

Appendix B

FINAL AUDIT REPORTS ISSUED DURING 2013/14

Audit title	Date Issued	Opinion Framework/Control
Sundry Debtors (2012/13)	3/06/13	Good/Good
IT Implementation & Network (2012/13)	14/06/13	Satisfactory/Unsatisfactory
Direct Services – Dunbrik (2012/13)	14/60/13	Satisfactory/Satisfactory
Council Tax/NNDR (2012/13)	24/06/13	Good/Good
Environmental Health Partnership (2012/13)	8/07/13	Good/Good
Project Delivery Arrangements (2012/13)	16/07/13	Good/Good
Corporate Health and Safety	23/08/13	Good/Good
Review of Safeguarding	23/08/13	Satisfactory/Satisfactory
Review of Risk Management (2012/13)	22/08/13	Not Applicable
Annual Governance Statement (See Agenda Pack)	07/08/13	Not Applicable

Opinion: Control Framework – Good.
Compliance with Framework -Good

The purpose of this review was to provide an assurance regarding the effectiveness of the system set up for the administration of the Council's Debtor system. In particular, the review examined the process for identifying, processing and where appropriate, recovering funds payable to the Council.

To this effect, the following key risks and controls were examined;

1. The Council may not comply with relevant legislation, organisational policy or good practice
2. There may be insufficient or no documentary evidence to support debtor accounts and transactions
3. Transactions may not be processed promptly and debtor accounts may not be up-to-date or accurate
4. Invoices may not be correct, promptly issued or contain all relevant information
5. Aged debt may not be monitored and recovery action not taken
6. Income may not be posted to the correct financial codes within accounting software
7. Fraud and corruption may be undetected
8. Opportunities to achieve or demonstrate efficiency or value for money may not be maximised
9. Risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in eight of the nine aspects examined, whilst one was partially met (Risk 5). The audit opinions for both Framework and Compliance are 'good'. This meant that a robust framework is in place to enable the achievement of service objectives, obtain good corporate governance and mitigate against foreseeable risks. There is evidence that the framework is substantially being complied with; and that the management of risk is considered to be good. Only minor errors or omissions were identified.

One recommendation was agreed with Management to address the area where controls were partially met. This relates to risk 5.

- An officer needs to ensure on a regular basis (at least monthly) that performance figures reported to Committee are consistent with Covalent. Any deviations should be investigated and amended as necessary.

Members will be advised of the progress in implementing this recommendation in due course.

Opinion: Control Framework – Satisfactory.
Compliance with Framework - Unsatisfactory

The purpose of this review was to provide an assurance regarding the effectiveness of the arrangements to ensure delivery of Council's Information Systems which facilitates the work of the Council. In particular, the review focussed on resilience, security of data, disaster recovery, business continuity arrangements and the Council's compliance with good practice.

To this effect, the following key risks and controls were examined;

1. The Council may not comply with relevant legislation, organisational policies, and good practice
2. The Council may not ensure that data, including personal data, is secure against unauthorised access and editing, both internally and externally
3. Data may not be recoverable, or recoverable in good time, in the event of system loss
4. The Council may not have effective or up to date business continuity arrangements, leading to less efficient operation
5. Relevant data may not be accessible or available to the correct officers
6. System and data backup arrangements may not be adequate or effective
7. System resilience arrangements may not be as effective as possible
8. Alignment of systems and interface with partner organisations
9. System and application upgrades may not be received or installed correctly and promptly
10. Fraud and corruption may be undetected
11. Opportunities to achieve or demonstrate efficiency or value for money may not be maximised
12. Risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in eight of the aspects examined, whilst four were partially met (Risks 2, 5, 7 and 11). The audit opinion for the control framework is 'satisfactory'. Controls are in place and to varying degrees are complied with but there are gaps in the process, which leave the service exposed to identifiable risks. There is, therefore, a need to introduce additional controls and improve compliance with existing controls, to reduce the risk exposure of the Council.

The opinion for implementation of the framework was 'unsatisfactory'. There is a need to improve compliance with existing controls, as errors and omissions were detected during the review which may affect the effectiveness of service delivery. Failure to improve compliance would leave the Council exposed to potentially significant risks, including risks to the achievement of key service objectives. However, since the report Internal audit was advised by management that recommendations relating to bullet points two to five below have been implemented, thus reducing the threat impact to the Council. But Internal Audit has not yet undertaken a follow-up on the implementation of the recommendations. This will be done in due course and reported to the next meeting of this Committee.

The following recommendations were agreed with Management to address the areas where controls were partially met. These relate to risks 2, 5, 7 and 11.

- IT should review lists of dormant accounts periodically to ensure that all leavers have had their access to the system removed.
- The issues regarding pressures on the IT network should be formalised within a risk assessment, with proposed controls, which should be presented for management to approve, in order to ensure buy-in across the Council.
- Project briefs presented to the IT Steering Group should include an estimate of the resource required to complete a whole life program, including post-implementation project phases.
- When evaluating and determining IT projects, including maintenance projects, the IT Steering Group should ensure that there is sufficient time budgeted within the project for knowledge to be documented and shared within the team, such that the long-term efficiency of projects is not affected.
- A knowledge sharing protocol should be established to ensure that all IT support staff have a basic knowledge and understanding of all current, new and updated IT systems.
- The IT Support team should regularly test all automated network restriction controls to ensure they are working as according to the established policies.

Members will be advised of the progress in implementing these recommendations in due course.

Review of Direct Services (Dunbrik) 2012/13

Issued: 14 June 2013

Opinion: Control Framework – Satisfactory
Compliance with Framework – Satisfactory

The purpose of this review was to provide an assurance regarding the effectiveness of systems within the Dunbrik Depot in meeting relevant service objectives and compliance with Council procedures and policies. The review examined the systems and arrangements for Trade Waste, Cesspools and Health and Safety.

To this effect the following key risks and controls were examined;

1. Risk that the processes and procedures in place at the depot may not comply with relevant legislation, policies or good practice.
2. Risk that financial arrangements, including the income generation and collection systems may not comply with the organisation's Financial Regulations, policies and procedures.
3. Risk that Health and Safety procedures, including the risk assessment process and record keeping, may not be comprehensive or effective.

4. Risk that the Trade Waste arrangements may not be efficient, effective or profitable.
5. Risk that the Cesspool emptying arrangements may not be efficient, effective or profitable.
6. Risk that performance indicators may be calculated on inaccurate information.
7. Risk that fraud and corruption may be undetected.
8. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
9. Risk that risk assessments may not be undertaken and risks not adequately managed.

Audit testing indicated that controls were fully met in six of the nine aspects examined. Controls in respect of risks 2, 3 and 9 were partially met.

The audit opinions for both framework and compliance were “Satisfactory”. This meant that controls are in place and to varying degrees are complied with, but there are gaps in the process, which leaves the service exposed to identifiable risks. There is therefore a need to introduce additional controls and improve compliance with existing controls, to reduce the risk exposure to the Council.

The following three recommendations were agreed with management to enhance existing controls within the service. They relate sequentially to risks 2, 3 and 9.

- Additional controls should be put in place at Dunbriok for deductions from cash income to fund petty cash. These should include a third party confirmation in the petty cash records of additions made and the third party being copied into the e mail at Argyle Road which reports the under banking.
- Risk assessments needs to be reviewed by management after they have been completed in order to ensure accurate reporting and that appropriate action is taken where necessary.
- Management should consider including the risks posed by the decline in customers for cesspool emptying and trade waste services as separate risks in the operational risk register. Making the risks more explicit would add value by improving the transparency of the risks assessed and may highlight the importance of the impact of demand on the relevant services and the implications for the funding of other service areas, as well as demonstrating whether effective actions have been taken to mitigate any identified threats to achieving objectives.

Members will be advised of the progress in the implementation of the above recommendations in due course.

Opinion: Control Framework – Good.
Compliance with Framework -Good

The purpose of this audit was to provide an assurance regarding the effectiveness of the system set up for the administration of Council Tax and NDR, in delivering service objectives, including fitness for purpose. Key areas examined include areas of concerns raised in previous internal and external audit reports; in addition to the systems for recording liability and collecting income, including recovery arrangements, single person discounts and accuracy of data transfer onto the Council Tax and NDR accounting systems.

To this effect, the following key risks and controls were examined;

1. Risk that the Council may not comply with legislation, organisational policy or regulatory requirements.
2. The service may not deliver its service objectives.
3. The system for identifying and recording liability may not be operating correctly.
4. The system for collecting income including recovery arrangements and overpayments may not be effective
5. Single person (and other discounts and exemptions) may be invalid, not supported by valid applications or not properly authorised.
6. The accuracy of data transfer onto the computer system may not be reliable.
7. Risk that fraud and/or corruption may occur.
8. Risk that opportunities to demonstrate efficiency or VFM may not be maximised.
9. Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in six of the nine aspects examined, whilst three were partially met (risk 2, risk 5 and risk 7).

The opinion of the auditor was that the Council Tax and NDR framework was “good” Additionally, the compliance with the current Council Tax and NDR framework was “good”. This meant that a robust framework is in place to enable the achievement of service objectives, obtain good corporate governance and mitigate against foreseeable risks. There is evidence that the framework is substantially being complied with; and that the management of risk is considered to be good. Only minor errors or omissions were identified.

The following five recommendations were agreed with Management to address the areas where controls were partially met:

- Management should ensure that the entire new process (including the increased number of council tax payers) is effectively risk managed using the new risk management framework, and if necessary seek further advice from the Audit, Risk and Anti-Fraud Manager.
- Management should arrange for an interim audit to take place a few months into the changes. This would determine that the changes have been smoothly and

correctly implemented and highlight any areas of improvement or future considerations.

- Management should review the collection targets in relation to payment arrangements and the increase number of new Council Tax payers to ensure that they are within the expectations of both Councils. Given the on-going economic uncertainties which are predominantly outside the Council's control which could affect collection over the next year at least. Alternatively, whether there are any innovative ways to increase collections.
- Discussions need to take place between the Revenues and Fraud Managers to review the current SPD process and how discounts are verified to ensure they are correctly applied. Additional improvements have been proposed by both Managers which need to be agreed and formalised.
- A review should be undertaken to ascertain whether Council Tax and NDR online payments could be received securely and processed consistently with other Council services

Members will be advised of the progress in implementing these recommendations in due course.

Review of the Environmental Health Partnership 2012/13

Issued: 8 July 2013

Opinion: Control Framework – Good.
Compliance with Framework -Good

The purpose of the review was to provide as assurance regarding the effectiveness of the new shared service arrangements, between Dartford Borough Council and Sevenoaks District Council for the provisions of Environmental Health Service on behalf of both Councils. The review examined the following key aspects; the achievement of the objectives identified in the Business Plan and the effectiveness of the service in delivering its operational objectives and performance, including the savings forecast.

To this effect, the following key risks and controls were examined;

1. Risk that the Council may not comply with relevant legislation, policies or good practice
2. Risk that business plans may not be feasible in practice
3. Risk that implementation cost targets may not be adequately managed
4. Risk that savings targets may not be achieved
5. Risk that performance targets may not be achieved
6. Risk that workload arrangements may not be appropriately distributed across the two councils
7. Risk that contractual arrangements may not be in place or monitored
8. Risk that monitoring and reporting of the financial arrangements may not be adequate or appropriate
9. Risk that fraud and corruption may be undetected

10. Risk of failure to maximise opportunities to demonstrate efficiency or VFM
11. Risk that risk assessments may not be undertaken or risks not adequately managed

Audit testing results indicated that controls were fully met in seven of the nine aspects examined, whilst four were partially met (Risks 5, 6, 7 and 8)

The audit opinion for the framework was **Good**. This meant that effective controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks. Additionally, the implementation of the controls to ensure achievement of service objectives was also **Good**. There is substantial compliance with existing framework and no notable exceptions were identified.

The following recommendations were agreed with Management to address the area where controls were partially met. These relates to risks 5, 6, 7 and 8

- Environment Health Managers should review how food inspection visits are recorded and reported in order to ensure that records and performance indicators provide an accurate reflection on activity.
- The use of Uniform to capture and collate data for PI's should be explored to see if it can be utilised.
- Counterparts in similar roles should continue structured integration and knowledge sharing by undertaking cross familiarisation across the whole partnership area, under controlled and structured conditions
- Arrangements should be progressed to ensure that the Environmental Health Partnership schedule, between Dartford Borough Council and Sevenoaks District Council, is formally agreed and signed
- Finance Managers and Environmental Health Managers should work together to agree a universal format for monitoring all EH budgets in order to provide clear effective and appropriate management information and to enable EH managers to effectively manage and monitor budgets.

Members will be advised of the progress in implementing this recommendation in due course.

Review of Project Delivery Arrangements 2012/13

Issued: 16 July 2013

Opinion: Control Framework – Good.
Compliance with Framework – Good

The purpose of this audit was to provide an assurance regarding the effectiveness of the Council's grant allocation process to external bodies with whom it works to deliver some services to the local communities. In particular, this review examined the effectiveness of the process leading to grant allocation and decision making, including Member involvement.

To this effect, the following key risks and controls were examined;

1. The Council may not comply with relevant legislation, organisational policy and good practice
2. The Council may not have an effective and fair system for assessing applications for community grant funding
3. There may not be documented agreements with recipient organisations
4. There may be ineffective arrangements for monitoring of agreed project outcomes, and reporting of project results
5. The Council may destabilise voluntary organisations through reliance on grant funding for their core costs
6. The Council may not allocate funding to projects or services consistent with the aims of the Community Fund and the strategic objectives of the Council.
7. Fraud and/or corruption may be undetected
8. Opportunities to demonstrate efficiency or value for money may not be maximised
9. Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in all nine of the aspects examined.

The audit opinion was 'good'. This meant that controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.

One recommendation was agreed with Management to enhance existing controls and provide further value for money. This relates to risk 1.

- Copies of all applications, submitted for consideration to the Big Community Fund, should be automatically copied to all Members representing the relevant ward or wards who were not signatories, for information, and within 5 days of receipt by Community Development.

Members will be advised of the progress in implementing this recommendation in due course.

Review of Corporate Health & Safety Arrangements 2013/14 Issued: 22 August 2013

Opinion: Control Framework – Good
Compliance with Framework – Good

The purpose of this audit is to provide an assurance on the effectiveness of the Council's arrangements for Health and Safety in order to ascertain compliance with Council policy. In particular to determine fitness for purpose and compliance with statutory requirements.

To this effect, the following key risks and controls were examined;

1. The Council may not comply with relevant legislation, organisational policy and good practice
2. The Council may not have an effective corporate governance structure in relation to health and safety
3. All officers may not be aware of the governance arrangements, processes, or procedures in place for health and safety
4. Adequate training may not have been provided to responsible officers
5. Effective incident and management reporting structures may not be in place
6. Effective measures may not be taken to address identified health and safety issues
7. Fraud and/or corruption may be undetected
8. Opportunities to demonstrate efficiency or value for money may not be maximised
9. Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in five of the aspects examined. Controls were partially met in four aspects (risks 2, 3, 5 and 9)

The audit opinion was 'good'. This meant that controls are in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. Compliance with the risk management process is considered to be good and no significant or material errors or omissions were found.

Six recommendations were agreed with Management to address identified areas for further development and to further enhance existing controls, or to provide improved value for money. These related to risks 2, 3, 5 and 9.

- The Corporate Health and Safety Group should have a standing annual agenda item to consider whether or not the Health and Safety Policy Statement requires a review.
- Council Officers should be reminded of the need to fully complete accident reports. Monitoring procedures should ensure that outstanding reports are followed up promptly.

- The current review of the Strategic Risk Register should set out Health and Safety risks as a separate item, in order to demonstrate the Council's commitment to strengthening its Health and Safety framework.
- The Corporate Health and Safety Group should identify those officers requiring access to the Accident Reporting system, and liaise with IT Services to ensure that all relevant shared services officers have access to the system.
- The Corporate Health and Safety Group should continue to monitor actions to ensure that all relevant Health and Safety information is available via the refreshed intranet site as soon as possible.
- As per planned developments, officers responsible for risk assessment actions on Covalent should be required to confirm their progress via milestone updates, in order to provide an efficient and effective process for identifying compliance in completing risk assessments.

Members will be advised of the progress in implementing this recommendation in due course.

Review of Safeguarding 20 2013-14

Issued: 22nd August 2013

Opinion: Control Framework – Satisfactory
Compliance with Framework – Satisfactory

The purpose of this review was to provide an assurance regarding the Council's arrangements for the "safeguarding" of children, young people and vulnerable adults, including compliance with regulatory and statutory requirements.

To this effect the following key risks and controls were examined;

1. The Council may not comply with relevant legislation, policies or good practice
2. The Council may not have an appropriate or adequate framework in place for delivering its duties under the Act
3. There is no clear line of responsibility to raise concerns or raise awareness
4. The Council may not have a rigorous recruitment process for those who come into contact with children, young people and vulnerable adults, or to continue to monitor the suitability of such person that may be authorised to come into contact with those protected by the Act
5. Staff do not have access to a clear written code which outlines responsibilities and good practice when working with children, young people and vulnerable adults
6. Inadequate training including child protection and health and safety
7. The Council does not provide an open and well publicised way for adults and young people to voice any concerns about abusive or unethical behaviour, or to raise any concerns in general
8. External suppliers, contractors etc., used to provide events and services on behalf of the Council do not comply with safeguarding policies
9. Fraud and corruption may be undetected
10. Opportunities to achieve or demonstrate efficiency or value for money may not be maximised

11. Risk assessments may not be undertaken and risks not adequately managed

Audit testing indicated that controls were fully met in six of the eleven aspects examined. Controls in respect of risks 1, 2, 3, 4 and 6 were partially met. The audit opinions for both framework and compliance were “Satisfactory”. This meant that controls are in place and to varying degrees are complied with, but there are gaps in the process, which leaves the service exposed to identifiable risks. There is therefore a need to introduce additional controls and improve compliance with existing controls, to reduce the risk exposure to the Council. It was noted however that management is already taking steps to address some of the issues and to reduce identified treats to the Council, but these have not been fully reflected in the opinions as the actions are not yet fully embedded.

The following seven recommendations were agreed with management to enhance existing controls within the service.

- Safeguarding policy includes any recent amendments (April 2013) and that all legislative points are covered. The revised policy should be made available on the intranet and the SDC website as soon as it has been agreed by full Council. The SDC website should be used to promote the policy and to encourage communication and engagement with stakeholders.
- The Council’s complaints officers must be made aware of the revised child protection policy including the flowcharts so they can deal with complaints effectively. The revised child protection policy must be put on the intranet and the SDC website as soon as it has been agreed. The policy should be reviewed every 2 years.
- Management should take appropriate steps to ensure that all Council officers are made aware of the person responsible for safeguarding by publicising on the intranet. Steps should also be taken to make sure all officers are aware of what to do if they come across any concerns impacting on safeguarding they believe ought to be raised with management or the appropriate authorities whilst carrying out their duties.
- The Chief Officer Communities and Business should liaise with the Heads of Service to ensure: -
 - Where necessary job descriptions and person specification should detail the safeguarding policy. Compliance with the latest policy should form part of the post key activities.
 - Application forms to mention the latest Safeguarding and Child protection
 - Starter pack should contain a copy of the latest Councils safeguarding policy
- The safeguarding group has only met twice, once to decide to do more training and once to decide what training should consist of and which officers would be prepared to support or act as sounding boards for others. This is part of the review of the policy.

- Before a project is commissioned, appropriate checks should be carried out regarding the appropriateness or suitability of provider to undertake the work. These checks should include what procedures the provider has in place regarding information sharing.
- The Chief Officer Communities & Business should ensure that there is an effective system in place to support officers that have received training.
- An evaluation form should be distributed immediately after training to add value to the process and to ensure that officers can identify any skills gaps that may remain following training

Members would be advised of progress of the recommendations in due course.

Review of Risk Management 2012/13

Issued: 22 August 2013

Opinion: N/A

This report provides a position statement on the progress of the revised risk management frameworks and so no opinion has been offered in accordance with standard practice for systems in transition. Once the systems are fully embedded, a full audit on Risk Management will be undertaken in order to provide an opinion and appropriate assurance on its effectiveness and fitness for purpose.

The initial purpose of this audit was to provide assurance on the Council's risk management arrangements. However, during 2012 the Council undertook a review of its risk management frameworks with a view to streamlining and simplifying the process. As this process is still being implemented, it was not considered appropriate to undertake a standard assurance review at this time.

Additionally, changes in the structure and management of the Council were announced which would have an impact on risk management. It was considered prudent therefore to delay until more information was available and the structure agreed.

This position statement has taken into account developments to date and progress on implementing the new frameworks, it concludes: -

- The operational risk management framework is being successfully implemented across the Council, with Service Managers understanding the process and completing their registers in conjunction with the objectives identified in their Service Plans.
- The production of the strategic risk management framework and its endorsement by Management, should empower the Council to recognise and address its responsibility to manage risks to achieve its objectives, both in terms of minimising threats and exploiting objectives.
- Having undergone a robust consultation process and considered senior management views, the process should ensure future buy-in from stakeholders in regard to its implementation.

Four recommendations have been agreed with management which will support the process going forward.

- In order to support the implementation of the strategic framework, stakeholders should be made aware of and agree their roles and responsibilities early in the process.
- Once it has been endorsed, the strategic risk management framework should be widely publicised across the Council, in order that all staff become familiar with the terminology, and are aware of its importance and relevance.
- Once it has been endorsed, the strategic risk management framework documentation should be made available to all staff via the intranet. This will ensure they are aware of the requirements and the information is available for reference.
- A full audit on both risk management frameworks should be undertaken once the processes are embedded in order to provide an assurance on their effectiveness and fitness for purpose.

Members will be advised of the progress in implementing this recommendation in due course.