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FINAL AUDIT REPORTS ISSUED SINCE LAST MEETING

*Although these reports were issued prior to the June 2017 meeting of the Committee, summaries were not provided in the annual report.

Opinion: Substantial Assurance

Previous Review: No previous review

The purpose of this review was to provide an assurance regarding the effectiveness of the arrangements in place to manage and record the Council's physical assets. This included an assessment of the accuracy and monitoring of the asset register to ensure that arrangements in place are fit-for-purpose to deliver service objectives and comply with Council procedures. This review also included a cursory review of the Asset Management Strategy.

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, such as the national asset register.
2. Risk that the Council may not have an effective asset management strategy in place.
3. Risk that the asset register may not be accurate.
4. Risk that additions and deletions to the register may not be timely.
5. Risk that responsibility for the asset register may not be specified.
6. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example the asset register may not be easily accessible.
7. Risk that fraud and corruption may be undetected, for example unauthorised changes to the register.
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 six of the aspects examined, whilst two aspects were partially met in relation to compliance. (Risks 3 and 4).

The opinion of the auditor was 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 or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk.

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The following three recommendations were agreed with Management to address the areas where controls were partially met. These relate to risks 3 and 4 above.

- The Asset Register should report current assets only. The records that have been listed as expired/obsolete or disposed should be archived and reported separately.
- Asset sign off forms should be correctly completed and authorised so that there is a record kept of why the asset was disposed of. This could be important as items could go unaccounted for and included/excluded from insurance schedules.
- The guidance should be reviewed and updated annually if necessary to reflect current working practice so that there is an accurate and up to date point of reference for officers.

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

Review of Cash Income 2016/17

Issued 12 April 2017

Opinion: Substantial Assurance

Previous Review: No previous review

The purpose of this audit review is to ascertain all the areas within the Council that receive physical cash, in order to provide an assurance regarding probity of the arrangements in place, including security and accountability of cash received. This review does not cover parking income, which is audited separately.

To this effect the following risks were examined:

1. Risk that the Council may not comply with the policies, procedures and legislation (such as Proceeds of Crime Act 2002).
2. Risk that no physical security measures exist to protect both employees and the cash.
3. Risk that an audit trail in relation to the collection, receipt and recording of cash is not in place.
4. Risk that no robust cash reconciliation procedures are in place, which include the treatment of any suspense accounts used.
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 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 substantially met. Overall there are robust controls and processes in place for the receipt of cash income. There are comprehensive procedures in place, which provide assurance regarding the security and accountability of cash received.

However, there are two areas regarding operational risks involving the receipt of cash outside of the building by the dog warden and recorded kiosk controls, which require enhancement.

The following recommendations have been agreed with Management to address the above

- Consideration should be given as to where cash should be stored (by the dog warden) whilst off the premises and whether this is adequately addressed in the Environmental Health operational risk register as well as health and safety register.
- Consideration should be given to the enhancement of the internal controls currently recorded in the Financial Services operational risk register in relation to the risk that there is a cash income shortage (from the kiosk).

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

Review of Car Park Income 2016/17

Issued 12 May 2017

Opinion: Full Assurance

Previous Review: Good (Framework & Compliance)

The purpose of this audit review was to provide reasonable assurance to Senior Management, on the processes in place to ensure the safety and security of Car Parking Income and compliance with Council procedures and good practice.

To this effect the following risks were examined:-

1. Risk that all parking income due to the Council is not being received
2. Risk that parking income may not be collected and recorded correctly
3. Risk that parking income is not banked promptly
4. Risk that fees for car parking season tickets, and on street parking permits may not be accounted for correctly
5. Risk that parking fines may not be collected promptly and recovery action may be ineffective and not in accordance with legislation. (in depth analysis

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of debt levels and recovery of parking fines was not covered during this review)

From the audit testing results we found the framework of controls in place were sound, to ensure the safety and security of car park income. For example:

- Good security arrangements in place for the physical collection of cash from pay and display (P&D) machines.
- There are good arrangements in place for the security management of individual P & D machines.
- Regular reconciliations of parking income with bank statements.
- The prompt and timely banking of cash from P&D machines.
- All sources of parking income accounted for in the main accounting system.
- Stocks of unused permits/tickets are secured with restricted access.
- A formal process in place for the recovery of late/unpaid Penalty Charge Notices (PCN's).
- Audit tickets from individual P&D machines following a cash collection are retained and secured in the Parking Office.

The overall opinion was Full Assurance, so no further recommendations were made in this review.

Review of New Anti-Fraud Arrangements 2016/17

Issued 18 May 2017

Opinion: Substantial Assurance

Previous Review: No previous review

The purpose of this review was to provide an assurance regarding the effectiveness of the joint service new anti -fraud arrangements for both authorities and to ensure that these arrangements are fit-for-purpose to deliver service objectives and to achieve income targets.

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, such as The Local Government Anti- Fraud Strategy
2. Risk that good governance arrangements could be compromised.
3. Risk that inappropriate or insufficient resources are in place to deliver an effective anti-fraud service.

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4. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example recovered income targets for the anti-fraud section are not achieved.
5. Risk that fraud and corruption may be undetected during investigation.
6. 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 five of the aspects examined, whilst one aspect was partially met in relation to compliance. (Risk 4).

The opinion of the auditor was 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 or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk.

The following recommendation was agreed with Management to address the area where control was partially met. This relates to risk 4.

- The counter fraud team's existing working practices should be tailored to ensure deadlines are met to address requests from DWP but not to provide information more promptly than the service level agreement requires.

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

Review of Licensing 2017/18

Issued 22 June 2017

Opinion: Positive Statement - No opinion given

The purpose of this review was to provide an assurance regarding compliance with legislation, Council policies and procedures and the effectiveness in delivering service objectives and to see how the new partner is embedding into the partnership.

Due to the very sad circumstances surrounding the service at the time of the review, it was agreed that it would be appropriate to postpone the audit. The auditor was in the early stages of the review with some initial findings recorded. As a result this brief report has been produced which might be helpful for the service going forward.

Review of IT Acquisitions 2017/18

Issued 28 June 2017

Opinion: Substantial Assurance

Previous Review: No previous review

The purpose of this audit review is to provide reasonable assurance to Senior Management, on the Council's IT acquisition arrangements and that such activity is in accordance with the Council's procurement procedures, financial regulations, standing orders, IT Strategy, IT Security policy and the relevant EU procurement directives and guidelines.

To this effect the following risks were examined:-

1. Risk that IT acquisitions is not compliant with the overall corporate/service objectives, strategy, policies, procedures, relevant legislation/regulations and good practice
2. Risk that there is no formal approval process for IT acquisitions
3. Risk that the IT Services have no formal input/consultation on any possible IT related risks during the acquisitions process
4. Risk that assets acquired outside of the approved framework of acquisitions is not managed
5. Risk that opportunities to achieve or demonstrate efficiency or value for money may not be maximised, for example cost/benefit analysis in line with the Council's overall financial strategy
6. Risk that fraud and corruption may be undetected, for example inappropriate staff/Council business relations with Vendors
7. Risk that risk assessments (IT Services and other services) may not be undertaken in accordance with Council policy and risks not adequately managed.

From the audit testing results we generally found that, IT Services had an adequate control framework in place to manage the procurement of IT equipment in accordance with Council procedures. The IT service does assist other services to procure IT equipment in line with their own service objectives. The IT Service ensures that compliance with IT Security is observed, and ensures that only authorised procured IT equipment is installed to the Council's network. The IT procurement process is managed through the Council's corporate procedures, policies, standards and guidelines linked to EU legislation and regulations. There were areas we felt could benefit from some improvement and these are listed below.

The following recommendations have been agreed with Management to address the above

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- IT Services staff who have responsibility for IT procurement should attend procurement related training run by the Council (2017/18 corporate training plan). This training would support the mitigating response reported in the strategic risk register, regarding the risk of not having suitably skilled staff involved in IT procurement.
- Ensure that an official purchase order is generated and authorised when procuring IT assets from suppliers, in accordance with Financial Procedure Rules.

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

Review of Physical Data Security - Additional Review (Revenues & Benefits Section) 2017/18

Issued 30 June 2017

Opinion: Limited Assurance

Previous review: No previous review

1. The purpose of this review was to check the procedures and practice in place for the retention and storage of personal and sensitive physical data held within the Revenues and Benefits Service with special focus on compliance with the Data Protection Act 1998 (DPA).
2. This review was at the request of management and was an additional piece of work outside of the approved audit plan.
3. The scope of this review included the following:-
 - Review of the internal procedures within the Revenues and Benefits Service concerning data retention and storage.
 - Spot checks for adherence to Council Policy and DPA.
 - Staff awareness of DPA and compliance with the Act.
 - Access, storage and security of physical data held.
4. Assurance was provided in the following areas: -
 - Staff within the Revenues and Benefits Section know how to dispose of confidential data
 - Staff have an awareness of their responsibility under the DPA
 - Staff receive annual training on aspects of data security as part of their annual appraisal process and briefing at team meetings.
5. However, there were key areas that need further enhancement.
 - There is no policy within the Revenues and Benefits section that deals with physical data security
 - There is no set clear desk policy for staff
 - Documents containing names, addresses and bank details of customers are not securely stored

6. To this effect the following recommendations have been agreed with management and it is pleasing to note have been promptly implemented.
- That boxes containing confidential and sensitive information, such as payslips, bank statements, dates of birth and NI numbers are securely stored with controlled access
 - A policy or information guidance should be devised and communicated to all staff within the Revenues and Benefits section. This will help to formulate a consistent approach to physical data retention and protection. It is recommended that a section on the adoption of ‘Clear Desk Policy’ is included in this.

Review of Discretionary Housing Payments 2017/18

Issued 5 July 2017

Opinion: Full Assurance

Previous Review: No previous review

The purpose of this audit review was to provide an assurance regarding compliance with the Discretionary Housing Policy and Government Legislation and to review how decisions are made with regard to the allocation and use of the funding.

To this effect the following risks were examined:-

1. Risk that the Council does not comply with relevant legislation for example Discretionary Financial Assistance Regulations 2001 or that officers do not comply with Council policies.
2. Risk that good practice has not been used to consider whether an award should be made (consideration of tenancy arrangements such as rent reduction).
3. Risk that the process is not administered appropriately (for example, systems should be in place for notification of decision).
4. Risk that qualifying members of the public are not aware of the scheme.
5. Risk that a review process is not in place to check and monitor consistency.
6. Risk that Grant monies received are not reconciled and appropriate returns made.
7. Risk that fraud and corruption may be undetected (fraudulent claims).
8. Risk assessments may not be undertaken and risks not adequately managed. There could be complaints from the public.

From the audit testing undertaken we confirmed that arrangements are in place to ensure that effective and robust procedures are in place to allow the accurate assessment of Discretionary Housing Payment awards in accordance with current

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legislation. A comprehensive system is embedded to ensure that good practice is followed. There are however, minor areas that Internal Audit felt could be improved. These are enhancements regarding the synchronisation of information available to the public (together with the electronic availability of the request form) and the end of year returns process

The following recommendations have been agreed with Management to address the above

- From a customer perspective, the Sevenoaks information provided online should be aligned with Dartford to provide consistency, also consideration as to how completion of the DHP request could be streamlined with an electronic process in line with the Councils' Channel Shift programme. This could make the system more efficient, effective and customer friendly.
- Consideration should be given as to how assurance can be provided by both Dartford and Sevenoaks finance teams in a consistent and prudent manner to ensure good practice and add value to the end of year, returns process.

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

Review of the HERO Service

Issued 22 August 2017

Opinion: Limited Assurance

Previous Review: No previous review

The purpose of this review is to look at the processes in place for delivering this service with focus on the identification of client needs, advice and support given and the reporting of client outcomes.

The HERO (housing, energy and retraining options) service offers complete and personalised advice, giving information and guidance on a range of issues including:

- Housing problems
- Saving money on fuel bills
- Debt or mortgage advice
- Welfare benefits
- Retraining and further education options
- Getting back to work
- Starting your own business

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

1. Risk of non - compliance with Council procedures or government legislation (e.g. Data protection act if keeping sensitive client data)

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2. Risk that HERO officers are inadequately trained and could give incorrect information to clients.
3. Risk that proper records are not kept in relation to clients using this service.
4. Risk that outcomes are not communicated to demonstrate effectiveness of the service.

Audit testing results indicated that controls were fully met for one of the risks examined, the controls were found to be weak in the other risk areas examined and are in need of improvement.

The opinion of the auditor is that there is **Limited Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means there are weaknesses identified within the framework and 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 recommendations were agreed with Management to address the areas where controls were partially met. These relate to risks 1, 3 and 4 above.

- That the updated draft procedures are signed off and communicated to staff
- To introduce a clear desk policy. If sensitive documents are presented, that these are kept securely with controlled access.(This could be included in the draft procedures)
- A mini reconciliation should be undertaken between Locata (Housing Management System) and the allocations spreadsheet to ensure customer data is correctly recorded.
- To ensure that all HERO officers outcomes are recorded on the spreadsheet
- Outcomes to be reported for SDC on a quarterly basis and presented to the relevant management team.

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

Review of Disabled Facilities Grants 2017/18

Issued: 7th September 2017

Opinion: Full Assurance

Previous Review: Good (Framework) Satisfactory (Compliance)

The purpose of this audit review was to provide reasonable assurance to Senior Management, regarding the effectiveness of the arrangements in place for the administration of Disabled Facilities Grant (DFG), with particular regard for the effectiveness of the application process in terms of speed and efficiency. Receiving a DFG could significantly influence the quality of life and wellbeing of residents in the District.

To this effect, the following risks were examined:-

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- Risk that the Council may not comply with relevant legislation for example Housing Grants, Construction and Regeneration Act 1996, policies, procedures or best practice during the DFG applications, grant disbursement and works done
- Risk that literature and guidance provided by the Council regarding DFG may not be clear/understandable or accessible to the public
- Risk that Grant payments may not be authorised, paid on a timely basis at the agreed rates for works completed
- Risk that payments are made to contractors before an inspection or quality assurance assessment has been carried out
- Risk that feedback about the service delivered may not be sought, to enable improvements in service delivery
- Risk that complaints received from applicants about the DFG process are not handled in accordance with Council procedures and ombudsman's best practice.

From the audit testing results we generally found that, the DFG service provided by the Council to residents was of a satisfactory standard. The DFG team has a wealth of experience and skills, to support the effective delivery of the mandatory DFG. With the increase of the DFG funding through the Better Care Fund, the DFG team has sought and demonstrated how this additional resource can be used to better deliver this service to residents. There were areas we felt could benefit from some improvement and these are listed below.

The following low priority recommendations have been agreed with Management to address the above

- Management to consider the use of hand held technology devices for example an iPad, to support a more efficient way to capture data for the DFG application (this also could be used to interrogate/retrieve real-time data from the Uniform system for decision making at a property for example review adaptation specification/drawings, schedule of works, etc.)
- To consider a review of the content of the DFG website with the Communications Team, to assess its relevance and accessibility.

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