

**AUDIT COMMITTEE – 18 MARCH 2014**

## Appendix B

### FINAL AUDIT REPORTS ISSUED SINCE LAST MEETING

[illegible]

**Review of Council Tax Support & Housing Benefit 2013/14      Issued 13 February 2014**

**Opinion:**      Control Framework – Good  
                 Compliance with Framework – Good  
                 (For the previous year (2012/13) a single opinion was issued and this was ‘Good’)

The purpose of this review was to provide assurance regarding the effectiveness of the Benefits Service in delivering service objectives and the shared service arrangements between Dartford Borough Council (DBC) and Sevenoaks District Council (SDC). In particular, the review examined areas of previous internal or external audit concern. It also included an examination of the arrangements for implementing the requirements of new legislation and statutory requirements involving the local scheme of support for Council Tax and Universal Credit.

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 the Council may not have suitable processes and procedures in place to calculate local council tax support
- 3) Risk that the effect of the change to Universal Credit on the service may not have been fully taken into account
- 4) Risk that the assessment of benefit and council tax support claims may not be accurate, timely or subject to quality checks
- 5) Risk that application data supplied by claimants may not be fully evidenced, leading to a higher potential for fraud
- 6) Risk that complete audit trails may not be retained to evidence the Council’s assessment decisions
- 7) Risk that council tax support and benefits discounts/payments may not be correctly accounted for
- 8) Risk that fraud and corruption may be undetected
- 9) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 10) Risk that risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that controls were fully met in nine of the aspects examined, whilst one was partially met. (Risk 8)

The opinion of the auditor was that the Council tax support and housing benefits framework was “good”. Additionally, compliance with the framework was “good”. This means 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. It also means that the framework of controls is substantially being complied with and the risk management process is considered to be good. Only minor errors or omission were identified.

One recommendation was agreed with management to address the area where controls were partially met. This relates to risk 8.

- That DBC Leavers details should be provided to the Control Team on a timely basis in order to enable them to delete leavers’ access to Academy, after their leave date.

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

**Review of Cashiers 2013/14****Issued: 4 February 2014**

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

This review was not part of the planned programme of reviews agreed by this Committee. It is an additional review requested by management, as a proactive stance to gain assurance that the arrangements for the receipt of cash payments and the handling of petty cash expenditure continues to be robust and fit for purpose. To this effect the review focused on the security of cash, arrangements for petty cash and the documentary evidence to support transactions.

The following key risks and controls were examined as part of the review;

- 1) Risk that income may not be adequately protected
- 2) Risk that precautions may not be taken to prevent or reduce losses to the organisation
- 3) Risk that there may not be sufficient documentary evidence to support transactions

Audit testing results indicated that:

- In relation to the Control Framework, controls were fully met for all three of the risks examined.
- In relation to the effectiveness of the framework, controls were fully met all three of the risks examined.

The opinion of the auditor was that the control 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 effectiveness of the control framework was also “good”.

Two recommendations were agreed with Management to enhance existing controls in relation to

- the possible reduction of the cash float
- and minor amendments to the system used to record documentary evidence to support transactions

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

**Review of Treasury Management 2013/14**

**Issued 14 February 2014**

**Opinion:** Control Framework – Good (Opinion from previous year ‘Good’)  
Compliance with Framework – Good (Opinion from previous year ‘Good’)

The purpose of this review is to provide assurance regarding the effectiveness of the treasury management system in meeting its service objectives.

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 there may be insufficient documentary evidence to support transactions and investment terms
- 3) Risk that the organisation’s financial and cash flow position may not be regularly assessed or monitored
- 4) Risk that surplus funds may not be invested promptly
- 5) Risk that investment transactions may not be appropriate, legitimate, correctly authorised or in accordance with investment policy
- 6) Risk that fraud and corruption may be undetected
- 7) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 8) Risk that risk assessments may not be undertaken and risks not adequately managed

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

The opinion of the auditor was that Treasury Management framework was “good”. Additionally, the compliance with the 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. There is evidence that the framework of controls is substantially being complied with and the risk management process is considered to be good. Only minor errors or omissions have been identified.

No recommendations were proposed, as it was felt that the systems was sufficiently robust and that any additional actions would not be cost effective or justifiable on grounds of value for money.

**Review of Creditors 2013/14****Issued: 18 February 2014**

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

The purpose of the review was to provide an assurance regarding the effectiveness of the creditors system regarding fitness for purpose and compliance with Council procedures.

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 There may be insufficient documentation to support the purchasing of goods and services and for the receipting of goods and services
- 3) Risk that Invoices may not be processed and paid in accordance with payment terms
- 4) Risk that the creditor control account does not balance
- 5) Risk that fraud and corruption may be undetected
- 6) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 7) 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 six of the risks examined, while one (risk 1) was partially met.
- In relation to the effectiveness of the framework, controls were fully met in six of the risks examined, while one (risk 3) was partially met.

The opinion of the auditor was that the control 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 effectiveness of the control framework was also “good”.

Two recommendations were agreed with Management to address the area where controls were partially met. These relate to risks 1 and 3.

- The Finance Officer should review all creditor procedures on a regular basis (at least annually) with a date recorded on the documents as to when they were last reviewed, even if no changes are made.
- Consideration must be given to reviewing the procedure for leavers, to ensure that either their mail account is cancelled when they leave, or an out of office be installed, and a suitable diversion to a responsible officer is put in place, to ensure that the appropriate action is taken timely, in order to meet statutory payment deadlines. (It should be noted however, that the Council is currently achieving 99% of invoices paid within their credit terms)

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

#### **Review of Contract Management Arrangements 2013/14    Issued: 18 February 2014**

**Opinion:**            Control Framework – Good (Opinion from previous year ‘Satisfactory’)  
                         Compliance with Framework – Good (Opinion from previous year ‘Satisfactory’)

The purpose of this review was to provide assurance regarding the effectiveness of the Council’s contracting arrangements. To this effect a selection of contracts entered into over the last 12 to 18 months were reviewed for compliance. The review also examined whether there are robust arrangements in place to manage contract performance and delivery.

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 contracts may not be delivered on time, within budget or of acceptable quality
- 3) Risk that contract deliverables may not be achieved, or may not meet the perceived needs of the Council
- 4) Risk that the Council may not be able to demonstrate its own or suppliers obligations regarding the requirements of relevant agreements

- 5) Risk that fraud and corruption may be undetected
- 6) Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised
- 7) Risk that risk assessments may not be undertaken and risks not adequately managed

Audit testing results indicated that:

- In relation to the Control Framework, controls were fully met for six of the risks examined, while one (risk 3) was partially met.
- In relation to the effectiveness of the framework, controls were fully met in six of the risks examined, while one (risk 2) was partially met.

The opinion of the auditor was that the Contract Management framework was “good”. Additionally, the compliance with the 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. There is evidence that the framework of controls is substantially being complied with and the risk management process is considered to be good. Only minor errors or omissions have been identified.

One recommendation was agreed with Management to address the areas where controls were partially met. These relate to risks 2 and 3.

- The Principal Legal Executive should request the appropriate officers place the standard clauses on the Procurement internet page. Review of the Contracts Procedure Rules should be a joint project between Legal Services and the Audit & Risk team, to provide input from both areas of expertise into the revised Procedure Rules.

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