

Summary of Internal Reports - April to September 2012

Service: Democratic Services
Audit Title: Members Allowances
Report Issued: May 2012

Audit Objectives:

- To determine whether procedures for the claiming, processing and the payment of allowances comply with the Council Constitution and Financial Procedure Rules
- To establish if Member allowance payments made in 2011/12 are accurate and authorised
- To establish if expenses claims paid in 2011/12 are authorised and accurate and supported by adequate documentation
- To determine whether the current arrangements for the reporting of allowances and expenses meet current 'open government' and 'transparency' objectives

Key Findings: The audit confirmed that controls over Members Allowances are strong. Minor improvements were recommended to ensure that the broadband expenses policy is the subject of regular review and to ensure that claims for broadband expenses are submitted in a timely manner.

Level of Assurance Issued: Substantial

Management Response Summary: The Head of Democratic Services agreed to the two recommendations arising from the audit. Action plans were agreed, with actions to be implemented by October 2012. The management response is, therefore, considered to be satisfactory.

Proposed Date for Follow-up: To be completed November 2012

Service: Transport & Parking Services
Report Title: Park & Ride Income
Report Issued: May 2012

Audit Objectives:

- To establish and evaluate the key monitoring controls over the contract including inspection and monitoring of the service by ARRIVA Southern Counties Ltd;
- To evaluate and review the controls over the monitoring of key financial records provided by ARRIVA – including reconciliation with invoices raised for monthly contract sums;
- To review the accuracy and completeness of performance data provided by ARRIVA

Key Findings:

The audit concluded that the financial data provided by ARRIVA was accurate, and that passenger data reconciled with revenue data. Reductions in Park and Ride revenue can be attributed to a decrease in use of the service (passenger numbers/ticket sales),

significant reduction in season ticket income and reductions in concessionary fare reimbursement.

Through review of the key controls it was identified that there had previously been a lack of formal monitoring and management of the contract by the Council's officers. Therefore, although assurance could be given in relation to the integrity of financial data provided by ARRIVA, the key controls over the monitoring of the service needed to be improved.

The review of administration and contract monitoring procedures identified a number of recommendations for improvement:

- The procedures for the issue of season tickets to KCC did not enable tickets to be fully accounted for and reconciled.
- ARRIVA did not conduct independent quality checks on the Maidstone Park and Ride service; as a result it was not possible to gain assurance that the service standards were reliably being maintained, and delivered in compliance with the contract. Particular concerns were raised over the lack of inspection of tickets, and the absence of mystery shopping and driver assessment;
- There had been no formal programme of contract monitoring meetings between the Council and ARRIVA. As a result, the reporting of performance and financial data had been inconsistent;

Level of Assurance Issued: The review was conducted at management request and therefore no assessment of control assurance was made. However, an assessment will be made upon completion of the audit follow-up.

Management Response Summary:

All recommendations were accepted, with actions to be implemented by October 2012.

Key actions included scheduling a formal programme of contract monitoring meetings with ARRIVA to review key aspects such as customer satisfaction, performance management, and finance and passenger data. In addition, controls have been implemented over the issue of season tickets, and season ticket stock.

The management response is considered to be satisfactory.

Proposed Date for Follow-up: To be completed November 2012

Service: Human Resources/Legal Services
Audit title: Compliance – Officer Code of Conduct
Report Issued: June 2012

Audit Objectives:

- To establish and evaluate the Council's policies/processes relating to the Officer Code of Conduct and the Bribery Act
- To establish and evaluate compliance with the Code.
- To establish and evaluate the controls in place to ensure that staff are aware of their Code of Conduct responsibilities and to ensure that declarations are made where necessary

Key Findings:

The Officers Code of Conduct forms part of the Council's Constitution. The code is reviewed on a periodic basis by the Head of Human Resources and any changes are approved by the Employment and Development board.

Audit testing was undertaken which confirmed compliance with the Officer Code of Conduct. However it was considered that there was a need to communicate the requirements of the code to staff on a periodic basis to maintain awareness and to promote ongoing compliance with the standards

The Bribery Act 2010 came into force on 1 July 2011. The Act was specifically directed at commercial organisations who are required to demonstrate that "adequate procedures" are in place to prevent bribery. While not specifically directed to local authorities, local Council's are not exempt from the law in this area. The requirements of the Act highlight the importance placed on proactive action in relation to 'business activities'. At the time of the audit, the Council did not have a specific Anti-bribery policy in place to direct its requirements in relation to the Act. However, various documents, including the Council's Anti-Fraud and Corruption policy, make the position for officers and Members in relation to corruption (bribery) very clear.

Level of Assurance Issued: Substantial

Management Response Summary:

All recommendations were accepted. The majority of actions have been proposed to be implemented by December 2012.

Key actions that will be taken include discussions with the Corporate Leadership Team to consider whether the Council has adequate procedures in place to prevent fraud, corruption and bribery and whether this needs to be reinforced with an Anti-Bribery Policy.

The Head of Human Resources will incorporate a reminder to staff to familiarise themselves with the requirements of Corporate Policies as part of the annual reminder she issues to staff relating to gifts and hospitality.

Management response is considered to be satisfactory

Proposed Date for Follow-up: To be completed January 2013

Service: Maidstone Borough Services
Audit title: Grounds Maintenance
Report Issued: July 2012

Audit Objectives:

- To establish how the specification / schedule of works is compiled, how the work is resourced and how unplanned / re-active work is managed
- To identify if the grounds maintenance work is subject to adequate monitoring and performance management
- To consider if there is adequate budgetary control over income and expenditure
- To establish if grounds maintenance equipment is fully accounted for and properly maintained

Key Findings:

The audit confirmed that there are good supervisory controls in place over the Grounds Maintenance teams, which provide clear reporting lines and include daily briefing sessions for all team members to ensure that work schedules are adequately understood and resourced. The general maintenance plan within each of the Parks Management Plans clearly sets out the programme of works for the various parks and open spaces within the Borough. There are separate schedules of work for grass cutting and playground inspections.

The procedures in place to monitor the work of the grounds maintenance team provide good controls. In addition, the Quality Management System complies with ISO 9001:2008 standards. The Green Flag status awarded to two of the Council's parks confirms that the Council's parks and open spaces are maintained to a high quality standard.

Procedures for income and expenditure provide good controls. Furthermore, there are good budgetary control arrangements in place, with monthly budgetary reports and quarterly meetings taking place between the Accountant and the Environment Manager.

Level of Assurance Issued: High

Management Response Summary:

No recommendations were made in the report, therefore a management response was not required.

Proposed Date for Follow-up: Not required

Service: Parking Services
Audit title: Parking Enforcement – Maidstone & Swale
Report Issued: July 2012

Audit Objectives:

- To consider progress of the implementation of coordinated procedures and processes since the formation of the Parking Service partnership;
- To consider the adequacy of the contract delivery and monitoring controls over the parking enforcement contract with APCOA – including performance management;
- To consider the adequacy of controls over the receipt and collection of income through the processing and issue of PCNs – including accounting arrangements; and
- To review the controls over recovery action and non-payment of PCNs;

Key Findings:

The audit identified a weakness in financial controls within the reconciliation of PCN income at Swale. Recommendations were made to establish procedures to enable the balancing of PCN income from the parking system (Imperial) to the general ledger, Agresso.

Additional recommendations were raised:

- To update the implementation plan to ensure the continued progression of shared partnership procedures, including the need to identify and mitigate shared service risks;
- To consider the broader efficiencies that can be delivered through continued development of the Imperial parking enforcement system – including the benefits of implementing the Imperial online payments interface at Maidstone;
- To establish a management check over cancelled tickets, to ensure that the quality and consistency of decisions are maintained and verified.

Level of Assurance Issued: Substantial

Management Response Summary:

All recommendations within the report were agreed, and actions were outlined to address any weaknesses. Realistic target dates have been set, with actions to be fully implemented by January 2013.

The management response is considered to be satisfactory.

Proposed Date for Follow-up: To be completed January 2013

Service: Customer Services
Audit title: Gateway
Report Issued: September 2012

Audit Objectives:

- To examine the arrangements in place for monitoring and maintaining the adequacy of services delivered through the Gateway.
- To identify and evaluate the occupancy and operational arrangements in place in respect of organisations operating from the Gateway
- To evaluate and test the security and financial procedures operated within the Gateway – including staff and customer safety and automated payments through the KPR machines.

Key Findings: The report concluded that controls over the arrangements were generally strong. Several areas were identified where improvements could be made, for example there was a need to ensure that there is a signed Partner Operating Agreement in place for all external organisations occupying the Gateway.

The audit evaluated and tested the financial procedures in place over the KPR machines; this confirmed that the arrangements are operated in accordance with agreed procedures and provide good financial control. However, the cash float retained to top up the KPR machines was not being counted, reconciled and evidenced on a regular basis.

The report also recommended that consideration should be given to the benefit derived from the Gateway remaining open until 7pm on Thursdays. This was based on the relatively low number of customers who visited the Gateway between 5.30pm and 7pm.

Level of Assurance Issued: Substantial

Management Response Summary: All recommendations were accepted and realistic timeframes for completion set. The management response was considered to be adequate.

Proposed Date for Follow-up: February 2013

Service: Planning
Audit title: Compliance with Planning Code of Conduct
Report Issued: September 2012

Audit Objectives:

- To establish/test awareness of and compliance with the Local Code of Conduct for Councillors and Officers dealing with Planning Matters

Key Findings:

From the twelve aspects tested within the Code, two areas did not show full compliance:

- Review of planning decisions – There was a need to more formally evidence and provide feedback from the annual planning review, particularly for the Committee to consider the effectiveness and impact of the review on future planning policy and practices;
- Planning Committee Training – Attendance records should be improved and maintained to correctly record that all Planning Committee Members have attended the appropriate training, including planning updates which are often not recorded or evaluated.

Further recommendations raised in the report related to timely completion and submission of Member declarations of interest, APAS systems developments to improve pre-applications reporting and the opportunity to clarify responsibilities relating to officers conducting private work outside of their normal duties. The review of the Planning Code during the audit allowed discussions to be initiated regarding the Council adopting a clearer protocol over officer's ability to undertake private work.

Level of assurance Issued: Substantial

Management Response Summary: All of the recommendations were agreed for implementation in a timely manner. The management response is considered to be satisfactory.

Proposed Date for Follow-up: To be completed in April 2013

Service: Change and Scrutiny
Audit title: Performance Management Framework
Report Issued: September 2012

Audit Objectives:

To establish whether:

- Adequate performance management framework policies and guidance are in place and whether these are understood and applied;
- The performance indicators in place are clearly defined, useful and support the achievement of the Councils' objectives;

- Appropriate processes are in place to verify the accuracy of the data being measured and reported;
- Performance information is being appropriately reported and where necessary action is being taken to address poor performance.

Key Findings:

Review of the overall performance management framework identified that there is an established performance management process in place, and this includes procedures and indicators which support the achievement of the Council's objectives.

Key recommendations arising from the audit to improve the effectiveness of the performance management process cover:

- Clarification should be provided to officers regarding the Council's performance management process and, to support this, the indicators relating to service level performance (i.e. RTS and SPIs) should be re-visited and potentially re-launched.
- Some additional performance indicators were identified to further support the achievement of the Council's 'outrageous ambitions' and Performance indicators are to be reviewed along-side service plans to ensure that appropriate indicators are in place to support the achievement of any improvement plans.
- Directorate and Corporate Leadership Team (CLT) challenge of poor performance should be more clearly recorded along with the actions that will be taken to address poor performance.
- It was not possible to verify the accuracy of 2 of the indicators sampled because the original reports from the system were not kept. It is therefore recommended that regular checking of the data quality of a sample of indicators is undertaken.

Level of Assurance Issued: Substantial

Management Response Summary: All of the recommendations were agreed for implementation in a timely manner. The management response is considered to be satisfactory.

Proposed Date for Follow-up: April 2013

Service: Change and Scrutiny
Audit title: Corporate Complaints
Report Issued: September 2012

Audit Objectives:

- To review and evaluate the policy, strategy and structure in place for the management of complaints – including any statutory provisions.
- To review the Request for Information (RFI) System to ensure that complaints are properly recorded, promptly actioned and resolved in line with authority guidance and standards
- To establish monitoring procedures to confirm whether they provide for the delivery of accurate, timely and relevant management information

Key Findings:

Customer service is a core value; one of the Council's priorities is Corporate and Customer Excellence. Management of complaints is therefore critical to the achievement of this objective.

The Council's corporate complaints system was replaced in August 2012 by a new correspondence system - Request for Information (RFI). The application is designed as a framework to include Complaints, Freedom of Information requests, Environmental Information Requests and other forms of correspondence received by the Council. The RFI system went "live" at the time of the audit. As with any new system there have been a number of operational issues raised by the users of the system which are currently being resolved.

The audit established that a range of officers are involved with the complaints process, with different roles and responsibilities for new (Stage 1) complaints; escalated complaints (Stage 2 and Ombudsman referred complaints) and complaints system administration. The audit made recommendation for procedures and responsibilities to be managed and brought together at a senior level, under the control of the Head of Change and Scrutiny.

Further key recommendations related to:

- A review of officer guidance and responsibility for the management, monitoring and reporting of vexatious complainants
- Improvements to the recording and administration of complaints referred to the Local Government Ombudsman
- Ongoing project management of the new Corporate complaints system

The report concluded that controls over reporting of complaints to the Overview & Scrutiny Committee and Standards Committee were strong and in accordance with the Council's Complaints Policy.

Level of Assurance Issued: Substantial

Management Response Summary: An extension of time has been agreed for the response. The response is now due 9th December 2012

Proposed Date for Follow-up: To be confirmed following receipt of the management response

National Fraud Initiative (NFI) – data matching exercise

The National Fraud Initiative is a biennial data matching exercise carried out on behalf of the Audit Commission. The Council is required to submit a broad range of data which is matched against other data sets that the Commission has obtained from a number of sources. Data sets provided by the Council have included Benefits, Payroll, Creditors, Residents Parking Permits, Licensing, Insurance Claims and Register of Electors.

Internal Audit facilitates the Council's data matching process. This includes checks to during the period to confirm that data matches from the 2011/12 Single Person Discount/Rising 18s exercise were being appropriately investigated and that the new data sets had been correctly submitted for the wider 2012/13 initiative.

The review confirmed that investigation resources had been appropriately applied and that 783 matches from the 2011/12 exercise had been fully investigated to date (96%). The investigation process resulted in the removal of 'single person council tax discount' to 169 claimants to the value of £71,225. The remaining cases were confirmed to be awaiting decision. Investigations relating to Rising 18s were scheduled to commence following the start of the new academic year and resources were adequately scheduled to most effectively investigate the 276 potential matches.