

## FINAL AUDIT REPORTS ISSUED SINCE LAST MEETING

Audit title	Date Issued	Opinion Framework/Control
Car Parking Income 2013/14	10.10.13	Good/Good
Section 106 Agreement 2013/14	9.12.13	Satisfactory/Good
Review of Housing 2013/14	17.12.13	Good/Good
Review of Dunbrik 2013/14	20.12.13	Good/Good

**Review of Car Parking Income 2013/14**

**Issued: 10 September 2013**

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

The purpose of this review was to provide an assurance regarding the effectiveness of the Council's parking service, including the arrangements for security and banking of income; and recovery of unpaid fines

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. A policy and procedure for setting car park fees and charges may not be in place or followed.
3. Cash collection machines are not adequately maintained and insured.
4. Parking machines may not be tamper proof.
5. Parking ticket income may not be collected and recorded correctly.
6. Parking income may not be banked promptly.
7. Fees from car park season tickets and on-street parking permits may not be accounted for correctly.
8. Parking fines may not be collected promptly and recovery action may be ineffective and in accordance with legislation.
9. Parking fines may be written off without proper authority.
10. Fraud and corruption may be undetected.
11. Opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
12. Operational or Service risk assessments may not be undertaken and risks not adequately managed for the service area.

Audit testing indicated that controls were fully met in eleven of the twelve aspects examined. Controls in respect of risk 10 were partially met.

The audit opinions for both framework and compliance were "Good". This meant that a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks.

The following recommendation was agreed with management to enhance existing controls within the service.

A secure area should be arranged to store all parking machine master keys. A responsible officer(s) should monitor access to the keys.

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

**Review of Section 106 Agreement 2013/14**

**Issued: 9 December 2013**

**Opinion:** Control Framework – Satisfactory  
Compliance with Framework – Satisfactory  
CIL Framework – Good

The purpose of the review was to provide an assurance regarding the effectiveness of the arrangements in place to administrate Section 106 Agreements, and to prepare for the introduction of the Community Infrastructure Levy (CIL).

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

1. Risk that the Council may not comply with relevant legislation, organisational policy and good practice.
2. Risk that the Council may not have an appropriate or adequate framework in place for delivering Sec 106 agreements or the CIL.
3. Risk that agreements may not be in place for all relevant Sec 106 developments and supporting documentation may not be on file.
4. Risk that contributions relating to S106 agreements may not be being used appropriately or within the agreed timeframe.
5. Risk that the contributions relating to S106 agreements may not be appropriately documented in order to provide information on the amounts raised and targets met.
6. Risk that plans for the implementation of a CIL framework may not be documented or agreed.
7. Risk that the planned charging schedule for the CIL may not have undergone consultation, be appropriate and transparent, or been independently examined.
8. Risk that resource arrangements may not be correctly funded from the agreed levy chargeable costs.
9. Risk that fraud and corruption may be undetected.
10. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
11. Risk that risk assessments may not be adequately undertaken and risks not adequately managed.

Risks 3, 4 and 5 were relevant only to S106. Risks 6, 7, and 8 were relevant only to CIL. The remaining risks were relevant to both sec 106 and CIL. Audit testing results indicated that:

- In relation to the draft CIL control framework, controls were fully met in seven of the eight relevant risks examined, whilst one (Risk 8) could not be assessed due to the timing of the review and the fact that the CIL process was still in development.
- In relation to the S106 control framework, controls were fully met in six of the eight relevant risks examined, while two (risks 3 and 10) were partially met.
- In relation to the effectiveness of the S106 framework, controls were fully met in four of the eight relevant risks examined, while four (risks 2, 4, 5 and 10) were partially met.

The effectiveness of the CIL framework could not be tested, as CIL is still within the preparation stage, and the draft framework has yet to be formally adopted by Council as policy. Therefore it has not yet been implemented operationally. However, the draft framework has passed external inspection by the Planning Inspectorate.

The opinion of the auditor was that the draft CIL framework was “good”. This meant that a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks.

The opinion for the S106 control framework was “satisfactory”. Additionally the opinion for effectiveness of the current S106 framework was also “satisfactory”. This meant that controls exist to enable the achievement of service objectives, obtain good corporate governance and mitigate against significant foreseeable risks. However, occasional instances of failure to comply with the control process were identified and opportunities still exist to mitigate further against potential risks.

Five recommendations were agreed with Management to address the area where controls were partially met. These relate to risks 2, 4, 5, 8 and 10.

- The Council should have a clearly communicated policy regarding whether the Open Market Value used for affordable housing contribution calculations should be the value of the net additional properties being developed, or the gross number of properties being developed. Further, if net value is chosen, the basis on which the net value should be calculated if the value of the newly developed properties is not the same should be considered. Management should also determine and advise applicants whether overpayments caused by applicant error will be corrected by the Council or not.
- The Acting Development Control Manager and the Service Accountant for Development Services should work in collaboration to develop proposals to enhance the process for financial monitoring of Section 106 funds, to be approved by the Chief Officers of the relevant departments. The process should ensure that Finance is provided with accurate information on the sums agreed with developers, and can in return supply accurate information on the revenue which has been collected. The process should further ensure that Finance should also have accurate information on the projects which S106 funds are to be spent on, and the amounts which have been budgeted. This process should be developed in time for implementation from 1<sup>st</sup> April 2014. Internal Audit has produced a suggested process as an addendum to the Management Action Plan; or the departments could develop their own process.
- The Development Control team should ensure that all relevant information is retained on Idox. If information relevant to an application is discussed at the pre-application stage but not submitted by the developer with the application, it should be requested during the assessment to ensure the Council has a full audit trail available.
- The Acting Development Control Manager should consult with IT Services to ensure that appropriate steps are taken as necessary to rectify the prevailing technical issue with Obligations Tracker.
- The Chief Planning Officer should ensure that a review of the effectiveness of the eventual governance arrangements and assessment controls for the Community Infrastructure Levy (CIL) should be undertaken within 6-12 months of the first CIL payment being collected.

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

Review of Housing 2013/14

Issued: 9 December 2013

Opinion: Control Framework: Good  
Effectiveness of Framework: Good

The purpose of the review was to provide an assurance regarding the effectiveness of the new structure within Housing in order to assess its fitness for purpose in delivering Council policy and statutory requirements.

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

1. Risk that the Council may not comply with relevant legislation, organisational policy and good practice.
2. Risk that Housing advice and proactive schemes may be inaccurate or inefficient due to lack of knowledge, particularly on welfare reform.
3. Risk that the Council may not have effective measures in place to address statutory duties under the Housing Act.
4. Risk that recent changes within the structure of the service may not meet the requirements for an effective delivery of service.
5. Risk that the implications of the single room allowance may not be adequately identified or addressed.
6. Risk that the HERO scheme, and other relevant proactive initiatives, may not be effective or efficient in preventing homelessness and contributing towards the Council's statutory duties.
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 adequately undertaken and risks not adequately managed.

Audit testing results indicated that:

- In relation to the Control Framework, controls were fully met for all nine of the risks examined.
- In relation to the effectiveness of the framework, controls were fully met in six of the risks examined, while the remaining three (risks 5, 6 and 9) were partially met.

The opinion of the auditor for both control framework and effectiveness of the implementation of the framework were "good". This meant that a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks.

Three recommendations were agreed with Management to address the area where controls were partially met. These relate to risks 4, 5 and 9.

- To facilitate an effective assessment of the advice provided on the single room allowance and compliance with the Welfare Reforms, it is recommended that

relevant data is retained for a period of 12 months and make available to internal audit for testing.

- The process for maintaining manual records regarding the HERO scheme would benefit from closer management supervision, in addition to the level of support already provided, in order to ensure that documentation is maintained in an appropriate format, which would provide clearer and more accessible concise records which would facilitate easier access by other officers when necessary.
- In order to ensure compliance with the Council's risk management framework, management should ensure that risk assessments are completed for all key service/operational objectives and demonstrate that risks are being managed within the Council's risk appetite. If necessary, management should contact the Audit, Risk and Anti-Fraud Manager for advice and guidance.

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

Review of Dunbrik 2013/14

Issued: 20 December 2013

**Opinion:** Control Framework: Good  
Effectiveness of Framework: Good

The purpose of this audit 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.

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. Financial reporting may not be accurate, up to date or complete.
3. Reconciliations between Task and Agresso may not be accurate, up to date or complete.
4. Transactions may not be supported by documentary evidence.
5. Budget reporting and monitoring may not be timely, accurate or effective.
6. Transactions may not be calculated/valued and allocated correctly.
7. Financial data may not be clearly presented or understandable for non-financial managers.
8. Information and data may not be protected from loss, damage or unauthorised disclosure.
9. Miscoding and variations in budgets may not be identified or reported.
10. Fraud and corruption may be undetected.
11. Opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
12. Operational or Service risk assessments may not be undertaken and risks not adequately managed for the service area.

Audit testing indicated that controls were fully met in ten of the twelve aspects examined. Controls in respect of risks one and four were partially met.

The audit opinions for both framework and compliance were “Good”. This meant that a high level of control framework is in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks.

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

- Arrangements should be made for the current Financial Procedure Rules to be added to the staff intranet.
- Good practice requires that key procedure notes should be reviewed annually. The procedure notes should be signed and dated once reviewed. A program should be put in place to ensure procedure notes are reviewed on a regular basis (Annually). The existence of current procedure notes is fundamental for the smooth operation of a number of TASK functions, particularly in the absence of the Finance & Admin Manager who carries out the majority of the functions.

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