	8.00	4.50	Completed	Substantial	Medium
Holiday pay/flexi/toil policies and application.	12.00	12.00	Completed	Moderate	Low
ASB (cross cutting use of Sentinel etc)	9.00	10.00	Completed	Moderate	High
Corporate Credit Cards	10.00	10.00	Completed	Moderate	Medium
Sub Total – Strategic & Services Audits	184.00	179.75			
Other Work					
Recommendations - Follow Ups	20.00	20.00	Completed		
Ad Hoc Investigations/Contingency	30.00	7.50	N/A		
Allowance to complete 2017/18 Audits	10.00	50.00	N/A		
Sub Total – Other work	60.00	77.50			
TOTAL – Audit Plan (not including IT externally resourced audit)	300.00	321.00			

PROGRESS AGAINST THE 2019/20 AUDIT PLAN

2018/19 Audit Plan	Plan Days	Spent Days (30.10.19)	Status as at 30.10.19	Assurance Level	Corporate Significance
Key Financial Systems					
<i>Full Systems Audit</i>					
Council Tax	10.00		Scheduled for Q4		
Creditors	10.00		Scheduled for Q4		
Debtors	10.00		Scheduled for Q4		
<i>Targeted Audits</i>					
Payroll	3.00		Scheduled for Q4		
Accountancy and Budgetary Control	3.00		Scheduled for Q4		
Capital Accounting	2.00		Scheduled for Q4		
Income Collection	2.00		Scheduled for Q4		
Housing Benefits and Council Tax Support	3.00		Scheduled for Q4		
Non-domestic Rates	2.00		Scheduled for Q4		
Housing Rents	3.00		Scheduled for Q4		
<i>Quarterly Testing</i>					
Treasury Management	2.00				
Bank Reconciliation	2.00				
Sub Total – KFS Reviews	52.00				
Strategic & Service Risk Audits					
NFI/Counter Fraud	25.00				
Right to Buy	10.00				
Asset Management	10.00				

2018/19 Audit Plan	Plan Days	Spent Days (30.10.19)	Status as at 30.10.19	Assurance Level	Corporate Significance
Project Management	12.00				
Responsive Repairs (outsourced)	15.00		Scheduled for Q4		
Voids Management (outsourced)	12.00		Scheduled for Q3		
Choice Based Lettings/Allocations	12.00				
Food Safety	10.00				
Building Control	12.00				
DFG – Annual Certification	3.00	3.50	Completed	Substantial	High
Town Hall	15.00				
Charnwood Grants	10.00				
Fleet Management	10.00				
Leisure Centre Contract	12.00				
Absence Management (outsourced)	12.00		Scheduled for Q4		
Development and Implementation of People Strategy					
Strategic Communication					
Procurement (outsourced)			Scheduled for Q4		
GDPR (outsourced)			In Progress		
Sub Total – Strategic & Services Audits	231.00	3.50			
IT Audit (delivered by BDO)					
Cyber Security	16.00	16.00	Completed	Moderate	High
Disaster Recovery	13.00		In Progress		
TOTAL IT	29.00	16.00			
Other Work					
Recommendations - Follow Ups	20.00				
Ad Hoc Investigations/Contingency	30.00				
Allowance to complete 2018/19 Audits	10.00				
Sub Total – Other work	60.00				
TOTAL – Audit Plan (not including IT externally resourced audit)	343.00				

SUMMARY OF FINAL AUDIT REPORTS ISSUED

Housing Benefits and Council Tax Support 2018/19

1. Background

The Benefits Service is responsible for administering the Housing Benefit Scheme and the Leicestershire and Rutland Council Tax Support Scheme for the residents of Charnwood. The Revenues and Benefits functions have been outsourced to Capita since February 2010; the monitoring of the contract with Capita is overseen by the Head of Customer Experience.

The Housing Benefits (HB) and Council Tax Schemes (CTS) are one of the identified key financial systems, which are audited on an annual basis.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based on the audit work undertaken there were no significant areas of weakness identified. Testing shows that overpayments of benefit are dealt with in accordance with the overpayment strategy, properly recorded, calculated correctly and arrangements for recovery are made promptly. Write-offs have been dealt with in accordance with agreed procedures and have been properly recorded and accounted for in the Benefits System (Academy).

All reconciliations between the Benefits System and General Ledger were completed as scheduled and were appropriately authorised, reducing the risk of anomalies not being found promptly.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Overpayments of benefit are dealt with in accordance with the overpayment strategy, properly recorded, calculated correctly and arrangements for recovery are made promptly.
- Write-offs are undertaken in accordance with agreed procedures and Financial Procedure Rules.
- All reconciliations between the Benefits System and General Ledger were completed as scheduled and were appropriately authorised, reducing the risk of anomalies not being found promptly.

However, from the work undertaken during the review, we have also identified the following area where there is scope for improvement to ensure that the system operates more effectively, efficiently and address weaknesses identified:

- In 8/10 cases the write-off proforma had been appropriately authorised, but in one case a copy of the proforma could not be located on SharePoint and in the remaining case, the proforma had not been authorised.
- The Write-offs Policy has not been reviewed since 2016.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. In 8/10 cases the write-off proforma had been appropriately	Write-offs are not appropriately authorised, possibly resulting	1. All individual write-off proformas are appropriately authorised in accordance with the	Low	Ensure all scanned documents are double checked once scanned and before destruction to	Revenues and Benefits Contract Officer	May 2019 - ongoing

authorised but in one case a copy of the proforma could not be located on SharePoint and in the remaining case the proforma had not been authorised.	in invalid write – offs being actioned.	limits set in the Financial Procedure Rules. All proformas should be available on SharePoint to evidence the authorisation for the write - off.		ensure valid record of approval.		
2. The Write-offs Policy has not been reviewed since 2016.	The Policy may not reflect current best practice and legislative requirements.	2. The Write-offs Policy is reviewed, and this is evidenced by version control.	Low	The Write Off Policy is reviewed jointly with Capita and Charnwood and where necessary updated	Head of Customer Experience	June 2019

Creditors 2018/19

1. Background

The Creditors system is one of the identified key financial systems, which are audited on an annual basis. The creditors function within Charnwood Borough Council is located within Financial Services and provides a centralised service for the payment of invoices to the suppliers of the Council.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based upon the work undertaken the systems and controls in place surrounding the purchasing of goods and services are operating well and effectively.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There are adequate procedures in place for the validation, authorisation and payment of invoices received.
- Reconciliations between the creditor's system and the general ledger are undertaken on a regular basis and are independently reviewed.
- There is adequate segregation of duties between ordering and payment of goods/services.

3. Action Plan

There are no recommendations for management consideration.

Debtors 2018/19

1. Background

The sundry debtor's function is one of the identified key financial systems, which are audited on an annual basis. The sundry debtor's function within Charnwood Borough Council is located within Financial Services and provides a centralised service for the collection of sundry income due to the Council.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Testing found that there is evidence to verify that the Income Section are taking appropriate action, in accordance with the strategic approach of Debt Recovery Policy, however testing highlighted areas of concern in respect of the responsibility of services in relation to debt recovery. For example, ensuring where possible that the collection of the fee/charge involved takes place prior to the service being provided so that credit is only given when essential to do so; ensuring appropriate documentation is in place to allow court action to be taken where necessary (orders or written agreements); ensuring all liable persons are identified for invoicing and ensuring prompt action is taken, where it can be, to prevent debts increasing (i.e. revoking services).

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000

- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There is an up to date Sundry Debt Recovery Policy in place.
- Arrears are reviewed monthly.
- The Income Section is taking appropriate action in accordance with the Sundry Debt Recovery Policy.
- Reconciliations between the debtor's system and the general ledger are undertaken on a regular basis and are independently reviewed.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Testing highlighted concerns in respect of the responsibility of services in relation to debt recovery (as detailed above in 2.1).

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Testing highlighted concerns in respect of the responsibility of services in relation to debt recovery (as detailed above in 2.1). In addition, key outstanding debt, over 90 days is	Breach of the Sundry Debt Recovery Policy. Current practice allows debts to accumulate resulting in	1.1 The Strategic Director of Corporate Services reminds the Senior Management Team of the Council's strategic approach to the collection of debt and the responsibilities of services in that process. To facilitate this, the analysis	Low	To provide service managers with the current Sundry Debt Recovery Policy, process and service managers responsibilities Sundry Debt Recovery Policy	Head of Finance and Property/ Senior Income Officer	August 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
highlighted in 4.1, for the key groups.	increased risk of bad debt and costs incurred on recovery action.	of outstanding debt, over 90 days to be circulated in order to raise awareness of SMT of the debt by key groups.	Low	Current Debt Analysis reports are provided as key performance indicators, also specific monthly Age Debt reports are sent to Service Managers.	Head of Finance and Property/ Senior Income Officer	Ongoing
	Lack of documentation means legal action cannot be taken.	1.2 The Income Section considers using a suspense account to move income from budgets where services are reluctant to co-operate in debt recovery or write off the debt.	Low	1.2 This has been considered, however, this would not facilitate the debt recovery process and would be inefficient to do.	Head of Finance and Property/ Senior Income Officer	No Further Action
		1.3 <i>Rent Guarantee Debt</i> The Housing Needs Team undertakes a review of the current outstanding debt, particularly in respect of debt more than 90 days old and advises the Income Section of action to be taken.	Low	A Meeting has been set up with Housing Needs on the 21 st June to review this process.	Senior Income Officer	July 2019
		1.4 <i>Markets and Fairs</i> Arrears cases continue to be monitored on a monthly basis and the key actions		Monthly Age Debt Reports are sent to Service Managers to aide this process.	Head of Leisure and Culture/ Markets, Fairs and Town Centre Operations	October 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
		identified in 4.1 be implemented to prevent arrears increasing further.			Manager	

Non-Domestic Rates 2018/19

1. Background

The Non-Domestic Rates (NDR) system is one of the identified key financial systems which are audited on an annual basis. The Revenues and Benefits function which administers the collection of Non-Domestic Rates was outsourced to Capita in February 2010. In April 2013, the Business Rate Retention Scheme was introduced. This changed the way in which non-domestic rates are distributed but did not change the way in which they are collected.

Capita's responsibilities include three main functions: i.e. billing, enforcement and control. The monitoring of the Capita contract is overseen by the Head of Customer Experience.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based on the work undertaken during this review, it was found that the procedures in place reduce the risks associated with ensuring all income due is collected and that all discretionary and mandatory reliefs are appropriately applied. All reconciliations reviewed had been completed promptly and accurately, and where appropriate had been reviewed.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000

- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- New properties in the Borough are identified and the Valuation Office informed.
- Valuation data is correctly entered into the system.
- Rates are collected, refunded or reconciled in accordance with legislation and local policies.
- Discretionary and Mandatory reliefs are awarded in accordance with legislation or local policy.
- Recovery, write-offs and enforcement are undertaken in accordance with guidance, legislation or financial procedure rules.

3. Action Plan

There are no recommendations for management consideration.

Revenues and Benefits Contract 2018/19

1. Background

The Council currently has in place a contract for the provision of Revenues, Benefits and Associated Transactional Services. The contract was awarded to Capita Business Services Limited for a period of ten years with the option of a five-year extension period. The contract commenced on 1st February 2010 and has an estimated value of £22.5 million, over the contract period.

The monitoring of the contact falls under the responsibility of the Authorised Officer, the Head of Customer Experience. There is a Contract Officer employed by the Council who is responsible for the detailed sample checking of claims processed by the contractor, the monitoring of performance levels in line with contractual requirements and ensuring consistent quality and effective delivery of services in line with statutory regulations and Council policy.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – MODERATE ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

In the main the findings of this review are based on discussions, with a restricted amount of testing being undertaken. It was found that there are adequate arrangements in place to ensure that the Contract and Key Performance Indicators are monitored however discussions and actions during the monthly management meetings are not documented.

Payments due under the terms of the Contract are checked and made appropriately. Information relating to customer satisfaction has not been received from the contractor in recent years.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000

- Suspected cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There is a contract in place that has been developed, agreed and signed by both a representative of the client and the contractor thus ensuring they are legally binding.
- Monthly meetings are held to enable contract management responsibilities to be fulfilled with representatives from CBC and the contractor.
- Adequate arrangements are in place for monitoring the contractor's performance against agreed Key Performance Indicators (KPIs) and all KPIs identified in the contract are included in the monitoring process.
- Expected levels of service and standards are adequately defined and agreed and there are targets that if not met consistently could result in deductions.
- Substandard performance is identified, is followed up with the contractor and appropriate action taken and recorded.
- Concerns and complaints are captured on LAGAN and are dealt with in accordance with the Council's Corporate Complaints Policy.
- There are adequate arrangements in place to ensure that all payments due under the terms of contract are accurately calculated and made appropriately.
- There are arrangements in place whereby performance is monitored and action taken in respect of substandard performance where financial penalties may be enforced.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- A lack of evidence is maintained to demonstrate that the contract is being monitored and that both parties are adhering to the contract conditions.
- Information relating to customer satisfaction has not been received from the contractor in recent years however this is a requirement of the terms of the contract.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. A lack of evidence is maintained to demonstrate that the contract is being monitored and that both parties are adhering to the contract conditions.	Clear objectives are not set which could lead to disputes.	1. Monthly contract management meeting should be formalised with a clear agenda, minutes of discussion points, decisions made and a log of actions arising.	Medium	Electronic minutes are now recorded for the meeting with a Standard Agenda in place	Head of Customer Experience	Implemented
2. Information relating to customer satisfaction has not been received from the contractor in recent years however this is a requirement of the terms of the contract.	Breach of terms and conditions	2. Customer Satisfaction information should be obtained from the contractor in accordance with the terms of the contract and reviewed to identify any areas that require action.	Medium	This is being reviewed as part of the contract extension discussion.	Head of Customer Experience	January 2020
3. There is limited evidence to demonstrate that variations have been made in accordance with the terms of the contract.	Unauthorised payments are made.	3. Documentation to support contract variations should be produced in accordance with Schedule 6 of the contract, appropriately signed by the Authorised	Medium	All changes are now done with relevant sign off documentation to support any contract variations	Head of Customer Experience	Implemented

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
		Officer and the Contractor's Representative and copies retained by the Authorised Officer.				

Annual Leave, Flexi and TOIL 2018/19

1. Background

Officers are allocated eight statutory bank holidays plus four locally agreed holidays, together with annual leave which is dependent on the length of service, as follows: -

- under five years – twenty-two days; and
- over five years – twenty-seven days.

The Council also operates flexi time and Time off in Lieu (TOIL) schemes, and time off in respect of these schemes, is granted at the discretion of the Manager, as stated in the respective policies.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – MODERATE ASSURANCE	CORPORATE SIGNIFICANCE – LOW
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Assurance

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

Based on the interviews held with nine Managers across the Council, we noted that there are inconsistencies in managing, documenting and reporting Flexi and TOIL within service areas.

Corporate Significance

The area reviewed has been rated as being of low corporate significance, on the basis of:

- General risk of financial loss less than £10,000
- Risk of minimal reputational damage (e.g. customer complaints)
- No direct links to identified operational or strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- The Council has policies in place in relation to TOIL and flexi time schemes, which officers can access via the Intranet.
- Annual leave entitlement is referenced within the Human Resources policies contained in the Officers Handbook, which officers can access via the Intranet.
- Annual leave calculation spreadsheets, for both full time and part time officers, are available to officers via the Intranet.
- In general, flexi and TOIL leave is requested through iTrent 'Self-Serve', which is forwarded to respective Line Managers for approval.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- We were advised by Human Resources (HR) that HR Policies including Flexi and TOIL policies are reviewed every two years and presented to the Personnel Committee for approval. If there are any minor changes arising in the interim period, that require inclusion in the policies, these are processed with immediate effect. Whereas notable changes will require Committee approval.

Review however, of the TOIL policy revealed that this was last reviewed in January 2014. We were advised by HR that this is the latest version available to officers. Discussions with the Improvement and Organisational Development Manager found that HR policies are reviewed in accordance with an annual programme which is agreed at the beginning of each year. Policies with legislative changes and where there are changes in working practices are prioritised higher than those where no changes have been identified.

- Human Resources does not periodically review the annual leave calculations performed by the System Analyst, to confirm accuracy and to ensure that it reflects the work pattern change requested.
- We invited 10 managers across the Council to be interviewed, of which 9 accepted. The remaining manager cancelled the day before the interview and did not respond to emails requesting alternative days and times. The purpose of the interviews was to obtain an understanding of the working practices adopted in the service areas, with regards to flexi time and TOIL and whether these conformed to Council policy requirements. We identified that:
 - The Licensing Manager was unaware of the location as to where the Council's flexi time and TOIL policies were stored.
 - The Property Services Manager reviews TOIL records on an annual basis not every four weeks, as stipulated in the policy. We were advised that this was due to officers not accruing TOIL on a frequent basis.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Human Resources do not perform periodic accuracy checks of the System Analyst's calculations and the information held on iTrent.	Lack of division of duties resulting in errors going undetected.	<p>1. An independent officer should periodically conduct spot checks on the annual leave calculations against iTrent to ensure accuracy and completeness and provide a segregation of duties.</p> <p>Managers should be reminded to check the annual leave calculation if the employee varies their work pattern.</p>	Low	<p>It is the responsibility of officers and managers to check calculations relating to the information on iTrent.</p> <p>Any errors should be discussed with the System Analyst.</p> <p>No further action will be taken.</p>	Not Applicable	No Further Action
<p>2. Managers do not always adhere to the Flexi Policy with regards to the twelve hours carry forward limit and TOIL is not always reviewed every four weeks.</p> <p>Examples include:</p> <p>The Licensing</p>	<p>Breach of the flexi policy and may have implications in respect of the working time directive.</p> <p>Failure to be familiar with the contents contained within the Flexi and TOIL policies and its location on the intranet</p>	2. A corporate wide reminder is issued reminding Managers of the conditions of the Flexi-time and TOIL policies and of the consequences of not adhering to policy.	Medium	It was agreed that Smart Working may bring forward changes to the Flexi-time and TOIL policies. As Smart Working is rolled out and the pilots are known this action can be reviewed.	Improvement and Organisational Development Manager	August 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>Manager is aware that there is a Flexi and TOIL Policy in place however is unaware of its location and its contents.</p> <p>The Property Services Manager reviews TOIL on an annual basis and not every four weeks as stipulated in the TOIL Policy.</p>	<p>may lead to incorrect procedures and processes being adopted that breach the requirements of the policies.</p> <p>Flexi records not properly maintained for the period may lead to poor document management which may be open to challenge. Failure to adhere to policy requirements will result in a breach of policy and may lead to officers taking or accruing unauthorised TOIL.</p>					
3. Officers working in the Town Hall accrue a significant number of hours as TOIL during	Breach of the flexi policy and may have implications in respect of the working time	3. The Town Hall Manager liaises with Human Resources to put in place a more suitable working practice (this may be	Medium	Agreed as per recommendation.	Town Hall Manager	November 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
the peak periods (October to January) which can be in excess of 200 hours.	directive.	that officer's contracts can be aligned to Entertainment Industry officers contracts).				

Enforcement 2018/19

1. Background

Enforcement is a reactive service and responds to complaints and enquiries received from the Public, Councillors or from Service areas within the Council. It is the Council's responsibility to investigate complaints where breaches have taken place which are conducted by designated Enforcement teams, with action taken in accordance with Policy and Legislation. Effective enforcement maintains public confidence in the system helping to deter unauthorised practices.

The review focused on the following enforcement teams:

- Health & Safety;
- Food Safety;
- Environmental Protection;
- Planning; and
- Private Sector Housing (Houses in Multiple Occupation (HMOs)).

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – MEDIUM
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based upon the audit work undertaken, enforcement teams possess in-depth knowledge of their respective area's regulation and legislation and are fully versed with process and procedures when conducting investigations. It was noted that case details recorded on the systems were not always concise, comprehensive and case outcomes were not recorded indicating a reason for case closure. Additionally, performance indicators relating to enforcement responses times, reported to Head of Service, were not in alignment with that stated in Policy or annual service plans.

Corporate Significance

The area being audited has been rated as being of medium corporate significance, on the basis of:

- General risk of financial loss between £10,000 and £100,000.
- Suspected cases of fraud or corruption up to £10,000.
- Service failures would have moderate impact on customers.
- Risk of moderate reputational damage (local press)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- The Corporate Enforcement Policy's key principles are reflected and referenced in the local service areas enforcement policies for Planning and the Private Sector Housing which were approved by Cabinet in May 2018.
- The Regulatory Services' enforcement teams utilise the 'FLARE' (Civica) back office system whereas Planning utilises Northgate M3, which logs the initial complaint received and records the investigation conducted.
- Food Safety and Health & Safety are governed by the Food Safety Standards and the Health and Safety Executive respectively.
- Regulatory Services enforcement teams refer to the Regulatory Information and Management Systems (RIAMS) in accessing guidance and procedural notes with the exception of the Health and Safety team who have access to RIAMS but prefer to rely on procedure notes created by the Managers.
- Enforcement staff have accumulated a significant amount of experience in their respective field and are fully versed with regulation and legislative requirements.

However, from the work undertaken during the review, we have also identified areas where there is scope for improvement to ensure that the systems operate more effectively and efficiently:

- Review of enforcement policies maintained at a local level identified that the Food Safety and Health & Safety policies were last reviewed in April 2012 and 2011 respectively. We were advised that both policies were created in conjunction with nine Local Authorities and have remained unchanged due to no notable changes in legislation or regulation taking place to date.
- Review and testing of five Health & Safety enforcement cases, pertaining to work related accidents, identified that:
 - In two instances, the RIDDOR report had not been saved on to FLARE Link (document imaging system).
 - In two instances, the case status had been incorrectly selected on FLARE.
 - In one instance (case number 180009), a PACE letter had been sent to the organisation in February 2019. At the time of the audit, no response had been received nor had it been chased by the Managers or the Legal Team.

- Review and testing of fifteen Planning enforcement cases identified that:
 - In one instance, the initial site visit, acknowledgement letter and the Planning Contravention Notice were not sent in accordance with the response times as stated in the Enforcement Plan (the 'Plan'). We were advised that the complaint was raised internally by Building Control. Complaints received internally are not dealt with using the same procedure as those received from the Public which should not be the case.
 - In May 2018, a case had been logged on the system relating to a new site development (Peashill). It was noted that the first complaint was not received until October 2018. We were advised that this was a precautionary measure, as past experience has identified that with new site developments over time will accumulate numerous complaints.

We questioned whether this approach would impact on performance indicators reporting on response times and were advised that such cases are removed from the performance indicator calculation where there is no activity. However, there was no documentary evidence retained to demonstrate that this takes place.

- Discussions held with the Planning Enforcement Team Leader revealed that there is a suite of procedures in place which are out of date. The Team Leader is contemplating compiling a 'handbook' which would prove beneficial and useful to new starters who join the team; however, there is no date as to when this task will be completed by.
- Review of performance indicators relating to enforcement response times across teams revealed the following:

Planning

The Enforcement Plan contains several performance indicators relating to response times across different activities, such as acknowledgements sent to the Complainant within three working days. It was noted that whilst the Plan makes reference to 'working days' the performance reports presented to the Head of Service states a response will be sent within 5 'days'.

We were advised by the Team Leader that Northgate M3 is not able to distinguish between 'working days' and 'days'. The performance report recognises that complaints received on a Thursday may not be acknowledged until Tuesday the following week – three working days but within 5 calendar days.

Food Safety

Performance Indicator CS/28 '*Enquiries or requests relating to food hygiene, food safety or health and safety responded to within three working days*' which includes Health & Safety response data.

We were advised that both teams previously worked as one service. Post on departure of the Manager, five years ago, the teams split however the performance indicator did not reflect this change.

Health & Safety

The annual Intervention Plan contains several performance indicators including EH06 which relates to response times in dealing with RIDDOR reported work accidents. Review of the quarterly performance report submitted to the Head of Service against the Intervention Plan identified that the EH06 description differed. The Plan states '*Percentage compliance with service targets.*' whereas the quarterly report states '*Number of service targets.*'

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Review of the Food Safety and Health & Safety Enforcement Policies revealed that these were dated April 2012 and April 2011 respectively.	Failure to review Policies periodically may lead to policies not being fit for purpose and being out of date.	1.1 Where appropriate, it should be ensured that the Enforcement Policies are reviewed periodically, as good practice. Where a review has been conducted, this should be captured by way of a version control table, stating name of reviewer and date of review.	Low	Health and Safety Enforcement Policy to be reviewed in 2019/20 – Also review to include examination of corporate policies	Health and Safety and Business Engagement Managers	August 2019
We were advised by the Food Safety Manager that the Policy had been reviewed. The last review took place in 2017; however, this had not been noted on the Policy.	Failure to document Policy review may lead to it being deemed out of date and not fit for purpose.			Food Safety Enforcement Policy to be reviewed in 2019. Policy to be updated with a version control table for document control purposes.	Food Safety Managers	August 2019
The Health & Safety Managers advised that due to no notable changes having taken place since the inception of the Policy. The Policy has not been subject to periodic review.						

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>2. Review and testing of a sample of five work related accidents investigated by the Health & Safety Managers identified that:</p> <ul style="list-style-type: none"> - In two instances, the RIDDOR report had not been saved on to FLARE Link (document imaging system). - In two instances, the case status had been incorrectly selected on FLARE. - In one instance (case number 180009), a PACE letter had been sent to the organisation in February 2019. At the time of the audit, no response had been received nor had it been chased by the Managers or the Legal Team 	Lack of records to support cases and incorrect classification results in an incomplete audit trail and unreliable data contained on the system.	<p>2.1 It should be ensured that enforcement cases are categorised correctly on FLARE, and supporting documents are saved on the system.</p> <p>Additionally, it should be ensured that cases are monitored to ensure timely responses have been received and where this may not be the case, it should be chased by the team.</p>	Low	<p>Cases amended on Civica</p> <p>Cases amended on Civica</p> <p>Ongoing investigation now resolved. Ongoing open cases are reviewed by officers on a daily basis so that outstanding actions can be reviewed</p>	<p>Health and Safety and Business Engagement Manager</p> <p>Health and Safety and Business Engagement Manager</p> <p>Health and Safety and Business Engagement Manager</p>	<p>May 2019</p> <p>May 2019</p> <p>May 2019</p>
<p>3. Review and testing of a sample of 15 Planning Enforcement cases identified that:</p> <ul style="list-style-type: none"> - In one instance, a case had been logged on M3, on 	Breach of Policy	3.1 It should be ensured that	Low	Prepare a template for the	Team Leader Enforcement	July 2019

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>the findings of a property visit conducted by Building Control. The initial site visit, acknowledgement letter and the Planning Contravention Notice were not processed in accordance with the response times as stated in the Enforcement Plan.</p> <p>- In 1 instance, a case had been logged on M3 in May 2018, relating to a new site development (Peashill). The first complaint was not received until October 2018. We were advised that this was a proactive measure as site developments over time will accumulate several complaints. It was also noted that complaints received for a development site will be logged on to one case number and not logged individually which may distort performance results.</p> <p>Additionally, we were advised cases with no activity are removed from the performance calculation. However, supporting documentation</p>	<p>Lack of records to support performance calculations resulting in an incomplete audit trail.</p>	<p>response times as stated in the Enforcement Plan are adhered to.</p> <p>3.2 Evidence should be retained to demonstrate cases logged on M3 for future enforcement activity have been excluded when calculating performance indicators.</p>	<p>Low</p>	<p>acknowledgement of internal notifications of unauthorised development.</p> <p>We will ensure all internal complaints are acknowledged formally in future to ensure an audit trail and proof of KPI targets being met</p> <p>We will ensure in the future any proactive monitoring is recorded separately to complaint cases in order not to distort the figures on complaints.</p> <p>We are currently looking at SharePoint as another means of recording proactive monitoring for the future.</p>	<p>Team Leader Enforcement</p> <p>Team Leader Enforcement</p> <p>Team Leader Enforcement</p>	<p>July 2019</p> <p>December 2019</p> <p>May 2020</p>
	<p>The accuracy of performance results cannot be relied upon due to</p>	<p>3.3. Additionally, individual cases should be logged to ensure performance</p>	<p>Low</p>	<p>As above. The back office system is address related it is not possible to</p>	<p>Team Leader Enforcement</p>	<p>May 2020</p>

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
to illustrate this task being undertaken is not retained by the Team.	incorrect presentation of data.	indicators reporting on response times are not distorted.		resolve this by creating individual cases for each breach on a site. With a new back office system it is hoped it will be possible to review this system of recording.		
<p>4. The Planning Enforcement team maintains adhoc procedures which are out of date.</p> <p>We were advised by the Team Leader that she is contemplating the preparation of a 'Handbook' which will replace procedure notes however a date as to when this should be put in place is undecided.</p>	Failure to review procedures periodically and lack of complete guidance may lead to staff adopting erroneous working practices and/or result in lack of consistency.	4.1 As a matter of best practice, the Team Leader should review and update the current ad hoc procedures and maintain these on the intranet. A completion date should be agreed to ensure its timely completion.	Low	This process has started and is expected to be complete by June 2020 and will be reviewed each time a procedure is changed.	Team Leader Enforcement	June 2020
<p>5. Review of monthly/ quarterly performance reports with regard to enforcement response times submitted to Heads of Service, identified that:</p> <p>Planning: Response time performance indicators are presented in 'number of days' and not 'working days' as stipulated in the Enforcement Plan. Due to</p>	Performance indicators are calculated and reported incorrectly resulting in non - compliance with Policy/ Plans thereby leading to inaccurate management information.	5.1 It should be ensured that performance indicators are reported accurately against what is stated in Policy, annual Plans and individual service areas.	Low	It is not possible to present performance data in number of working days as the back office system can only record calendar days.	N/A	No Further Action

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
<p>staff unaware of how to generate a report on M3 which would provide such data.</p> <p>Food Safety Performance indicator CS/28 reports on response times for both Food Safety and Health & Safety.</p> <p>Health & Safety Performance Indicator EH06 description differs to that stated in the annual Intervention Plan and report to Head of Service. The performance indicator is being incorrectly reported.</p>						

Housing Rents 2018/19

1. Background

The collection of housing rents is one of the key financial systems for which assurance is required to be provided annually.

The Council's housing stock as at December 2018 is 5,581 dwellings and the budgeted rental income for 2018/19 (net of budgeted voids) is approximately £20.673 million.

The calculation of the annual rent debit is undertaken within Finance & Property Services and the collection of housing rents falls under the responsibility of Rents and Income Management, both within the Landlord Services Directorate.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based on the audit work undertaken during the review, it was found that former tenant arrears, write-offs and refunds are processed in accordance with procedure and the Council's Financial Procedure Rules. However, it was identified that several policies and procedure guides were found to be out of date and documentation in respect of write-offs was not being stored securely.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Former Tenant Arrears and write-offs are undertaken in accordance with financial procedure rules;
- All reconciliations reviewed had been undertaken on a regular basis, were completed timely and were appropriately endorsed by the preparing officer and authorising officer.
- An adequate segregation of duties in authorising refunds was in place.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- The former tenant arrears write off summaries and associated paperwork were not held in a locked cupboard.
- The Housing Income Corporate Write Off Policy refers to Charnwood Neighbourhood Housing, which ceased to exist in 2012, therefore it is evident that the policy has not been reviewed for some time.
- The written procedures in place for refunds are out of date due to staffing/title changes and do not contain details in respect of raising a one-off payment request.
- The former tenant arrears procedure was last reviewed in August 2013.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. The former tenant arrears write off summaries and associated paperwork were not held in a locked cupboard.	Loss of personal data leading to a breach of GDPR resulting in a possible financial penalty and/or reputational damage.	1. Documentation is securely stored to prevent unauthorised access to sensitive information.	Low	A lock will be put on the cupboard.	Former Tenant Arrears Officer.	July 2019
2. The Housing Income	Procedures do	2. The Housing	Low	The policy has been	Landlord Services	January

Corporate Write Off Policy refers to Charnwood Neighbourhood Housing, which ceased to exist in 2012, therefore it is evident that the policy has not been reviewed for some time.	not reflect current practice which could lead error and an inconsistent approach and possible Breach of Financial Procedure Rules.	Income Corporate Write off Policy should be reviewed to ensure it reflects current working practices and complies with the Council current Financial Procedure Rules.		reviewed against Financial Procedure Rules and is deemed to comply. Appropriate measures will now be taken to for the policy to be approved.	Manager Income Management Team Leader Former Tenant Arrears Officer.	2020 (dependant on approval process)
3. The written procedures in place for refunds are out of date due to staffing/title changes and do not contain details in respect of raising a one-off payment request.	Incorrect procedures could be followed resulting in refunds not being processed in accordance with policy.	3. The refund procedures should be reviewed to ensure they are still relevant and up to date, including the raising of the payment on UNIT 4 (Agresso). This review should be evidenced by version control.	Low	The procedures have been reviewed and distributed to the appropriate staff.	Rent Accounting and Leasehold Team Leader	No Further Action
4. The former tenant arrears procedure was last reviewed in August 2013.	Incorrect procedures could be followed resulting in arrears not being effectively managed.	4. The procedures should be reviewed to ensure they are relevant and up to date.	Low	The procedures are in the process of being reviewed.	Management Team Leader Former Tenant Arrears Officer.	November 2019

Income Collection 2018/19

1. Background

The cash receipting system is one of the identified key financial systems, which are audited on an annual basis. The cash receipting system is operated by the Customer Services Centre within Customer and Information Services which provides a centralised service for the collection and receipting of income received by the Council.

The Accountancy Control Section, within Finance for reconciliations of the cash receipting system to the bank account and general ledger.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

Based upon the work undertaken during the review it was found that there are satisfactory procedures in place for the receipting, recording and banking of income. Two areas for improvement were identified where it was found that not all receipts had been received from customer service advisors to allow the Cashiers to complete a full reconciliation and income reconciliations undertaken by the Accountancy Control Team where not always completed by the 19th of the following month in accordance with current procedure.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There are adequate arrangements in place for the receipting, recording and banking of income.
- Reconciliations between the bank and the general ledger, for all income methods, are undertaken on a regular basis and are independently reviewed.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently and to comply with legislation:

- For 3 payments received receipts were not found with the transaction listings to allow for an appropriate reconciliation to be undertaken.
- On a number of occasions (12) there had been delays in completing or reviewing reconciliations.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. For 3 payments received receipts were not found with the transaction listings to allow for a complete reconciliation to be undertaken.	Inadequate audit trail and lack of supporting evidence for reconciliation.	1. Ensure receipts match the transactions listing when undertaking the reconciliation.	Low	Ensure receipts match the transactions listing when undertaking the reconciliation.	Customer Service Delivery Manager	July 2019
2. On a number of occasions (12) there had been delays in completing or reviewing reconciliations.	Error or fraud would not be detected in a timely manner.	2. All reconciliations are independent reviews are undertaken by the 19 th of following month, in accordance with current practice.	Low	The numbers of occasions delayed are 12 from 108 (11%) - Due to a vacant post, the reconciliations were delayed slightly but all signed by year end. The team is now fully staff and all reconciliations are up to date and signed off.	Head of Finance and Property Services	No Further Action

Payroll 2018/19

1. Background

The payroll system is one of the identified key financial systems, which are generally audited on an annual basis. The payroll function within Charnwood Borough Council is located within Financial Services and provides a centralised service for the payment of salaries and wages, together with the payment of payroll variations, such as overtime, maternity pay, to employees of the Council.

2. Executive Summary

2.1 Overview

**ASSURANCE RATING –
SUBSTANTIAL ASSURANCE**

**CORPORATE
SIGNIFICANCE – HIGH**

Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is adequate and effective, and appropriate actions are being taken to manage risks.

There are established procedures in place for the various functions carried out by the Payroll Team, such as setting up new starters and leavers, the verification of amendments and the running and examination of exception reports. Based upon the work undertaken during the review the controls in place for the payment of salaries are satisfactory.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000;
- Risk of serious reputational damage (local/national press/TV/radio).

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- There are adequate processes in place to ensure amendments to the Payroll are authorised and appropriate supporting documentation is retained to support the additions, deductions, temporary/fixed term contracts and the administration of leavers.

- There are appropriate contingency plans in place should a loss of the key system (iTrent) occur and payments are always made either on or before the 25th of the month.
- There is adequate segregation of duties between the personnel functions, payroll processing and verification and payment process.
- Control account reconciliations are undertaken on a regular basis.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- Although documentation to support the authorisation of overtime was found in all 15 cases tested this was difficult in some cases as generally authorisation is done through the receipt of an e-mail from the appropriate manager.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. Although documentation to support the authorisation of overtime was found in all 15 cases tested this was difficult in some cases as generally authorisation is done through the receipt of an e-mail from the appropriate manager	Insufficient audit trail. Potential for error or fraud.	1. The recording and authorisation of overtime is reviewed to ensure a consistent approach across the organisation and to ensure an appropriate audit trail is in place. Consideration should be given to the possibility of this being undertaken electronically through iTrent, in a similar manner to expense claims.	Low	Emails from Line Managers authorising overtime are now printed and checked against the overtime form. These emails are attached to the overtime form and filed in a separate folder in Payroll. The Senior Payroll Officer in the meantime will look to set up a secure site on SharePoint for Payroll use only to save all overtime claims and emails in future, rather than the manual system. An overtime module on iTrent Payroll will be considered as part of a wider Capital Plan implementation in future.	Senior Payroll Officer	With immediate effect.

Disabled Facilities Grant – Annual Certification 2019/20

1. Background

The purpose of the Disabled Facilities Capital Grant (DFG) is to provide support to authorities in England towards capital expenditure for the provision of adaptations to disabled people's homes. The total DFG for Charnwood Borough Council in 2018/19 was £920,160 but the maximum amount an individual can apply for, as a mandatory grant, is £30,000.

Charnwood Borough Council receives the funding from Leicestershire County Council (LCC) who are required to produce an annual declaration that the grant conditions have been complied with as per The Ministry of Housing, Communities and Local Government document entitled "Integration and Better Care Fund: The Disabled Facilities Capital Grant Determination 2018/19 (31/3337)".

2. Executive Summary

2.1 Overview

ASSURANCE RATING – SUBSTANTIAL ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Assurance

Internal Audit can give substantial assurance to those charged with governance. The internal control environment within the areas reviewed is satisfactory and effective, and appropriate actions are being taken to manage risks.

Based on the testing undertaken during this review it was found that the Disabled Facilities Grant awarded to Charnwood Borough Council for 2018/19 has been spent in accordance with the conditions attached to the Disabled Facilities Capital Grant Determination.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)

2.2 Key Findings

Funding awarded to Charnwood Borough Council for 2018/19 was £920,160. In accordance with the Better Care Fund Policy Framework and Planning Guidance, National Condition 1 the funding was paid to the authority before the 29th June 2018. It was confirmed that funding was received on the 6th June 2018.

The key conditions were identified (as above in 1.2). A report was obtained of all payments made during 2018/19 and a random sample of 10 payments was selected. The grant files were examined to ensure the key conditions were met. The testing found that grant funding was being utilised in accordance with the conditions, where conditions applied.

In some cases, the conditions do not apply. For example, the requirement to have a signed certificate of future occupation only applies if the applicant is the owner of the property and the grant exceeds £5,000 (as anything below £5,000 cannot be demanded in repayment should the owner move).

Some areas of improvement were identified, as in 40% of cases a 'notice of commencement of works' was not received from the applicant but there was other documentation on file to support commencement of works.

In one case we received no satisfaction statement and there was no Authorisation of Direct Payment of Grant on file which is also documents applicant's satisfaction. However, there was a statement on the Final Payment Certificate that the applicant signs stating they are satisfied with the work carried out.

Testing found that there is no consistent approach for recording approval of the work by the Occupational Therapist where the Essex Model is not suitable. Approval has been noted on the checklist, site plans has been signed in some cases and notes have been made on the Flare system in other cases.

In respect of proof of occupancy there was one case (where a stairlift was installed) where no future occupancy form was received but this appears to be an isolated case and in another case the land registry form was in a family members name but there is no record of this being followed up to prove the applicant's residency.

Cyber Security 2019/20

1. Background

Information Technology (IT) systems enable the Council to provide its critical services to its residents and are used to collect, process and retain ever increasing amounts of confidential information. The vulnerabilities that exist in these IT systems, as well as the infrastructure that supports them, combined with a perceived lack of awareness regarding security issues, have led to attackers targeting public bodies and exposing the Council to risk of a cyber security attack.

Cyber security attacks can be launched from any internet connection and, as recent examples across the public sector have demonstrated, they can have a significant financial and reputational impact on a Council and can affect its ability to operate and provide its critical services to the public.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – MODERATE ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

Overall, we conclude that the control framework in place for the management of identifying, protecting against, detecting, responding and recovering from cyber incidents is adequately designed and operationally effective, but management need to address the areas of risk identified from this review to ensure a robust approach to cyber security is maintained.

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Suspected cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage (national press/TV)
- Major health and safety risk (serious injury or death)
- Direct link to identified strategic risks

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- Network diagram is reviewed every six months and separate virtual local area networks (VLANs) have been configured for trusted and untrusted networks.
- Both the ICT Infrastructure and Information Security policies are up to date and set clear responsibilities amongst all staff and management.
- Software patches are centrally pushed using the PDQ Inventory program with automatic job schedules and deployment logs checked for completeness.
- Firewalls have been configured for all external facing servers with rules regularly reviewed and console access restricted.
- Wireless networks have been configured with wireless protection access (WPA2) encryption.
- 802.1X authentication protocol has been configured for all wired and wireless network ports.
- Domain administrator privileges have been restricted to senior security personnel
- External penetration tests are conducted on an annual basis and remediation plans are overseen by the IT Steering Group
- Vulnerability scans are run on network nodes using Nessus on a monthly basis with issues above common vulnerability scoring system (CVSS) 6.7 addressed
- Technical approach prescribed is to block and isolate issues and then restore as per Information Security policy
- Awareness training is facilitated through Learning Pool eLearning modules with completeness at 87% as at May 2019
- Recovery in response to cyber incidents is incorporated into the disaster recovery plan.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- There is no protocol in place for regular review and update of the IT risk register.
- Application risk assessments are outdated and need review with updates feeding into the information asset register.
- Unsuccessful operating system (OS) update runs have been recorded but not addressed and followed up.
- Antivirus endpoint updates have been recorded but not addressed and followed up.
- Penetration tests to date have not included simulated email phishing exercises.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. There is no protocol in place for regular review and update of the IT risk register	The organisation is unable to identify vulnerabilities which lead to fines, lawsuits and legal fees	1. IT Steering Group should be assigned responsibility for ensuring that regular (at least annually) risk assessments are conducted going forwards	Low	IT Risk register to be included as an item at the next IT Steering Group meeting	ICT Service Delivery Manager	September 2019
2. Application risk assessments are outdated and need review with updates feeding into the information asset register	The organisation is unable to identify vulnerabilities which lead to fines, lawsuits and legal fees	2. Application risk assessments should be updated on a regular basis (at least annually) and updates should be fed into the information asset register to ensure it is up to date	Medium	Risk assessment to be included in the ICT SLA documents and the IT User Group meetings.	ICT Service Delivery Manager Data Protection and Information Security Officer IT Application Administrators	January 2020
3. Unsuccessful OS update runs have been recorded but not addressed and followed up	The organisation is unable to protect against threats which lead to negative publicity	3. Unsuccessful OS update runs should be followed up and appropriate action taken (i.e. rerun updates and incorporate any needs into future end-user training)	Medium	WSUS report will be in place to periodically ensure unsuccessful OS updates are followed up	Technical Services Manager.	November 2019
4. Antivirus endpoint updates have been recorded but not addressed and followed up	The organisation is unable to protect against threats which lead to negative publicity	4. Unsuccessful antivirus update runs on endpoint devices should be followed up and addressed (i.e. updates rerun and causes for failure investigated)	Medium	Ensure unsuccessful antivirus updates are being followed up and addressed	Technical Services Manager.	August 2019

5. Penetration tests to date have not included simulated email phishing exercises	The organisation is unable to detect exploited vulnerabilities which lead to data breaches	5. Management should reconsider on a cost/benefit basis the need for including phishing emails into the next annual external penetration test	Low	Phishing exercise to be organised with a third-party supplier. This may be undertaken either as a separate exercise (with LGA funding) or as part of the next IT Health check	IT Service Delivery Manager.	April 2020
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Performance Management 2018/19

1. Background

Charnwood Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards to secure continuous improvement in the way in which its functions are exercised. In discharging this overall responsibility, the Council is responsible for putting proper arrangements for the governance of its affairs in place and facilitating the effective exercise of its functions.

In order to demonstrate its commitment to good governance the Council needs to ensure that it has implemented and can sustain an effective performance management system that facilitates effective and efficient delivery of planned services. Performance management is an integrated approach to enabling the Council to achieve its aims and objectives by monitoring and improving the performance of individuals, teams, services, directorates and the Council as a whole. Effective performance management ensures that outcomes are aligned to corporate objectives that are embedded throughout the Council.

The Council has in place the Corporate Plan 2016-2020 which sets out priorities and what will be achieved during the four-year period. The Corporate Plan focusses on three key themes:

- Creating a Strong and Lasting Economy
- Every Resident Matters
- Delivering Excellent Services

Annual Business Plans are developed to support the delivery of the Corporate Plan by setting out both the key activities that services will undertake to deliver the objectives and the key corporate indicators that will be used to monitor corporate performance. The Business Plan is used by Directorates and Members to monitor progress and achievement against the activities, ensuring that activities are delivered, and targets are on track.

The Business Plan measures corporate initiatives, activities and indicators, each service area can also produce an individual team plan and team indicators. Team plans are primarily for the use of services to manage their team on an ongoing basis. Activities which feature in the Business Plan should be outlined in greater detail in the team plans. At an individual level, performance is managed through the Council's staff performance review system which requires specific objectives being set and monitored for all individual members of staff.

In March 2018, the Council invited the Local Government Association (LGA) to undertake a Corporate Peer Challenge which covered areas considered to be critical to the Council's performance and improvement. One of the peer team's key recommendations to the Council is to:

'Embed a consistent performance management approach framework to support delivery.'

To drive and embed a consistent performance management approach across the Council using the agreed framework to strengthen the link between outcomes and corporate objectives.'

This recommendation is based on the following detailed findings:

'A new 2017 – 2020 People Strategy was recently approved, setting out the Council's strategic plan for developing its workforce to meet the aims of the Corporate Plan. Whilst there is a performance management framework, it does not appear well embedded with a clear link between corporate priorities/targets and individual's objectives (i.e. SMT / CMT). Going forward, the Council should use the People Strategy to drive and embed a consistent performance management approach across the Council using the agreed performance management framework which will strengthen the link between outcomes and corporate objectives.'

Following discussions with the Strategic Director of Corporate Services it was decided that the audit review of Performance Management should support the response to this Peer Challenge recommendation. Through review of Business Plan objectives and how these are cascaded through the organisation: to directorates and services; incorporated within the team plans and individual personal reviews; an assessment can be made, and assurance provided, on the embeddedness of corporate objectives within the Council. The consistency of the performance management approach adopted, to ensure that outcomes relate to corporate objectives, can also be assessed.

It is envisaged that the findings from the audit review will provide detailed team specific data that can be used to support subsequent work in response to the Peer Challenge recommendation and implementation of the People Strategy.

2. Executive Summary

2.1 Overview

ASSURANCE RATING – MODERATE ASSURANCE	CORPORATE SIGNIFICANCE – HIGH
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2.2 Key Findings

Assurance

Internal Audit can give moderate assurance to those charged with governance. Whilst there are no serious weaknesses in the internal control environment within the areas reviewed, there is a need to further enhance controls and to improve the arrangements for managing risks.

For the purposes of clarity; this audit commenced in June 2018 but unfortunately whilst undertaking the audit the went off on long term sick has since left the Council's employment. The audit work has now been reviewed and updated where possible so that it reflects up to date data and processes, however the work undertaken is still in respect of 2018/19.

Based on discussions and testing undertaken in this review it was found that the performance management framework is fully embedded at corporate level. There are clear links from the Corporate Plan and the annual Business Plan and there is a sound monitoring and reporting structure in place at this level. However, as identified in the Local Government Association (LGA) Corporate Peer Challenge, undertaken in March 2018, there is some inconsistency in the performance management approach at service level whereby processes in respect of Service Plans could be strengthened and in respect of corporate objectives cascading through the organisation; as no evidence was forthcoming to support individual's targets reflecting corporate aims.

Corporate Significance

The area reviewed has been rated as being of high corporate significance, on the basis of:

- General risk of financial loss greater than £100,000
- Suspected cases of fraud or corruption over £10,000
- Service failures would have significant impact on customers
- Risk of serious reputational damage

2.2 Key Findings

We are pleased to report that the procedures in place incorporate the following examples of good practice:

- The Corporate Performance Management Framework has been documented and is fully embedded.
- There are clear links documented between the Corporate Plan and Annual Business Plan.
- There is a sound corporate monitoring and reporting structure in place.
- Performance data is available to all Council Officers and a guide highlighting the basic functions of the performance monitoring system (SPOTlite) is available.
- Unfulfilled Business Plan objectives are carried forward in the next years Business Plan for completion.
- The People Strategy is appropriately monitored and updated regularly.

However, from the work undertaken during the review, we have also identified the following areas where there is scope for improvement to ensure that the system operates more effectively and efficiently:

- There is no corporate monitoring of the production of Service/Team Plans resulting in an inconsistent approach in the production of Team Plans, even though a standardised template is provided. This has resulted in some plans not clearing showing links to the corporate objectives and performance indicators/operational risks not being identified (see 4.2 for more detail).
- Assurance cannot be given to management that corporate objectives are being cascaded through the organisation as there was a lack of evidence provided to demonstrate that individual's objectives (in PR's) reflect the corporate aims.
- The Corporate Performance Management guide for Officers have not been reviewed since September 2015.

3. Action Plan

Observation	Risk	Recommendation	Priority	Response/Agreed Action	Officer Responsible	Action Date
1. There is no corporate monitoring of the production of Service/Team Plans resulting in an inconsistent approach in the production of Team/Service Plans, even though a standardised template is provided. This has resulted in some plans not clearing showing links to the corporate objectives and performance indicators/operational risks not being identified (see 4.2 for more detail).	Corporate objectives are not met.	1.1 Management should enforce the use of the service plan template developed by Improvement and Organisational Development to ensure service/team plans show clear links to the corporate objectives and that performance indicators and operational risks are identified.	Medium	A discussion item to take place at CLT (in conjunction with the development of the new Business Plan) to provide a general consensus on: 1) all teams having a team plan 2) developing and utilising a standardised approach/ template.	Head of Strategic Support	December 2019
	Corporate objectives are not embedded throughout the organisation.	1.2 To ensure all service areas produce appropriate service/team plans procedures should be put in place for all plans to be collected and assessed for adequacy by one service area and made available to all officers in the organisation thus further embedding the council's	Medium	CLT to agree a standardised approach for collecting and monitoring team plan information, via an approach that will run parallel to that of corporate performance.	Head of Strategic Support	

		objectives at service delivery level across the organisation.				
2. Assurance cannot be given to management that corporate objectives are being cascaded through the organisation as there was a lack of evidence provided to demonstrate that individual's objectives (in PR's) reflect the corporate aims.		2. As part of the ongoing work incorporated in the People Strategy in respect of reviewing the Personal Review process (3a), consideration should be given to the format of the review form to ensure that it encourages objectives that support the corporate aims and so that it clearly demonstrates links	Medium	<p>In the current People Strategy (2017-2020) as an action for implementation.</p> <p>Preliminary background work has been taken to identify software options.</p> <p>It has been specified by the Chief Executive to review the introduction of a competency framework and this will need to be undertaken before formal changes to the Personal Review process can be undertaken.</p>	Learning and Organisational Development Co-Ordinator	December 2020
3. The Corporate Performance Management guide for Officers have not been reviewed since September 2015.	The guide may include areas that are no longer applicable and there maybe new elements that have not been included resulting in Officers being misinformed.	3. The Corporate Performance Management guide is reviewed to ensure it represents current practice.	Low	Corporate Performance Management Guide will be reviewed in line with the development of the new Corporate Plan and Business Plan.	Corporate Improvement and Policy Officer	April 2020

Follow Ups: Recommendations Not Implemented by the Agreed Date as at 30th September 2019

Audit	Observation	Recommendation	Priority	Agreed Action	Agreed Date	Responsible Officer	Comments
Housing Benefit and Council Tax Support 2018/19	The Write-offs Policy has not been reviewed since 2016.	The Write-offs Policy is reviewed, and this is evidenced by version control.	Low	The Write Off Policy is reviewed jointly with Capita and Charnwood and where necessary updated.	June 2019	Head of Customer Experience	This has since been implemented.
Capital Accounting 2018/19	Review of the Capital Programme Team's terms of reference revealed that these were last reviewed in May 2016. We were advised that the terms of reference are reviewed whenever there are any notable changes to be actioned.	The Capital Programme Team's terms of reference should be reviewed and approved annually. To ensure relevance and to accord with best practice.	Low	Agreed, will be reviewed prior to the August 2019 meeting.	July 2019	Head of Finance and Property Services.	This has since been implemented.

Income Collection 2018/19	For 3 payments received receipts were not found with the transaction listings to allow for a complete reconciliation to be undertaken.	Ensure receipts match the transactions listing when undertaking the reconciliation.	Low	Ensure receipts match the transactions listing when undertaking the reconciliation.	July 2019	Customer Service Delivery Manager	This has since been implemented.
Housing Rents 2018/19	The former tenant arrears write off summaries and associated paperwork were not held in a locked cupboard	Documentation is securely stored to prevent unauthorised access to sensitive information.	Low	A lock will be put on the cupboard.	July 2019	Former Tenant Arrears Officer.	This has since been implemented

Debtors 2018/19	Testing highlighted concerns in respect of the responsibility of services in relation to debt recovery (as detailed above in 2.1). In addition, key outstanding debt, over 90 days is highlighted in 4.1, for the key groups.	The Strategic Director of Corporate Services reminds the Senior Management Team of the Council's strategic approach to the collection of debt and the responsibilities of services in that process. To facilitate this, the analysis of outstanding debt, over 90 days to be circulated in order to raise awareness of SMT of the debt by key groups.	Low	<p>To provide service managers with the current Sundry Debt Recovery Policy, process and service managers responsibilities.</p> <p>Sundry Debt Recovery Policy.</p> <p>Current Debt Analysis reports are provided as key performance indicators, also specific monthly Age Debt reports are sent to Service Managers.</p>	August 2019	Head of Finance and Property/ Senior Income Officer.	This has since been implemented
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Annual Leave, Flexi and TOIL 2018/19	Managers do not always adhere to the Flexi Policy with regards to the twelve hours carry forward limit and TOIL is not always reviewed every four weeks. Examples include The Licensing Manager is aware that there is a Flexi and TOIL Policy in place however is unaware of its location and its contents. The Property Services Manager reviews TOIL on an annual basis and not every four weeks as stipulated in the TOIL Policy.	A corporate wide reminder is issued reminding Managers of the conditions of the Flexi-time and TOIL policies and of the consequences of not adhering to policy.	Medium	It was agreed that Smart Working may bring forward changes to the Flexi-time and TOIL policies. As Smart Working is rolled out and the pilots are known this action can be reviewed.	August 2019	Improvement and Organisational Development Manager	The SMART working pilots are still being reviewed by SMT. The new Chief Executive is reviewing current projects and programmes and it is envisaged that SMART working will feature. It is suggested that the recommendation be re-visited in January 2020.
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Corporate Credit Cards 2018/19	There is currently no specific corporate credit card policy/guidance in place and no expectation for officers to sign a user acceptance policy.	A policy is put in place which provides guidance to users, clearly defining the terms and conditions of being a card holder and clearly states the organisation's procedures regarding lost/stolen cards and misuse. All cards holders should sign the policy as their acceptance of the terms.	Medium	A policy will be written covering all the points raised in the recommendation. All of the 9 existing users will be asked to read and sign the policy as their acceptance of the terms.	September 2019	Head of Finance and Property Services.	The current Head of Finance and Property Services inherited these recommendations from her predecessor. A meeting was held with the Head of Finance and Property and it was agreed that that the recommendations in respect of corporate credit cards will all be adsorbed by the creation of a new policy and guidance document. Deferred to January 2020.
Corporate Credit Cards 2018/19	The procedures in place for authorising monthly expenditure and procurement categories are inadequate.	The authorisation of monthly expenditure and procurement categories is documented by the applicant completing an e-form which automatically goes to the relevant Head of Service for approval.	Medium	The set-up of an e-form will be explored. If the cost and resource required outweighs the benefit it will bring an alternative process for the Head of Service approval will be introduced.	September 2019	Head of Finance and Property Services.	It has been agreed that no further action will be taken in respect of recommendation two as the cost in time etc would out way the benefits, however including the robust processing methods used by the Procurement Manager in the new policy should also resolve this issue.

Corporate Credit Cards 2018/19	The Head of Finance and Property receives no documentation to support the online application before authorising.	The Head of Finance and Property receives a copy of the application e-form to ensure that the authorised limits have been correctly input on the online HSBC application form before authorising.	Medium	Agreed as per recommendation	September 2019	Head of Finance and Property Services	<p>It was agreed that there will be a declaration on the policy which will be signed by the officer and Head of Service. This policy will be presented to Accountancy Control (for input) and the Head of Finance and Property authorisation with the bank.</p> <p>This process will provide a sufficient segregation of duties and the Head of Finance and Property Services will have the appropriate documentation before authorising the application.</p> <p>Deferred to January 2020.</p>
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Corporate Credit Cards 2018/19	In 23% of cases VAT receipts/invoices had not been obtained in respect of purchases. Of the total value of the sample selected (£17,092.31) VAT receipts were not obtained for £3189.26 of the expenditure.	Card holders are reminded that not obtaining VAT receipts, where appropriate, is a breach of Financial Procedure Rules and if not produced the service will be charged at gross.	Medium	Cardholders will be reminded about obtaining VAT receipts. The Financial Procedure Rules will be reviewed to see if they need clarifying and strengthening on this point as they do not state that VAT receipts must be obtained, only that they should be obtained. Also it is acknowledged that it is not always possible to get a VAT receipt so there will be cases where services are charged gross.	September 2019	Head of Finance and Property Services	The new policy will reflect that a VAT receipt must be obtained for purchases. Deferred to January 2020
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IT – Cyber Security 2019/20	There is no protocol in place for regular review and update of the IT risk register	IT Steering Group should be assigned responsibility for ensuring that regular (at least annually) risk assessments are conducted going forwards	Low	IT Risk register to be included as an item at the next IT Steering Group meeting	September 2019	ICT Service Delivery Manager	<p>The risk register will be on the agenda at the IT Steering Group meeting in December</p> <p>The previous Risk Manager has now left the Council. ICT will be going through the risk register with an alternative officer for input on impact analysis for consistency. Deferred to December 2019.</p>
Enforcement 2018/19	<p>Review and testing of a sample of 15 Planning Enforcement cases identified that:</p> <p>-In one instance, a case had been logged on M3, on the findings of a property visit conducted by Building Control. The initial site visit, acknowledgement letter and the Planning Contravention Notice were not processed in accordance with the response times as stated in the Enforcement Plan.</p>	It should be ensured that response times as stated in the Enforcement Plan are adhered to.	Low	<p>Prepare a template for the acknowledgement of internal notifications of unauthorised development.</p> <p>We will ensure all internal complaints are acknowledged formally in future to ensure an audit trail and proof of KPI targets being met</p>	July 2019	Team Leader Enforcement	This has since been implemented.

Enforcement 2018/19 cont..	<p>-In 1 instance, a case had been logged on M3 in May 2018, relating to a new site development (Peashill). The first complaint was not received until October 2018. We were advised that this was a proactive measure as site developments over time will accumulate several complaints.</p> <p>It was also noted that complaints received for a development site will be logged on to one case number and not logged individually which may distort performance results. Additionally, we were advised cases with no activity are removed from the performance calculation. However, supporting documentation to illustrate this task being undertaken is not retained by the Team.</p>	It should be ensured that response times as stated in the Enforcement Plan are adhered to.	Low	<p>Prepare a template for the acknowledgement of internal notifications of unauthorised development.</p> <p>We will ensure all internal complaints are acknowledged formally in future to ensure an audit trail and proof of KPI targets being met</p>			
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