

Review of Data Quality & Accuracy

Issued: 6 June 2011

Opinion: *Satisfactory*

The purpose of this review was to give an assurance on the effectiveness of the corporate performance management arrangements, designed to assess the Council's achievement in meeting its objectives. To this effect, the following key risks and associated internal controls were examined:

- The Council may not comply with relevant legislation, policies, or good practice
- The process may not facilitate the collection of adequate or accurate data
- Covalent may not be utilised to its full potential
- The process may not be as efficient or simplified as possible
- End users may not understand the process or Covalent
- Reporting of performance information to senior management and Members may not be efficient or effective
- Performance data may not be collected on all key activities
- The established process may not be fully complied with
- Fraud or corruption may go undetected
- Opportunities to demonstrate efficiency or value for money may not be maximised
- Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing indicated that, for three of the eleven risks examined, controls were fully met. For the remaining eight risks some minor issues resulted in an evaluation of partially met. The audit opinion given was "Satisfactory", indicating 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.

The following seven recommendations were agreed with management to address the eight areas where controls were partially met. (These related to bullet points 1-5, 8, 9 and 11 above).

- That the Data Quality Statement should be updated to reflect changes in regulation
- That all responsible data collecting and checking officers be included on email distribution
- That data should not be reported via Covalent until it has been verified as quality checked
- That ad hoc one-to-one refresher training sessions be included on the Covalent training log
- The Performance Management Framework should be regularly reviewed
- The annual corporate planning process should be streamlined in order to make the process more efficient and effective
- The Strategic Risk Register should be updated to reflect current risks.

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

Review of Car Parking Income

Issued: 30 September 2011

Opinion: *Adequate*

The purpose of this audit was to give an assurance on the effectiveness of the arrangements regarding the security and banking of car parking income collected and the recovery process. To this effect the following key risks and relevant controls were examined.

- The Council may not comply with legislative requirements or local by laws.
- A policy and procedure for setting car parking fees and charges may not be in place or may not be followed.
- Cash collection machines are not adequately maintained and insured.
- Parking ticket income may not be collected and recorded correctly.
- Parking ticket income may not be banked promptly.
- Fees from season tickets and residents parking permits may not be accounted for correctly.
- Parking fines may not be collected promptly and recovery action may be ineffective.
- Parking fines may be written off without proper authority.
- Measures may not be taken to maximise revenue from parking ticket income.
- Fraud and corruption could go undetected.
- Opportunities to demonstrate efficiency or value for money may not be maximised.
- Risk assessments may not be undertaken and risks not adequately managed.

Audit testing results indicated that the controls were fully met in nine of the twelve risks examined, while two were partially met and one not met at all. The audit opinion given was “Adequate”, indicating that controls are in place and to varying degrees are complied with but there are gaps in the process, which leave the service exposed to potential risks.

Three key recommendations, broken down into five parts, were agreed with management to address the three areas where controls were partially or not met. (These related to bullet points 4, 8 and 10 above).

- The Parking & Amenity Manager and the Principal Accountant should urgently liaise with all agencies to ascertain the reasons for the discrepancies between the values banked by Contract Security and the values appearing on the bank statements.
- The Parking & Amenity Manager should investigate the reasons behind the differences between the machine ‘audit’ tickets and the amounts banked by Contract Security.
- Irrecoverable fines should be written off on a more regular basis (audit testing indicated that such write offs had last been actioned in December 2008).
- Parking Services staff should periodically examine inside the ticket machines to ensure that cash boxes cannot be tampered with.
- The Parking & Amenity Manager should visit the Contract Security cash collection depot to ensure that the arrangements in place are as agreed within the terms of the contract and to appropriately manage the Council’s risks.

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

Item No. 7 – Appendix B

Review of Register of Interests & Hospitality Arrangements Issued: 4 October 2011

Opinion: *Satisfactory*

The purpose of this review was to give an assurance on the effectiveness of the arrangements in place for registering of interests and hospitality by Council Members and Council Officers. To this effect the following key risks and relevant controls were examined.

- Procedures and guidance for registering of interests are not documented and not accessibility to officers and Members
- Details of interests and hospitality are not recorded.
- The Hospitality Register is not subject to management review.
- Annual register of interests declarations including nil returns are not completed.
- Declarations of interests are not documented at Council or Committee meetings.
- Temporary staff/Consultants have not been instructed to declare/document their interests and hospitality received.
- Appropriate measures are not taken where failure to declare an interest or hospitality has been identified.
- Value for Money is not achieved.
- Annual assessments of risk are not undertaken.

Audit testing results indicated that the controls were fully met in four of the nine risks examined, while five were partially met. The audit opinion given was “Satisfactory”, indicating 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.

The following five recommendations were agreed with management to address the five areas where controls were partially met. (These related to bullet points 1,2,3,4 and 9 above)

- A single version of the Sevenoaks Council Officer Code of Conduct policy should be in place. Other versions of the Code should be withdrawn from circulation.
- All officer declaration of interests should be countersigned by relevant senior management to demonstrate the declaration has been subject to management review.
- The annual officer declarations of interests’ process should be consolidated and administered by the Human Resources department rather than the function being shared.
- The officer hospitality registers should have documented evidence of management review.
- An annual risk assessment of the declaration of interests and registration of hospitality arrangements should be in place.

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

Review of Payroll

Issued: 17 October 2011

Opinion: *Satisfactory*

The purpose of this review was to give an assurance regarding the effectiveness of the arrangements for implementing the Council's Payroll systems including overtime. To this effect the following key risks and relevant controls were examined:

- The Council may not comply with relevant legislation, policies or good practice.
- Inaccurate, unauthorised or fraudulent payments may be made.
- The payroll system may not correctly reconcile to the main accounting system resulting in potential misstatements in the accounts.
- Overtime may not be correctly applied, approved or appropriate.
- Opportunities to demonstrate efficiency or value for money may not be maximised.
- Risk assessments may not be adequately undertaken and risks not adequately managed.

Audit testing identified that the controls were fully met in four of the six aspects examined, while two were partially met.

The audit opinion given was "Satisfactory", indicating 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.

The following two recommendations were agreed with management to address the two areas where controls were partially met. (These related to bullet points 1 and 6 above).

- Procedures should be updated to reflect the upgrade in the payroll system.
- Operational risks for 2011/12 need to be assessed in order to ensure that they are being effectively managed.

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

Review of Contract Management

Issued: 19 October 2011

Opinion: *Satisfactory*

The purpose of this review was to give an assurance regarding the effectiveness of the Council's contracting arrangements. The review examined a sample of contracts entered into over the last 12 Months. To this effect, the following key risks and relevant controls were examined:

- The Council may not comply with relevant legislation, policies or good practice
- The contract may not have been awarded effectively
- The contract may not be advantageous to the Council
- Management and monitoring of individual contracts may be inadequate or ineffective
- The Council may not be able to demonstrate its own or suppliers obligations regarding the requirements of relevant agreements
- Problems may not be identified and rectified promptly
- Insufficient paperwork to resolve disputes or responsibility
- Invalid payments could be processed
- Fraud or corruption may go undetected
- Opportunities to demonstrate efficiency or value for money may not be maximised
- Risk assessments may not be adequately undertaken and risks not adequately managed

Audit testing indicated that controls were fully met for ten of the eleven risks examined. The remaining risk area resulted in an evaluation of control partially met. The audit opinion given was "Satisfactory", indicating 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.

The following recommendations were agreed with management to address the area where controls were partially met. (This related to bullet point 1 above).

- Steps need to be taken to ensure that the current Contract Procedures Rules are available to all staff (via the intranet) to ensure good practice
- Consideration should be given to making available further guidance to staff including the Kent Secretaries Procurement Guide which provides information in relation to the management of contracts

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