

Eastern Internal Audit Services



BRECKLAND DISTRICT COUNCIL

Progress Report on Internal Audit Activity

Period Covered: 1 April 2017 to 20 November 2017

Responsible Officer: Emma Hodds – Head of Internal Audit for Breckland DC

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1. INTRODUCTION

- 1.1 This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.
- 1.2 The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.
- 1.3 To comply with the above this report includes: -
- Any significant changes to the approved Audit Plan;
 - Progress made in delivering the agreed audits for the year;
 - Any significant outcomes arising from those audits; and
 - Performance Measure outcomes to date.

2. SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

- 2.1 At the meeting on 24 February 2017, the Annual Internal Audit Plan for the year was approved, identifying the specific audits to be delivered. Since then, the following amendments have been made to the plan, resulting in an overall reduction of nine days.

Audit description	Nature of the change
Communications	<p>This planned review was no longer necessary as an internal mechanism was put in place to monitor progress against the agreed actions from the Communications Peer Review.</p> <p>This therefore superseded the need for an internal audit review of the action plan.</p>
Democratic Services	<p>The review of this area has been postponed to 2018/19 as the Council has been without a Councillor Development Co-ordinator since June 2017.</p> <p>The audit was to focus on the outcome of the Charter review and the associated action plan, along with an audit of members expenses and allowances.</p> <p>It was therefore agreed to postpone the review to ensure that this area is resolved prior to an audit taking place.</p>

- 2.2 The Anglian Revenues Partnership (ARP) was set up and initially involved; Breckland, St Edmundsbury Borough Council, Forest Heath District Council and East Cambridgeshire District Council.

- 2.3 For these founder authorities the internal audit service has been delivered by West Suffolk audit - a joint internal audit service provided by Forest Heath and St Edmundsbury - with reliance being placed on the outcomes of this work by the Head of Internal Audit. A Service Level Agreement is in place to reflect this arrangement and a fee is paid for this service.
- 2.3 Over recent years new Councils have joined ARP, namely Fenland District Council, Suffolk Coastal District Council and Waveney District Council. The Heads of Internal Audit (or equivalent) have been working in partnership to ensure that the ARP is only audited once each financial year for each service area; i.e. Council Tax, National Non-Domestic Rates, Benefits, Overpayments, and more recently ARP Enforcement, and that these audit reviews cover all the authorities.
- 2.4 An overarching Service Level Agreement has now been drafted, which enables the above to take place and ensures that the Heads of Internal Audit receive outcomes which can be relied upon for the annual opinion for each sovereign Council. The payment arrangement, noted above in 2.3 for Breckland, has not changed.
- 2.5 The 2017/18 financial year is the first year under which this arrangement will take place and a review will be undertaken at the end to ensure that all parties received the outcomes needed and that any lessons can be learnt. For Committee's information, the audits will be undertaken as follows:

Audit	Lead Authority
Council Tax, Benefits and Overpayments	West Suffolk Audit (Forest Heath and St Edmundsbury)
National Non-Domestic Rates	East Suffolk Internal Audit (Suffolk Coastal and Waveney)
ARP Enforcement	Fenland

3. PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

- 3.1 The current position in completing audits to date within the financial year is shown in **Appendix 1** and progress to date is in line with expectations.
- 3.2 In summary 108.5 days of programmed work has been completed by TIAA Ltd, and 10 days completed on the ARP service areas, totalling 118.5 days of the revised audit plan (58%).

4. THE OUTCOMES ARISING FROM OUR WORK

- 4.1 On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation’s management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2 Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

4.3 In addition, on completion of audit work “Operational Effectiveness Matters” are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4 During the period covered by the report Internal Audit Services have issued seven final reports:

Audit	Assurance	P1	P2	P3
Building Control	Reasonable	0	3	2
Corporate Performance & Corporate Plan	Substantial	0	0	2
Electoral Registration and Elections	Reasonable	0	0	4
Environmental Services	Reasonable	0	5	2
Community Safety	Substantial	0	0	0
Planning	Reasonable	0	3	3
IT Project Delivery	Reasonable	0	0	1

The Executive Summary of these reports are attached at **Appendix 2**, full copies of these reports can be requested by Members.

- 4.5 As can be seen in the table above as a result of these audits 25 recommendations have been raised, all of which have been agreed by management.
- 4.6 It is pleasing to note that all audits concluded in a positive opinion being awarded, indicating a strong and stable control environment to date, with no issues that would need to be considered at year end and included in the Annual Governance Statement.

5. PERFORMANCE MEASURES

- 5.1 The new Internal Audit Services contract includes a suite of key performance measures against which the new contractor will be reviewed on a quarterly basis. There are a total of 11 indicators, over 4 areas, the performance measures can be seen at **Appendix 3**.
- 5.2 There are individual requirements for performance in relation to each measure; however, performance will be assessed on an overall basis as follows:
- 9-11 KPIs have met target = Green Status.
 - 5-8 KPIs have met target = Amber Status.
 - 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by the contractor and agreed with the Internal Audit Consortium Manager to ensure that appropriate action is taken.

- 5.3 The first quarters work has been completed and a report on the performance measures provided to the Internal Audit Consortium Manager, performance is currently at green status with targets having been satisfactorily met for this quarter.
- 5.4 In addition to these quarterly reports from the Contractors Audit Director, ongoing weekly updates are provided to ensure that delivery of the audit plan for the current financial year is on track. A review of the most recent update indicates that the internal audit plan of work is on track and there are no performance issues that need to be addressed.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 1											
Communications	BRK1801	4	0	0							
Building Control	BRK1803	8	8	8	Final Report issued 6 June 2017	Reasonable	0	3	2	0	1 December 2017
TOTAL		12	8	8							
Quarter 2											
Corporate Performance and Corporate Pla	BRK1804	7	7	7	Final Report issued 13 September 2017	Substantial	0	0	2	0	1 December 2017
Cross Authority Review - HR & Payroll	BRK1805	6	6	5	Draft Report issued 13 October 2017						
Elections & Electoral Registration	BRK1807	8	8	8	Final Report issued 20 September 2017	Reasonable	0	0	4	0	1 December 2017
Environmental Services	BRK1808	18	18	18	Final Report issued 24 August 2017	Reasonable	0	5	2	0	1 December 2017
Community Safety	BRK1813	8	8	8	Final Report issued 12 October 2017	Substantial	0	0	0	0	1 December 2017
Planning	BRK1814	18	18	18	Final Report issued 14 November 2017	Reasonable	0	3	3	0	1 December 2017
TOTAL		47	47	46							
Quarter 3											
Environmental Protection	BRK1806	8	8	7	Draft Report imminent						
Accountancy Services	BRK1809	16	16	15	Draft Report imminent						
Accounts Receivable	BRK1810	10	10	9	Draft Report imminent						
Income	BRK1811	8	8	7	Draft Report imminent						
Democratic Services	BRK1812	5	0	0							
TOTAL		47	42	38							
Quarter 4											
Private Sector Housing	BRK1802	10	10	0							
Corporate Governance	BRK1815	4	4	0							
Risk Management	BRK1816	3	3	0							
Key Controls and Assurance	BRK1817	10	10	0							
Transformation Programme	BRK1818	6	6	0							
Procurement & Contract Management	BRK1819	8	8	0							
TOTAL		41	41	0							

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
IT Audits											
IT Project Delivery - Phase 1	BRK1820	7.5	7.5	7.5	Final Report issued 18 October 2017	Reasonable	0	0	1	0	1 December 2017
IT Project Delivery - Phase 2	BRK1820	5	5	0							
IT Project Delivery - Phase 3	BRK1820	7.5	7.5	0							
TOTAL		20	20	7.5							
Follow Up											
Follow Up	NA	12	12	9							
TOTAL		12	12	9							
TOTAL		179	170	108.5			0	11	14	0	
Percentage of plan completed				64%							
Audit delivered by West Suffolk Internal Audit Services											
ARP Audits											
Council Tax		35	35	10	Audit started in October 2017						
National Non-Domestic Rates					Audit started in October 2017						
Benefits					Audit started in October 2017						
Overpayments					Audit started in October 2017						
ARP Enforcement					Audit started in October 2017						
		35	35	10							
				29%							
OVERALL TOTAL		214	205	118.5							
				58%							

APPENDIX 2 – AUDIT REPORT EXECUTIVE SUMMARIES

Assurance Review of the Building Control Arrangements

Executive Summary

<p>OVERALL ASSURANCE ASSESSMENT</p>  <p>The diagram shows a large yellow circle labeled 'REASONABLE ASSURANCE' inside a blue ring labeled 'Adequate & effective governance, risk and control processes'. To the right, four horizontal bars represent assurance levels: 'SUBSTANTIAL ASSURANCE' (light green), 'REASONABLE ASSURANCE' (yellow), 'LIMITED ASSURANCE' (orange), and 'NO ASSURANCE' (red).</p>	<p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Policies and procedures</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Plan checks and decisions</td> <td>0</td> <td>2</td> <td>0</td> <td>0</td> </tr> <tr> <td>Inspections and completion certificates</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> </tr> <tr> <td>Fee setting and income</td> <td>0</td> <td>1</td> <td>0</td> <td>0</td> </tr> <tr> <td>Performance of the service</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Total</td> <td>0</td> <td>3</td> <td>2</td> <td>0</td> </tr> </tbody> </table>	Control Area	Urgent	Important	Needs Attention	Operational	Policies and procedures	0	0	1	0	Plan checks and decisions	0	2	0	0	Inspections and completion certificates	0	0	0	0	Fee setting and income	0	1	0	0	Performance of the service	0	0	1	0	Total	0	3	2	0
Control Area	Urgent	Important	Needs Attention	Operational																																
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Total	0	3	2	0																																
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Building Control, as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.</p>																																				

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- This assurance opinion has indicated that the overall level of control has improved since the previous audit report issued in October 2015 (BRK/16/07), with five recommendations being raised here as opposed to the six recommendations raised previously, including the previous three that were categorised as being of urgent priority, resulting in a limited priority assurance overall.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Policies and procedures

- There is a dedicated building control system in place to manage the application process which is due to be replaced with a newer version of Oscella by the end of 2017.
- A standardised application form is used for all building control applications and there is a process in place to ensure these are completed and retained within the building control system.

Plan checks and decisions

- Building control application plans are checked against building regulations by qualified surveyors prior to decisions being made.

Inspections and completion certificates

- Inspection records are maintained with inspections occurring prior to the issue of completion certificates.
- Building control application decisions and completions are authorised in line with delegated levels of authority.

Fee setting and income

- Building control fees have been set, approved and charged to applicants in accordance with Council policy and statutory regulations.
- Documentation is retained in support of the fee charged and time spent on the applications processed.

- An inspection fee is raised on the Full Plan applications in a timely manner with a debtors account raised to recover payment;

Performance of the service

- Key performance indicator monitoring is undertaken for the building control service with monthly Officers Operational Group meetings to discuss and resolve any issues identified.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where three 'important' recommendations have been made.

Plan checks and decisions

- Formal documentation be held on file to provide the necessary audit trail to justify the decisions made on building control application, thereby reducing the risk of applications being incorrectly assessed, which may result in breaches of regulatory requirement.
- The building control team to record confirmation from the applicant's partner authority of decision advice provided, prior to issue of the decision notice by Capita, thereby reducing the risk of applications being incorrectly decided, potentially leading to appeals and/or complaints from applicants.

Fee setting and income

- Capita staff to ensure that regular reports are received in relation to outstanding income / debt to ensure that appropriate recovery action is taken on fees due, ahead of the application being completed, so as to reduce the risk of applications being processed without receipt of the inspection fee.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Policies and procedures

- The building control local procedure flowchart be reviewed and revised to ensure that this is up-to-date and reflective of current practice, thereby reducing the risk of errors and inefficiencies being made by staff within the building control process.

Performance of the service

- Review and evaluation of the Council's building control market share position be undertaken with steps taken to increase the competitiveness of the service, thereby reducing the risk of the Council being unable to account for any potential loss of income.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, of which one remained outstanding. This related to the Council's adherence to the requirements of the Building Regulation Fee Charges Regulations 2010. This was discussed with management and confirmed as having been implemented with the Council having undertaken a review in this area; the outcome of which was to make no changes to the fees with the Council accepting any

associated risks with not doing so. Formal evidence is awaited at the time of writing with which to confirm the review before it can be formally closed on Covalent.

Other points noted

Audit identified that invoice request forms are required to be submitted to Finance for building notice and regularisation applications (even where there is a nil charge). Audit also questioned whether full plan application inspection fees could be charged upfront i.e. through the cash receipting system rather than being raised as an invoice.

In response, the Senior Accountant stated that the Finance Team is aware that these arrangements, although any suggested improvements cannot be made until such time as a process is in place that can track income and accommodate refunds. Currently, the Finance Team has concerns that such payments may not be referenced correctly or may not communicate correctly with the finance system which may lead to difficulties tracing such payments. A Project Group including representatives from both Building Control and Finance, has been meeting over the previous 18 months to review such processes and to seek improvements.

Audit identified that there is an issue with producing accurate reports from the building control system for the performance indicator relating to issuing decision notices within 5/8 weeks. This process has to be undertaken manually rendering it difficult for audit to verify the supporting data behind the performance information reported. The Operations Manager stated that this would be fixed with the implementation of the new building control system by the end of 2017

Assurance Review of Corporate Performance and Corporate Plan

Executive Summary

<p>OVERALL ASSURANCE ASSESSMENT</p> 	<p>ACTION POINTS</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr style="background-color: #2c5e8c; color: white;"> <th>Control Area</th> <th>Urgent</th> <th>Important</th> <th>Needs Attention</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>Corporate delivery plan</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr> <td>Performance Indicators</td> <td>0</td> <td>0</td> <td>1</td> <td>0</td> </tr> <tr style="font-weight: bold;"> <td>Total</td> <td>0</td> <td>0</td> <td>2</td> <td>0</td> </tr> </tbody> </table>	Control Area	Urgent	Important	Needs Attention	Operational	Corporate delivery plan	0	0	1	0	Performance Indicators	0	0	1	0	Total	0	0	2	0
Control Area	Urgent	Important	Needs Attention	Operational																	
Corporate delivery plan	0	0	1	0																	
Performance Indicators	0	0	1	0																	
Total	0	0	2	0																	
<p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place within Corporate Performance for both Breckland and South Holland, to help confirm that these are operating adequately, effectively and efficiently.</p>																					

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with the Corporate Performance and Corporate Plan Arrangements. The assurance opinion has been derived as a result of two 'needs attention' recommendations being raised upon the conclusion of our work.
- This assurance opinion indicates that the overall level of control has remained the same (Substantial) since the previous audit of Performance Management (BRK/16/05) at Breckland, indicating a strong and stable control environment in this key corporate area. This direction of travel relates only to Breckland since there is no previous coverage for South Holland with which to compare, however it is noted that systems and processes are the same at both sites and have been for some time.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Corporate Delivery plans for both Breckland and South Holland Councils include four Corporate Priorities which are broken down into Critical Activities. Key Actions have been identified for each Critical Activity and Team Actions allocated to each Key Action. These have been uploaded to and are monitored through Covalent.
- The Team Actions in the Corporate Deliver plans have been allocated to the service areas responsible for implementing the Team Actions, with these being assigned to the responsible staff members.
- Performance Indicators (PIs) and supporting data are recorded and collated on Covalent, with these being assigned to the responsible staff members.
- The Corporate Improvement and Performance (CIP) team has recently commenced meeting with the services on a monthly to six weekly basis, to review the team's performance on their allocated PIs and encourage the team to use Covalent regularly thus ensuring up to date information is provided and reported upon.
- The Performance, Risk and Audit Board plays a pivotal role in reviewing all performance, and ensuring that managers take responsibility to deal with performance issues.
- The CIP Team monitors and reports on delivery of the key priorities identified within the Council's Corporate Plan 2015-19 on a quarterly basis. Reporting on delivery of the corporate priorities to both Cabinet Committees and the Overview and Scrutiny Committee for Breckland and the Performance Management Panel for South Holland.

- A new performance reporting format was introduced by the CIP Team with the first new format used for reporting quarter four for 2016/17. New features include; a trend chart for each indicator covering the last four quarters, the denominator and numerator for each performance indicator, the report compares performance in the fourth quarter of the previous year compared with performance in the fourth quarter being reported, the data reported for each indicator and the value in percentage, is included and compared with the targets for each of the indicators.
- The Council's PIs are Red, Amber and Green (RAG) rated in the quarterly performance report and in Covalent. Explanations were found to be provided and where applicable action to be taken was recorded.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where two 'needs attention' recommendations have been made.

Corporate Delivery plans

- Responsible officers to promptly (monthly) update team actions in Covalent. This helps mitigate the risk of key objectives not being met and management not being kept informed with progress, particularly where there is under achievement. (Both Councils).

Performance Indicators

- To link all PIs to the Council's Corporate Delivery plan, thereby reducing the risk that the Corporate Delivery plan may not be measurable or the plan may not progress efficiently. (Both Councils).

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Other issues

The report on Environmental Services (BRK/18/08) included a recommendation (No 1) to review and agree the correct set of corporate actions and PIs and to ensure these are monitored and reported. This was due to three more up to date corporate actions, as per the Team Plan Report, which had not been updated in Covalent.

The review had also established that in 13 out of a total of 31 performance measures monitored, updates were overdue by at least one week. In one case the delay was over a month (missed waste collections) and in a further two cases no updates had been provided for over a year (number of tagged bins and cost of household waste collection). Management accepted the recommendation with a date of implementation by 29th September 2017.

Previous audit recommendations

A previous report for Breckland on Performance Management (BRK/16/05) was issued in April 2016 with a 'Substantial' assurance having raised three 'needs attention' recommendations. All three recommendations have been confirmed as implemented through internal audit's cyclical follow up checks.

Assurance Review of Elections and Electoral Registration

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Register access	0	0	1	0
Electoral register completeness and accuracy	0	0	1	0
Canvassers	0	0	1	0
Election administration	0	0	1	0
Total	0	0	4	0

No recommendations have been raised in respect of postal voting.

SCOPE

The objective of the audit was to review the systems and controls in place within Electoral Registration (both Councils) and Elections (Breckland only), as detailed in the action points above, to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of four 'needs attention' recommendations being raised upon the conclusion of our work.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Electoral registration is conducted in accordance with legislation and government guidance.
- An annual canvass is conducted to ensure that all residents are given the opportunity to register to vote.
- New electoral registrations are automatically verified by matching with data held by the Department for Work and Pensions, and checked for duplicate entries to the register.
- Elector preferences, such as opting out of the open register, are recorded on the register.
- The electoral register is publicly available and provided to all entitled bodies who request a copy.
- There is an audit trail of all changes made to the electoral register.
- Election expenditure is justified, recorded and authorised, with supporting evidence retained.
- Expenditure on parish and town council elections is recharged to the relevant council.
- Postal vote applications are processed in a timely manner and acknowledgements are sent to applicants.
- Arrangements are in place for the secure storage, opening and verification of postal votes.
- Election procedures are reviewed and updated following major elections.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where four 'needs attention' recommendations have been made.

Register security

- The number of user accounts with administrator access to the Xpress system be reduced, to reduce the risk of misuse of the (confidential) data contained within the system. (Both Councils)

Canvassers

- Canvasser worksheets to be signed and dated before payments are made, to reduce the risk of inappropriate payments being made and gaining assurance that work has been completed as required. (South Holland)

Election administration

- Reconciliations of election expenditure are signed and dated by the preparer and reviewer, to reduce the risk of expenditure being unaccounted for. (Breckland)

Electoral register completeness and accuracy

- Processes to be put in place to ensure that Customer Services pass on the requisite information to Electoral Services where it involves a change in residency impacting on the Electoral Register. This will negate the need for further contact with the resident for obtaining the same information and reduce the risk of the electoral register containing outdated information. (South Holland)

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

A previous report on Elections and Electoral Registration for Breckland (BRK/14/04) was issued in August 2013 with an Reasonable assurance having raised five 'Important' and one 'Needs attention' recommendations, with all but one relating to electoral registration. All six recommendations have been confirmed as implemented.

There has been no recent coverage of electoral registration for South Holland

Assurance Review of the Environmental Services Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Contract monitoring	0	4	2	0
Income	0	1	0	0
Contractor payments	0	0	0	0
Total	0	5	2	0

SCOPE

The objective of the audit is to review the systems and controls in place within Environmental Services to help confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of five 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.
- In comparison, the previous audit of the Environmental Services Contract (BRK/13/01), which included contract management over waste collection, recycling, street cleansing and grounds maintenance, issued in September 2012, concluded with a 'Substantial' assurance, having made no recommendations.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- A contract extension with SERCO has been agreed, documented and approved, covering the period 1st April 2015 to 31st March 2021.
- Monthly operational monitoring meetings take place to highlight ongoing service issues and budget monitoring.
- Six monthly strategic meetings take place, which are attended by representatives from the Council and SERCO management to review strategy, contractor performance and any escalated issues.
- A waste collection contract budget is in place which is monitored on a monthly and quarterly basis by management with variances investigated and reported.
- There is a process in place to enable the contractor to report performance on waste services to the Council on a monthly basis.
- There is a process in place to ensure that income received from recycling credits is correctly accounted for and verified for accuracy.
- Invoices received from the contractor are checked, accounted for, approved in line with contractual arrangements and Council requirements and paid in a timely manner.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where five 'important' recommendations have been made.

Contract monitoring

- To review and agree the correct set of corporate actions and performance indicators and to ensure these are monitored and reported, thereby reducing the risk of issues with the service objectives not being met and poor performance remaining undetected and unresolved.
- The requisite number of service inspections and health and safety checks be undertaken and fully documented by both the Council and the contractor each month, thereby reducing the risk of contractor poor performance being undetected and issues unidentified, leading to disputes and service backlogs.
- Results for all service inspections and health and safety checks be documented with a clear audit trail between the inspections undertaken, issues identified and resolved and the performance figures presented which result from these inspections, thereby reducing the risk of disputes arising and service backlogs occurring.
- The Council to undertake sample checks on waste service complaints processed by the contractor, thereby reducing the risk of issues remaining unresolved or re-occurring causing dissatisfaction from residents and a strain on resource.

Income

- The Council to undertake a regular sample check on garden waste worksheets raised in Whitespace to ensure that fees have been recorded on the cash sheets by the contractor with a receipt retained, thereby reducing the risk of income not being receipted or being incorrectly accounted for.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Contract monitoring

- Contingency arrangements be put in place to cover in the absence of the Locality Officer for the Environment, thereby reducing the risk of contractual requirements not being met potentially leading to issues being unresolved and service backlogs occurring.
- The Contract Monitoring Manual be reviewed and version controlled to confirm it is up-to-date and kept up-to-date, thereby reducing the risk of incorrect practice being followed and non-compliances / poor performance remaining undetected.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Other points noted

The Council is transferring processes and data from the Planet system to the Whitespace system with a formal target date of completion by the end of the 2017/18 financial year. The Council and SERCO agreed to this system change through a Notice of Change signed by the Council's Executive Director of Place and a representative from SERCO in December 2015. Currently, the only service to have been migrated to Whitespace is the garden waste module which has been in place since April 2016. This was part of Phase one implementation of the system, which also included implementation of the web based portal. The team is currently in the process of planning Phase two of the implementation which will include implementation of all other areas of the service within the whitespace solution.

In order to facilitate this process, it was agreed between both the Council and the contractor that data verification of performance information be suspended until all services and their corresponding data has been assimilated into the Whitespace system from the older Planet system. The Contract Monitoring Officer stated that data verification will recommence for the end of Quarter 2 2017/18's performance results. The reason for the suspension was because, in order to transfer data between the systems, Planet had to be downgraded and lost its reporting functionality. The Team Leader stated that, in the intervening period, informal verification is undertaken on a day to day basis through reviewing cases on an ad-hoc basis through the planet and Whitespace systems. When a decrease in performance becomes significant, this will be raised at the operational and strategic boards.

A review of the Council's fees and charges list approved for the 2017/18 financial year identified that there is no reference to bulky waste although the fees for this service were confirmed through the Council's website. The Chief Accountant confirmed that this had been missed off the fees and charges report to Committee during the review and approval process although would be included for subsequent years. The Chief Accountant stated that the fee had not changed from the previous year. As a consequence, no recommendation will be raised.

Assurance Review of Community Safety

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Community Safety	0	0	0	0
Total	0	0	0	0

SCOPE

The objective of the audit is to review the systems and controls in place within Community Safety, to confirm that these are operating adequately, effectively and efficiently.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial Assurance' in managing the risks associated with Community Safety. The assurance opinion has been made as no recommendations were raised upon the conclusion of our work however, explanations have been provided for some findings noted in the course of the audit in 'other points noted' below.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The Operational Partnership Team (OPT) has a service description in place which aligns with the Council's Corporate Plan and addresses the priority 'Supporting Breckland to develop and thrive'. The objective to - Work with our partners to reduce and prevent crime and antisocial behaviour and protect the community and environment' is included in the service description.
- The Council's website includes a page on antisocial behaviour, where this is defined, examples are listed and includes telephone numbers to call if a person is experiencing antisocial behaviour.
- Information on avoiding conflicts, recording incidents, types of cases that the OPT will not investigate and a community trigger page (where a complainant can reopen a complaint if they feel that insufficient action has been taken to respond on a reported a problem by the Council, police or housing provider) are also included on the Council's website.
- Individual case reviews are held by OPT for all complaint cases and a monthly multidisciplinary Anti-Social Behaviour (ASB) action group meeting is held. The meeting, chaired by OPT, involves other departments in the Council, Independent Social Housing ASB officers, Norfolk Constabulary and other relevant parties. It was also noted that specific ASB cases were discussed in detail at the meetings.
- Complaints were acknowledged by OPT within two days of receipt and correspondences between all the parties involved in case are included in the case files.
- Detailed documents including the name, address, contact details of complainants, the nature of the complaints and actions taken are held in the case files. The complaints were also initially assessed by OPT using the 'initial contact script draft for testing form'.
- The OPT have performance indicators in place and performance data is collated on the Council's performance management system (Covalent). It was however noted that indicators are for information only and do not have targets, due to the nature of service performed by the team.

- Changes in the scope of services provided by OPT have taken place due to the Crime and Policing Act 2014. The act gave the Council power to introduce public spaces protection orders. It was noted that the Council's OPT have recently concluded a project on the first space protection order and are in the process of implementing the first public spaces protection order.

ISSUES TO BE ADDRESSED

The audit has not made any recommendations however, points noted for which recommendations have not been made are documented below.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

This review is the first audit to be carried out on Community Safety and therefore there are no previous internal audit recommendations to follow up.

Other points noted

Terms of reference

OPT are a partnership between the Council and Norfolk Constabulary to withhold the statutory duty to reduce crime and antisocial behaviour in compliance with the Crime, ASB and Policing Act 2014. Audit noted that the team does not have a detailed terms of reference in place to define the roles of the Council Community safety staff members and the Norfolk Constabulary officer. However, there is a service description, which includes a paragraph on the makeup of the team i.e. a co-located team made up of the Breckland Council and Norfolk Constabulary; job descriptions, which include working in partnership with other groups to address antisocial behaviour in the district, managing perpetrators and victims of antisocial behaviour and a moving on project to financially assist certain victims in some of the significant cases. Hence no recommendation has been made.

Community complaints management policies and procedures

There is no procedure or process document in place detailing processes and steps in managing ASB complaints. OPT includes ASB case workers who deal with all the complaints received and maintain the case files. Audit was informed by the Community & Environmental Services Manager that the objective to document the processes and procedures in managing complaints by the team is one of the 2017/18 objectives of the Community safety officer, due by March 2018. Hence no recommendation has been made.

Community complaints management system

The Council has a system 'React' in place for documenting Community Crime. The Community & Environmental Services Manager advised that the system is not being used by the team as it is no longer appropriate for the service. A systems upgrade is due and being awaited. Processes are currently being manually carried out, with physical files opened for each case and held securely. The Community & Environmental Services Manager noted that the requirement for using the React system will be reassessed when funding is available for the system

Assurance Review of Planning

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Planning enforcement	0	1	2	0
Section 106 agreements	0	1	1	0
Land charges	0	1	0	0
Total	0	3	3	0

No recommendations have been raised in respect of contract monitoring or planning applications.

SCOPE

This review was undertaken to ensure a high-quality service across the board is being provided by the contractor. This includes contract management, development control, enforcement, Section 106 agreements and land charges.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and three 'needs attention' recommendations being raised upon the conclusion of our work.
- The previous audit of Development Control (BRK1604) also concluded in a 'Reasonable' assurance opinion. Seven 'important' recommendations were raised in that report, compared with three 'important' and three 'needs attention' recommendations in this report, indicating a positive direction of travel.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Contractor performance is monitored through monthly performance reports and Board meetings.
- Areas of poor performance against targets are challenged by the Council.
- Planning applications are validated before being processed, to ensure that all documents and the correct fee have been received.
- Planning decisions are made in line with delegated authority and in accordance with statutory timescales.
- Timely action is taken in response to enforcement complaints.
- Section 106 agreements are signed by all interested parties and copies are securely held by the Council.
- Land charge search fees are approved by Council and include VAT where applicable.
- Search requests are responded to in a timely manner.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'important' recommendations have been made.

Planning enforcement

- An enforcement register to be created and maintained as required under the Town and Country Planning Act 1990 for the issue of enforcement notices, to reduce the risk of the Council not complying with statutory requirements.

Section 106 agreements

- Section 106 agreement triggers are monitored periodically to ensure they are being met, to reduce the risk of contractual obligations not being met by developers.

Land charges

- The reported time taken to respond to search requests is measured from the date that requests are received rather than the date that they are validated. This will reduce the risk of inaccurate or misleading data being reported.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Planning enforcement

- The Council to create written guidance (procedures or process map) for planning enforcement, to reduce the risk of inconsistent practices.
- A local enforcement plan is created, setting out the Council priorities and decision-making processes, to provide clarity and transparency around enforcement.

Section 106 agreements

- The Council to provide updates to the Parish Councils on available Section 106 funds, to reduce the risk of funds not being spent within time limits and ultimately returned to the developer.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

Previous audit recommendations

The previous audit on Development Control (BRK1604) was issued in October 2015, with a reasonable assurance opinion. Seven recommendations were raised in the report and all of these have been confirmed as implemented through Internal Audit's follow up checks.

Assurance Review of IT Project Delivery

Executive Summary

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Project Delivery	0	0	1	0
Total	0	0	1	0

No recommendations were raised in the areas of Governance, Disaster Recovery, Review of Outstanding Audit Recommendations or Review of progress with ISO27001:2013 'Compliance'

SCOPE

Due to the recent approval of the report to both Councils with regards to the IT infrastructure, the audit time over the course of the year will be undertaken as intermediary reviews as to the progress made to date and what is still required and to ensure that controls remain robust and appropriate throughout the change management process.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work and in recognition of the challenges that remain within a programme of works that is at an early stage. Further audit work is planned later in the year to help provide continued assurance over the controls in place to manage the programme. The overall assurance grade for the future audit will reflect, in part, the progress of the programme to help deliver the strategic goals of both Councils.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

Governance

- There is a formally documented ICT Governance Board Terms of Reference, which was last reviewed in March 2017.
- The ICT Governance Board has been meeting monthly since March 2017, with meetings documented and the action log updated as required.
- The Strategic Information Governance Board Terms of Reference have been documented in the agreed minutes of the Board's meeting held on 11th March 2017.
- The Strategic Information Governance Board meets regularly, with meetings documented and the action log updated as required.

IT Project Delivery

- The Councils have retained a trained ICT Project Manager to manage the Councils' "Moving Forward", "Shared Governance", "Shared Operational" and other, smaller programmes of work. The ICT Project Manager has implemented best practice project management processes in a proportionate manner to manage the programme of works adequately and effectively. Future audits will review the progress of the programme of works and comment further on the adequacy and effectiveness of these processes.
- The ICT Project Manager initiated a process whereby regular project highlight reports have been generated since her arrival. The audit noted that the reports are designed in an appropriate and proportional manner commensurate with the sizes and priorities of each project. For example, the projects that make up the "Moving Forward" programme - "IT Infrastructure" and "NCC Migration" - are being reported in separate highlight reports. The other programmes - "Shared Governance" and "Shared Operational" - are being reported in a more summarised manner as these are smaller and lower priority programmes.

Disaster Recovery

- The work to enhance South Holland District Council's backup processes has been completed.
- The audit has noted that the work to build a new replication infrastructure has been completed and tested and that the work to migrate all servers from the legacy infrastructure at both Councils has started. Lower risk servers are being migrated first to help test the infrastructure further, with the other servers following.

Review of outstanding audit recommendations

- A review of outstanding audit actions at both Councils has resulted in updates being added to Covalent that relate to the current status of the actions, with the updates resulting in the closure of a number of actions due to the recent activity as part of the key IT projects
- At the time of the audit the updates reflected that there are now only seven audit recommendations outstanding at Breckland, all of which are due to be implemented by the end of December 2017 and are part of the overall project plan.
- At the time of the audit the updates reflected that there are now only four audit recommendations outstanding at South Holland, all of which are due to be implemented by the end of March 2018 and are part of the overall project plan.

Review of progress with ISO 'compliance'

- The audit conducted a walkthrough of every suggested action that resulted from the recent ISO27001:2013 gap analysis carried out between January and March 2017. It was found that a project has been set up to implement the actions that the report set out. The project is made up of nine stages, with every action having been mapped to one or more of them. As a result, the actions are all effectively "in progress".

ISSUES TO BE ADDRESSED

The audit has highlighted the following area where one 'needs attention' recommendation has been made.

Project Delivery

- RAID logs need to be kept for all relevant projects to reduce the risk that relevant Risks, Actions, Issues and Dependencies relating to each project are not managed adequately and effectively.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.

APPENDIX 3 – PERFORMANCE MEASURES

Area / Indicator	Target
<u>Audit Committee / Senior Management</u> 1. Audit Committee Satisfaction – measured annually 2. Chief Finance Officer Satisfaction – measured quarterly	Adequate Good
<u>Internal Audit Process</u> 3. Each quarters audits completed to draft report within 10 working days of the end of the quarter 4. Quarterly assurance reports to the Contract Manager within 15 working days of the end of each quarter 5. An audit file supporting each review and showing clear evidence of quality control review shall be completed prior to the issue of the draft report (a sample of these will be subject to quality review by the Contract Manager) 6. Compliance with Public Sector Internal Audit Standards 7. Respond to the Contract Manager within 3 working days where unsatisfactory feedback has been received.	100% 100% 100% Full 100%
<u>Clients</u> 8. Average feedback score received from key clients (auditees) 9. Percentage of recommendations accepted by management	Adequate 90%
<u>Innovations and Capabilities</u> 10. Percentage of qualified (including experienced) staff working on the contract each quarter 11. Number of training hours per member of staff completed per quarter	60% 1 day