

**Review of Non Domestic Rates 2015/16
Issued 6 June 2016**

Opinion: Control Framework - Good (Previous review - Good)
Compliance with Framework - Good (Previous review -Good)

The purpose of this review was to provide an assurance on Business Rates retention and the financial modelling associated with it in order to ascertain fitness for purpose in maximising available income opportunities. It also examined the system to facilitate the prompt identification assessment and accurate billing of new dwelling and businesses and that business rate relief is applied in accordance with Guidelines /Council Policies.

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

1. Risk that The Council may not comply with relevant legislation such as the NDR Collection & Enforcement (Local Lists) Regulations 1989 and Council processes and procedures.
2. Risk that accounting for the Business Rate retention scheme may not be operating effectively.
3. Risk that new businesses are not promptly identified and billed.
4. Risk that business rate relief and reductions are not effectively allocated.
5. Risk that refunds of NDR may not be effectively controlled.
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 met in all the risk areas examined.

The opinion of the auditor was that the framework of controls for the NDR system was “good”. Additionally, compliance with the framework was also found to be “good”. This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. There was evidence that the framework of controls were substantially being complied with and the risk management process was considered to be good. Only minor errors or omissions were identified.

There are no recommendations arising from this review.

Review of Dunbrik Task 2015/16

Issued 7 June 2016

Opinion: Control Framework - Good (Previous review - Good)
Compliance with Framework - Good (Previous review -Good)

The purpose of this review was to provide an assurance on the authenticity, accuracy, transparency and authorisation of transactions with regards to TASK.

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

1. Risk that the income and expenditure account and balance sheet (produced in liaison with Finance) cannot detect irregularities or weaknesses in TASK.
2. Risk that there is no authentication for users of the TASK system; for example the use of valid user names and unique passwords before access is granted to assess confidentiality of the TASK records.
3. Risk that income due may not be accurately received or correctly accounted for.
4. Risk that service budgets may not be achievable and degrade service performance. For example, are inflation and unforeseen circumstances included.
5. Risk that expenditure may be unauthorised and incorrectly paid.
6. Risk that lack of transparency and the potential for fraud and corruption to be undetected.
7. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised. For example, the inclusion of TASK in a new Council wide finance system.
8. Risk assessments may not be undertaken and risks not adequately managed.

Audit testing results indicated that controls were fully met in six of the aspects examined, whilst two aspects were partially met in relation to compliance (Risks 2 and 3).

The opinion of the auditor was that the framework of controls for Dunbrik (TASK) 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. There was evidence that the framework of controls were substantially being complied with and the risk

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management process was considered to be good. Only minor errors or omissions were identified.

The following four recommendations were agreed with Management to address the areas where controls were partially met. These relate to risks 2 and 3.

- Direct Services management should liaise with the Finance Team to ensure that only those colleagues required to interface with TASK have appropriate access.
- Staff should be reminded that they should use passwords that are compatible with Council policy.
- Debtors should be aware of the payment terms for an invoice as this could impact on cash income receipt forecasting for the Council. Also it will enable the non - payment of invoices to be followed up and enforced should the invoice not be paid during the given time.
- Direct Services management should consider coding expenditure relating to medical expenses to the 'miscellaneous' expenditure code in order to separate such expenditure, which is considered to be of a general nature, from expenditure properly coded to 'materials'. However it is noted that a 'drill down' facility is available within TASK if a breakdown of health related expenses is required.

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

Review of Council Tax Support 2015/16

Issued 14 June 2016

Opinion: Control Framework - Good (Previous review - Good)
Compliance with Framework - Good (Previous review -Good)

The purpose of this review was to provide assurance on the Council Tax Support (CTS) scheme regarding the effectiveness of the system in place to ensure that discounts are correctly applied in accordance with the scheme and to ascertain fitness for purpose in delivering service objectives.

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

1. Risk that the Council may not have complied with relevant legislation, policies or procedures in respect of Council Tax Support.
2. Risk that inaccurate, unauthorised or fraudulent Council Tax Support discounts may be transacted.
3. Risk that Council Tax Support discounts may not correctly reconcile to the main accounting system.

4. Risk that the assessment of Council Tax Support may not be accurate, timely or subject to quality checks.
5. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
6. Risk that fraud and corruption may be undetected, for example in regard to bogus claims for Council Tax Support.
7. Risk that operational and strategic risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

Audit testing results indicated that controls were met in six of the aspects examined, whilst one aspect was partially met in relation to compliance (Risk 6).

The opinion of the auditor was that the framework of controls for the Council Tax Support system was “good”. Additionally, compliance with the framework was also found to be “good”. This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. There was evidence that the framework of controls were substantially being complied with and the risk management process was considered to be good.

The following recommendation was agreed with management to address the area where the control was partially met. This relates to risk 6.

- Management need to ensure that a member of staff is made responsible for ensuring that relevant staff are notified when updates/changes take place in the Council’s Anti - Fraud and Corruption Strategy. This may require liaison with the Audit Risk and Anti - Fraud manager.

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

Review of Arrangements for Corporate Fraud 2015/16

Issued 16 June 2016

Opinion: Control Framework - Good
Compliance with Framework - Good

The purpose of this review was to examine the Council’s fraud investigation service in light of the creation of the Single Fraud Investigation Service (SFIS) by the Department for Work and Pensions (DWP), ensuring that DWP proposals are effectively implemented, and the transfer of staff over to DWP is carried out in accordance with Council policy. It also looked at what resources would be required

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to fulfil the Council's Anti-Fraud and Corruption Strategy, post SFIS and the options available to the Council to take this forward. Where necessary, appropriate proposals were made to ensure that the Council's Anti-Fraud arrangements remain fit for purpose post SFIS.

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

Risk that the Council may not comply with CIPFA's Code of Practice on Managing Risk and Corruption, Social Security Fraud Act 2001, the Council's Anti-Fraud Strategy or good practice

1. Risk that good governance arrangements could be compromised.
2. Risk of inappropriate resources to support the Counter Fraud Strategy.
3. Risk of insufficient resources to deal with Council Tax fraud (Single person discount, other discounts and exemption, council tax support fraud).
4. Risk that communication/liaison could be compromised as no single point of contact (SPOC).
5. Risk that lack of support in a number of other key counter fraud areas including Benefit Matching, National Fraud Initiative, referrals etc.
6. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised.
7. Risk that operational and strategic risk assessments may not be undertaken and risks not adequately managed.

This audit was undertaken to provide assurance regarding the effectiveness of the arrangements for implementation of the Single Fraud Investigation Service (SFIS) in order to ensure that the DWP proposals are effectively implemented, and the transfer of staff over to DWP is carried out in accordance with Council policy. This was achieved by a method of evaluation using audit testing and research. It was identified that all eight controls tested were fully compliant. The review confirmed that both authorities together with the Fraud Team have expended a great deal of time, research and effort in identifying the best way to ensure that effective arrangements remain in place at both authorities. The report therefore concludes that overall the evaluation of framework and compliance is good.

The following recommendations have been agreed to enhance resilience and functionality going forward, particularly in the light of the new Counter Fraud Team being agreed (by the Partnership Board and the respective Management Teams) during the course of the review.

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- All relevant policies should be reviewed to establish that they are current and up to date. The policies should be dated with a revision plan in place.
- Consideration needs to be given as to how the Governance Framework will be affected post SFIS and how the new Counter Fraud team could assist with supporting the Governance Framework.
- All policies and strategies will need to be reviewed and amended where necessary particularly where references are made to benefit fraud.
- The Fraud and Compliance Manager should inform internal audit of any fraud discovered which impacts on internal controls and that where appropriate internal audit should undertake a review of controls.
- After a reasonable timescale (agreed by management) the decision to implement the counter fraud team should be reviewed to consider the impact of the service and that the agreed service objectives are being achieved. This should be at least on an annual basis with regular monitoring in between - *It was agreed that a review of the effectiveness of the team will be undertaken by senior management at both authorities. This should be at least on an annual basis with particular focus on performance (VFM) and how the structure is working (split management arrangements).*

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

Review of Planning Pre-Applications 2015/16

Issued 6 July 2016

Opinion: Control Framework - Good (Previous review - Good)
Compliance with Framework - Good (Previous review -Good)

The purpose of this review was to provide an assurance regarding the effectiveness of the pre-planning application process regarding the Councils “fitness for purpose in delivering service objectives “and the Council’s responsibilities.

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

1. Risk that the Council may not comply with relevant legislation e.g. Planning Act 2008, policies, procedures or good practice e.g. DCLG - Guidance on the Pre - Planning Application Process.
2. Risk that decision/advice output quality may lack consistency against the Council’s standards e.g. this may have an impact on level of complaints received.
3. Risk that the Pre-Planning activity may not be sufficiently resourced in terms of numbers, skills and experience.

4. Risk that Performance Monitoring against agreed targets may not be in place.
5. Risk that Pre- Planning Applications charges are not reviewed regularly and/or not made available to the public e.g. Transparency code 2014.
6. Risk that complaints against the Pre - Planning activity is not handled in accordance with Council policy e.g. lengthy protracted cases and/or Council reputation at risk.
7. Risk that Customer feedback is not sought about service quality and delivery e.g. May not be able to inform Pre - Planning application service deliver.
8. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example Officers time spent in process a decision/advice is achieving better planning application outcomes.
9. Risk that fraud and corruption may be undetected, for example Officers providing advice/decisions to friends and family and not charging for their time.
10. Risk that operational risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

It was identified that out of ten controls, six were found to be fully compliant and the four remaining partially compliant.

The opinion of the auditor was that the framework of controls for the Planning Pre Applications system was “good”. Additionally, compliance with the framework was also found to be “good”. This means 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 and that controls are substantially being complied with and risk management process is considered to be good. Only minor errors or omissions have been identified.

The following four recommendations were agreed with Management to enhance controls. These relate to risk’s 2, 4, 5 and 8.

- An action plan/table should be completed using the information already identified by the working group and audit findings regarding administration processes, such as, *decision notice templates* and workload monitoring. This should be used to identify any impacting inconsistencies with each team and actions agreed. Alignment of the above processes would provide consistency as well as a more effective, efficient system. There is currently a potential low risk of reputational damage due to missed (self-imposed) deadlines.

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NB It is noted that each application is dealt with on its own merits and officers are encouraged to develop a personal style. However a standard template would ensure consistency of response and minimise reputational risk.

- Current reports produced could be adapted to provide the performance data required. This will then give a clear picture of the number of PPA (trends etc.) together with workload and target monitoring. This will reduce the risk of reputational damage caused by missed deadlines (self-imposed).
- Consideration should be given to the revision of charges. Particularly as they haven't been revised for 4 years but also that neighbouring authorities existing charges would suggest there is a potential income gap (recoup of costs).
However consideration needs to be given to the cost of the Council vs Commercial acceptability
- A mechanism should be put into place to ensure that any efficiency and value for money ideas identified or voiced are recorded. These records should be regularly reviewed possibly at team meetings.

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

Review of Section 106 Affordable Housing 2015/16

Issued 8 July 2016

Opinion: Control Framework - Good (Previous review - Satisfactory)
Compliance with Framework - Good (Previous review - Satisfactory)

The purpose of this review was to provide assurance on the arrangements in place for the administration of the residual element of Section 106 payments in respect of Affordable Housing requirements and to ensure fitness for purpose in delivering service objectives and the Council's statutory responsibilities. This included the consistency of applying the right procedures and approach to ensure that best value is obtained via the planning process and the funding allocation process by the Housing Policy Team.

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

1. Risk that the Council may not comply with relevant legislation, such as the provisions of the Town and Country Planning Act 1990 and National Planning Guidance.
2. Risk that the Council may not have an appropriate or adequate framework in place for the legal aspects of the relevant Section 106 agreements.

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3. Risk that agreements may not be in place for all relevant Section 106 developments and supporting documentation may not be on file.
4. Risk that contributions relating to Section 106 agreements may not be being used appropriately or within the agreed timeframe.
5. Risk that contributions relating to Section 106 agreements may not be appropriately documented in order to provide information on the amounts raised and targets met.
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 operational and strategic risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

Audit testing results indicated that controls were fully met in seven of the eight aspects examined whilst one aspect was partially met in relation to compliance (Risk 7).

The opinion of the auditor was that the framework of controls for the Section 106 Affordable Housing system was “good”. Additionally compliance with the framework was found to be “good”. This meant that a high level of control framework was in place to ensure the achievement of service objectives, good corporate governance and to protect the Council against foreseeable risks. There was evidence that the framework of controls was being substantially complied with and the risk management process was considered to be good.

The following recommendation was agreed with Management to address the area where controls were partially met. This relates to risk 7.

- The Anti - Fraud and Corruption Strategy should be relaunched to focus staff attention on the strategy. For example, managers should be made fully aware of their duty to prevent fraud.

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

Review of Emergency Planning 2016/17

Issued 22 July 2016

Opinion: Substantial Assurance

The purpose of this audit review was to provide an assurance regarding the effectiveness of the Council’s arrangements to act quickly and efficiently in

meeting the needs of residents including public support during an emergency, such as flooding.

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

1. Risk that the Council may not comply with relevant legislation, for example the Civil Contingencies Act 2004, and Council policies and procedures.
2. Risk that an appropriately skilled and resourced emergency planning function is not maintained and managed.
3. Risk that the emergency plan has not been tested.
4. Risk that an adequate (interlinked with other functional and incidents) and current emergency response plan has not been prepared.
5. Risk that operational and strategic risk assessments may not be undertaken in accordance with Council policy and risks not adequately managed.

It was identified that out of five controls, four were found to be fully compliant and the one remaining control is partially compliant with minor enhancements required.

The opinion of the auditor is that there is **Substantial Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However, there are isolated weaknesses in design of controls or inconsistent application of controls which put the achievement of a limited number of objectives at risk.

The following recommendation was agreed with Management to enhance controls. This relates to risk 4.

- a) The Head of Parking and Surveying should review the website links referred to in the Major Emergency Plan to ensure that they are correct. Checks should be programmed to ensure that the links are still working on a regular (quarterly) basis.
- b) Consideration should be given as to how emergency contacts and their details can remain current and up to date in between reviews. These could form part of a different document or as an appendix. Although the immediate emergency team is aware of current officers and contact changes, due to the significant importance of the document and the urgent access that might be required outside of the emergency team all contact data should be current at all times.

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

Review of Business Continuity 2016/17

Issued 26 July 2016

Opinion: Substantial Assurance

The purpose of this audit review was to provide an assurance regarding the effectiveness of the Council's arrangements for facilitating continuation of Council business, in the event of a significant event impacting on the Council's ability to deliver its responsibilities.

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

1. Risk that the Council may not comply with relevant legislation, for example the Civil Contingencies Act 2004, and Council policies and procedures.
2. Risk that an appropriately skilled and resourced continuity function is not maintained.
3. Risk that a business impact analysis has not been undertaken.
4. Risk that an adequate business continuity plan has not been prepared.
5. Risk assessments may not be undertaken and risks not adequately managed.

It was identified that out of five controls, one was found to be fully compliant and the four remaining partially compliant with minor enhancements required.

The opinion of the auditor is that there is **Substantial Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However, there are isolated weaknesses in design of controls or inconsistent application of controls which put the achievement of a limited number of objectives at risk.

The following four recommendations were agreed with Management to enhance controls. These relate to risk's 1,3,4 and 5.

- Consideration should be given to carrying out an exercise regarding home working and whether all key officers can use this facility if required.
- A system should be put into place whereby certain checks are carried out to ensure that all Business Impact Assessments have been signed and dated. There is a risk that without this detail the latest version may not be used which could lead to incorrect actions being taken especially if functions or priorities have changed.

- Consideration should be given as to the distribution of the Business Continuity Plan and clarification that it has been delivered. There is a risk that officers (not key) that cannot access this document may not be in a position to put the plan in operation for their service or assist with others.
- Consideration should be given to including a specific risk within the strategic risk register for 2016/17 regarding business continuity. An example could be as follows:

Unable to respond to a business continuity incident. The mitigating controls will therefore include the continued update of plans, officers and training.

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

Review of Transparency Code 2016/17

Issued 12 August 2016

Opinion: Limited Assurance

The purpose of this audit was to provide an assurance regarding the effectiveness of the Council's transparency reporting arrangements and to ensure that current legislative requirements are being adhered to.

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

1. Risk that the Council may not comply with the relevant section of the Local Government Planning and Land Act 1980 and guidance in respect of the Transparency Code.
2. Risk that the Council may not make full disclosure of the required data. For example, procurement information.
3. Risk that the opportunities presented by the Transparency Code are not maximised. For example, we should ascertain that local people are aware of and can access data covered by the Transparency Code.
4. Risk that Operational and Strategic risk assessments in respect of the Transparency Code may not be undertaken in accordance with Council policy and risks are not adequately managed.

Audit testing results indicated that controls were fully met in one of the aspects examined whilst three controls were not met. (Risks 1, 2 and 4).

The opinion of the auditor was that the controls in place provided limited assurance. This means that weaknesses were identified within the framework and

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there exists evidence of non - compliance with Council procedures or good practice, which puts the achievement of the Council's or service objectives in many of the areas reviewed at risk.

The following three recommendations were agreed with Management to address the areas where controls were not met. These relate to risks 1, 2 and 4.

- Information required to be published online by the Transparency Code should be made available to the public.
- 1)Senior salaries information published on the website should be consistent with the requirements of the Transparency Code; 2) benefits in kind should be fully disclosed; Information gathered should be obtained from the relevant department and not acquired from individual officers.
- Strategic and Operational risks relating to the Transparency Code should be prepared. Examples of this would be as follows; 1) Strategic - failure to follow government regulations leading to reputational damage; 2) Operational - Failure to show all the information required by the Transparency Code could lead to an increase in Freedom of Information requests in respect of that information leading to increased use of resources.

All recommendations have since been actioned.