

**Summary of Internal Reports - April 2012 to March 2013 – Assessed as Substantial and High**

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**Audit Title:** Members Allowances

**Service:** Democratic Services

**Report Date:** May 2012

**Audit Objectives:**

- To determine whether procedures for the claiming, processing and payment of allowances comply with the Council's Constitution and Financial Procedure Rules
- To establish if Member allowance payments made in 2011/12 were accurate and authorised
- To establish if expenses claims paid in 2011/12 were authorised and accurate and supported by adequate documentation
- To determine whether the arrangements for the reporting of allowances and expenses meet '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:** 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 was, therefore, considered to be adequate.

**Follow up assessment:** Substantial

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**Report Title:** Park & Ride Income

**Service:** Transport & Parking Services

**Report Date:** 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 revenue were confirmed be due to a decrease in use of the service (passenger numbers/ticket sales), with a significant reduction in season ticket income and reductions in concessionary fare reimbursement.

A review of the key controls identified that there had previously been a lack of formal monitoring and management of the contract by the Council's officers. Therefore, although assurance was provided in relation to the integrity of financial data provided by ARRIVA, attention was required to improve the key controls over the monitoring of the service by the Council.

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

- Review of procedures for the issue of season tickets to KCC – to enable tickets to be fully accounted for and reconciled.
- Independent quality assessments on the Maidstone Park and Ride service by ARRIVA to enable assurance to be gained 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:** The review was conducted at management request and no level of assurance was issued at the time of reporting. However, if a formal assessment had been made it is likely to have concluded that only limited control assurance was in place. An assurance assessment was agreed to be made upon completion of the audit follow-up.

**Management Response Summary:**

All recommendations were accepted, and actions proposed for implementation 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 were implemented over the issue of season tickets, and season ticket stock.

The management response was considered to be adequate.

**Follow-up assessment:** Substantial

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**Audit title:** Compliance – Officer Code of Conduct

**Service:** Human Resources/Legal Services

**Report Date:** 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 of Conduct (including the requirements of the Bribery Act and 'the policy')
- To establish and evaluate 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 Officer 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. It is directed principally at Commercial organisations, which are required to demonstrate that 'adequate procedures' are in place to prevent bribery. While not directly aimed at local authorities, the Council is not exempt from the law and the Council is required to consider the impact on its 'business activities'. The audit established that the Council does not have a dedicated Anti-bribery policy in place to direct its requirements in relation to the Act.

**Level of Assurance:** Substantial

**Management Response Summary:**

The management response was considered to be satisfactory. All recommendations were accepted, with the majority of actions proposed for implementation within 6 months.

Key actions included discussions with the Corporate Leadership Team to consider whether the Council had adequate procedures in place to prevent fraud, corruption and bribery and whether this needed to be reinforced with an Anti-Bribery Policy. The discussions resulted in the decision that a separate policy was not required but that risk assessments should be carried out for those services which may be affected and guidance provided accordingly.

The Head of Human Resources agreed to incorporate a reminder to staff to familiarise themselves with the requirements of Corporate Policies as part of the annual reminder that is issued to staff relating to gifts and hospitality.

**Follow up assessment:** Substantial

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**Audit title:** Grounds Maintenance

**Service:** Maidstone Borough Services

**Report Date:** 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 whether grounds maintenance work is the subject of adequate monitoring and performance management
- To consider whether 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 which 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 Park Management Plans clearly sets out the programme of works for the 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. The Quality Management System complies with ISO 9001:2008 standards and 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 level quality standard.

Testing undertaken confirmed that the procedures over income and expenditure provide good controls. Furthermore, from discussions with the responsible Accountant and review of documentation, it was considered that there are good budgetary controls in place, with monthly budgetary reports and quarterly meetings taking place between the Accountant and the Environment Manager.

**Level of Assurance:** 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

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**Audit title:** Parking Enforcement – Maidstone & Swale

**Service:** Parking Services

**Report Date:** July 2012

**Audit Objectives:**

- To consider progress towards 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 established that enforcement operations were generally operating effectively. Key recommendations related to 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 system, Agresso.

Additional recommendations related to:

- Update of the implementation plan to ensure the continued progression of shared partnership procedures, including the need to identify and mitigate shared service risks;
- Consideration of 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;
- Establishment of a management check over cancelled tickets, to ensure that the quality and consistency of decisions are maintained and verified.

**Level of Assurance:** Substantial

**Management Response Summary:**

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

The management response was considered to be satisfactory.

**Follow up assessment:** Substantial

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**Audit title:** Gateway  
**Service:** Customer Services  
**Report Date:** 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 a signed Partner Operating Agreement is in place for all external organisations occupying the Gateway.

The audit evaluated and tested the financial procedures in place over the KPR (cash receipting) machines, this confirmed that the arrangements were operated in accordance with agreed procedures and provided 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 need to assess 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:** Substantial

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

**Follow up assessment:** Substantial, with all actions being either complete or satisfactorily progressed

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**Audit title:** Compliance with Planning Code of Conduct

**Service:** Planning

**Report Date:** 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 12 aspects tested within the Code, 2 areas were identified where full compliance could not be demonstrated. Due to compliance being achieved over the majority of the code, and limited exposure to risk, overall compliance provided a substantial level of assurance.

The 2 areas where full compliance could not be demonstrated related to:

- Review of planning decisions – There was a need to more formally evidence and 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 needed to be improved to correctly record that all Planning Committee Members have attended the appropriate training, including planning updates which are often not recorded or evaluated.

Further key recommendation raised in the report related to timely completion and submission of Member declarations of interest, APAS system 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 private work practices.

**Level of assurance:** Substantial

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

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

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**Audit title:** Performance Management Framework

**Service:** Change and Scrutiny

**Report Date:** 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 Council's performance management framework identified that there is an established performance management process in place which includes procedures and indicators to support the achievement of the Council's objectives.

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

- Clarification for officers of 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 were 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 are to 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 was therefore recommended that regular checking of the data quality of a sample of indicators is undertaken.

**Level of Assurance:** Substantial

**Management Response Summary:** The management response was considered to be satisfactory with all of the recommendations agreed for implementation in a timely manner.

**Follow-up Assessment:** Substantial.

The majority of actions had been completed. Two key areas of work were continuing to be undertaken and will continue throughout the year - performance indicators were being audited by the Performance & Scrutiny Officer to check that the indicators are appropriately calculated with sufficient documentation being maintained and that the manager responsible is compliant with the Data Quality Policy; and work is being undertaken to ensure that documentation detailing the rationale for monitoring the indicator and how it is monitored is completed and uploaded onto Covalent.

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**Audit title:** Corporate Complaints

**Service:** Change and Scrutiny

**Report Date:** 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:**

The audit concluded that there was a need to improve the overall arrangements for the management of the complaints process. A range of officers were involved with the complaints process, with different roles and responsibilities. While this is largely inevitable bearing in mind the range of complaints, the breadth created a potentially fragmented approach which needed to be managed and brought together at a senior level. This management responsibility rested with the Head of Change and Scrutiny; however more needed to be done to clarify and develop this role in order to allow the Head of Change and Scrutiny to take on a more controlling presence within the overall complaints process.

The Councils 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 and Environmental Information Requests and any other form of correspondence received by the Council. The RFI system went "live" at the time of the audit. As with any new system there had been a number of operational issues raised by the users of the system which were being resolved. The report recommended that the process in relation to complaints should be led, driven and further developed by the Head of Change and Scrutiny rather than through the Executive Support team.

**Level of Assurance:** Substantial

**Management Response Summary:**

The management response was considered to be satisfactory. All recommendations within the report were agreed, and actions outlined to address any weaknesses. Realistic target dates were set, with actions to be fully implemented by February 2013.

**Follow-up Assessment:** Substantial. The majority of the agreed actions had been completed and the Head of Change and Scrutiny had been allocated responsibility for all elements of the Complaints process. Incomplete actions related to the completion of a policy for unreasonable and persistent complaints and the provision of complaints system training.

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**Audit Title:** Waste Collection Contract – Contract Payments

**Service:** Maidstone Borough Services

**Report Date:** October 2012

**Audit Objectives:**

- To verify that payments made to the contractor are in accordance with the contract and are correctly calculated.
- To establish and review the method for making variations to the contract.

**Key Findings:**

From the extensive testing and evaluation carried out during the audit, it was concluded that there are strong controls in place over the verification and payment of contract payments and that the procedures in place are being well operated. In particular:-

- Audit testing undertaken on core contract payments, confirmed the correctness of the contractor's invoices and the subsequent payments made through the Council's payments system Agresso.
- Annual indexation adjustments had been correctly applied to the contract sum in accordance with the contract specification.
- Variation Orders had been correctly raised for permanent changes to the core contract sum and subsequent indexation adjustments had been correctly applied.

**Level of Assurance:** High

**Management Response Summary:**

No recommendations were made in the report therefore a management response and follow up assessment were not required.

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**Audit Title:** Homelessness  
**Service:** Housing and Community Services  
**Report Date:** December 2012

**Audit Objectives:**

- To establish whether the Council is compliant with relevant Legislation and acting within the Homelessness Strategy; including in particular, young people (compliance with the joint protocol), and those who are pregnant or with families.
- To review the adequacy of the processes for preventing homelessness and whether these are compliant with relevant Legislation and the Homelessness Strategy.
- To test the assessment of eligibility for homeless persons and the housing assistance awarded.
- To assess the adequacy of the processes for reviewing cases and for other aspects of managing homelessness in the Borough
- To establish whether income and expenditure is properly accounted for.

**Key Findings:**

- Staffing issues needed to be addressed particularly to ensure that projected increases in the number of clients initially presenting as homeless to the Council are seen quickly and allocated a sufficient amount of time to discuss their case.
- Temporary Accommodation used by the Council should be regularly reviewed to ensure that it meets minimum health and safety requirements.
- Action should be taken to identify opportunities to reduce overspends against the Temporary Accommodation budget.
- The Northgate CRM system script for homeless enquiries should be updated to reflect the current processes within the homelessness team.
- The system of verifying the quarterly P1E returns to the DCLG should be refined so that it is less time consuming.

**Level of Assurance:** Substantial

**Management Response Summary:** The management response was considered to be satisfactory.

The audit recommendations were agreed with appropriate action outlined to address the issues identified. This included:

- appointing an additional resource of one FTE Housing Advisor,
- the implementation of regular inspection of temporary accommodation used by the Council and a submission as part of the council's commercialism project to identify alternative means of providing temporary accommodation, and

**Follow-up Assessment:** Substantial.

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**Audit Project:** Council Tax – Valuations, Liability and Billing

**Service:** MKIP Benefits & Revenues Partnership

**Report Date:** December 2012

**Audit Objectives:**

- To establish if all property valuations (new and amendments) are correctly updated on the Council Tax system
- To establish if the correct Council Tax Debit has been calculated and that it has been correctly applied to Council Tax accounts
- To evaluate the arrangements for the timely and accurate billing of Council Tax

The review encompassed the Tunbridge Wells and Maidstone sites (in the context that the arrangements are provided through a shared service).

**Key Findings:**

Although many common working practices and policies have been developed by the partnership, there are still some areas of inconsistency e.g. records management, data handling and retention, temporary deletions and inspection arrangements.

The national scheme for Council Tax Benefit ended on 31<sup>st</sup> March 2013 and resulted in Local Authorities developing their own schemes. These changes, combined with the implications of the New Homes Bonus (in terms of the record of new properties being based on Council Tax records), impact on inspection regimes (i.e. the need for increased frequency as the shorter durations for some discounts and exemptions may impact on tax base and calculations).

**Level of Assurance:** Substantial

**Management Response Summary:**

Management has undertaken reviews of activities, records and working practices affected by revised operational environment, and has commenced development of new and revised supporting policies and procedures.

The service plans to recruit an additional inspector to support the changes being introduced for empty properties, council tax support and business rates.

**Proposed Date for Follow-up:** July 2013

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**Audit Title:** Parish Services Scheme

**Service:** Communities

**Report Date:** January 2013

**Audit Objectives:** The review was planned to be carried out in two phases to establish whether the new scheme was deliverable and sustainable, and to confirm whether it represents a financial risk to the Council.

Phase 1

- Establish the adequacy of the initial discussions with Parishes around how funding will change, and the support provided to Parishes.
- Review the initial funding estimates to establish whether they comply with the scheme.

Phase 2

- Following Parish consultation on the initial funding estimates, review the appropriateness of any changes made.
- Review the agreements put in place to establish if they are suitable, including arrangements to confirm ongoing compliance with the scheme.

**Key Findings:**

Phase 1: One recommendation was made for management consideration following completion of Phase 1 of the review. This related to funding for the maintenance and repair of war memorials, which at the time of the audit, did not appear to be based on the costs currently incurred by the Council for maintaining and repairing the memorials in the Town.

**Level of Assurance:** Substantial

**Management Response Summary:** The management response provided satisfactory evidence to confirm the equitable basis of the Council's contribution to parishes for memorial maintenance and repair – the management response was, therefore, considered to be satisfactory

Phase 2:

Audit testing of a sample of Parish Councils' (PC) funding estimates identified a number of errors which resulted in the PC being either over funded or under-funded. These errors were corrected prior to the final payments being made but a recommendation was raised to ensure the remaining PC funding estimates were checked prior to funding being issued.

Further recommendations were raised during the audit to improve the monitoring of annual returns to confirm compliance with the scheme conditions and for conditions relating to unspent funding at year end to be clarified and reminded to PCs on a regular basis.

**Level of Assurance:** Substantial

**Management Response Summary:** The management response was considered to be satisfactory and provided satisfactory evidence to confirm the equitable basis of the Council's contribution to parishes for memorial maintenance and repair and funding of all PCs has been double checked to ensure the calculations are accurate and adjustments made where appropriate. In addition, each year the Finance Team will select 3 PCs at random (representing a 10% sample) and undertake checks to ensure the accuracy of

the information included on the annual return, the Funding Agreement has been amended and a copy of the agreement will be sent out each May with the first of the payments.

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**Audit Title:** Development Control Enforcement

**Service:** Planning

**Report Date:** February 2013

**Audit Objectives:**

- To establish whether complaints received are recorded promptly and properly and allocated to officers appropriately.
- To establish whether complaints are investigated in a timely manner and the contravener is notified of the action necessary to remedy the complaint. This is to include the issuing of informal requests and enforcement notices.
- To establish whether enforcement action is adequately recorded and reported
- To establish whether follow-ups to investigations are performed with further action taken where necessary, including prosecution.

**Key Findings:**

The audit confirmed that the Council has an effective Planning Enforcement Policy Statement which provides a decision-making framework and enables effective enforcement standards, procedures and practices to be implemented and monitored. Planning complaints are initially allocated to Enforcement Officers who, through their investigation and site visits, conclude whether a planning breach has occurred. This process works well, filtering out those cases where there is no planning breach.

The Planning Enforcement Policy statement requires complaints to be prioritised once a breach has been identified and enforcement action is required. All significant breaches of planning control should be prioritised using the matrix system approved by the Councils Planning Committee. The audit established that the matrix system to prioritise cases is not used by the Planning Officers (Enforcement).

At the date of the audit (February 2013) there was a total of 385 'open' planning enforcement cases. As enforcement action must be taken within a certain time of the breach of planning accruing, the report recommended that all 'open' cases are reviewed and prioritised on an ongoing basis to ensure the required enforcement action is progressed.

**Level of Assurance:** Substantial

**Management Response Summary:** The Management response was considered to be satisfactory

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

**Proposed Date for Follow-up:** July 2013

**Follow-up Assessment:** To be completed July 2013

**Audit Title:** Litter Enforcement

**Service:** Environmental Services

**Report Date:** February 2013

**Audit Objectives:**

- To establish compliance with the Clean Neighbourhoods and Environment Act 2005 for the issue of fixed penalty fines;
- To establish and evaluate the contract monitoring and compliance controls over the contract with Xfor Local Authority Support Ltd for the supply of environmental enforcement services (litter enforcement);
- To establish and evaluate the financial and accounting controls over the receipt, payment and reconciliation of fixed penalty notices;

**Key Findings:**

The majority of the controls reviewed during the audit were considered to be operating effectively. Key recommendations arising from the report relate to:

- The need to more clearly define the responsibilities, authority and management of the litter enforcement service, particularly at the operational level;
- The restriction of write-offs and implementation of more robust authorisation procedures;
- The implementation of updated invoice and payment procedures to confirm accuracy prior to payment; and
- The implementation of reconciliation procedures to confirm the accuracy of payment data between AIM and M3

**Level of Assurance:** Substantial

**Management Response Summary:** The management response was considered to be satisfactory. All of the audit recommendations were accepted, and management action was planned to be completed by July 2013.

**Proposed Date for Follow-up:** July 2013

**Follow-up Assessment:** To be completed in July 2013

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**Audit Title:** Accounts Payable

**Service:** Corporate Finance

**Report Date:** March 2013

**Audit Objectives:**

- To consider the adequacy of the revised structure for the prevention and detection of fraud and error in payments to creditors, including changes to standing data (supplier details and bank accounts)
- To establish if payments made to creditors during 2012/13 are accurate and authorised.
- To review the process for issuing payments to Creditors

## **Key Findings:**

The audit concluded that there are good controls over the payment of creditors. In particular the audit established that:

- There is a clear separation of duties within the accounts payable process to prevent unauthorised payments, through the inputting of new suppliers to the submission of payment files.
- Agreed procedures for the setting up of new suppliers and changes to supplier standing data are adhered to in practice.
- All of the payments tested were authorised, accurate and processed in accordance with the agreed procedures.
- The process for issuing payments to creditors (BACS and cheques) is secure and restricted to authorised officers.

**Level of Assurance:** 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

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**Audit title:** General Ledger (Budgetary Control)

**Service:** Finance

**Report Date:** March 2013

## **Audit Objectives:**

To establish whether:

- Appropriate budget setting processes are in place
- Appropriate processes are in place to ensure service objectives and savings identified within the 2012/13 budget are achieved
- Budget monitoring takes place on an ongoing basis and, that variances to budgets are identified and appropriately reported

## **Key Findings:**

The audit confirmed that there are good budget setting and monitoring controls in place with, generally, adequate consideration given to influencing factors.

Key recommendations in the report related to:

- The need to change the virement process so that virements can be regularly reported to Cabinet, as required in the Constitution.
- Increased involvement of budget holders in the budget setting process and in the identification and setting of savings targets.
- Increased involvement of the Overview & Scrutiny Committee in the budget setting process in order to be able to offer challenge where appropriate.
- Improvements to budget monitoring reports sent to directors through the removal of internal recharges, and possibly by reporting income and expenditure separately.

**Level of Assurance:** Substantial



**Management Response Summary:** The management response was considered to be satisfactory and all actions were agreed to be implemented in a timely manner.

**Proposed Date for Follow-up:** November 2013

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**Audit Title:** ICT Disaster Recovery

**Service:** ICT

**Report Date:** March 2013

**Audit Objectives:**

- To establish whether the ICT disaster recovery plan is robust to enable the effective recovery of the Council maintained IT infrastructure, systems and data;
- To determine if the ICT disaster recovery plan is maintained up to date and subject to testing and review;

**Key Findings:**

During the audit a disaster recovery scenario test was performed. The test focussed on the recovery of applications and systems mirrored to the recovery centre located in the Gateway. The recovery process was fully operational within 2 hours, which represents a minimal level of service disruption. The testing scenario provided initial assurance that, if invoked, the recovery processes for mirrored applications can be effectively and promptly recovered.

Key recommendations in the report related to:

- Clearly defining the roles and responsibilities over the disaster recovery arrangements (strategic and operational), particularly considering the changes to resources as a result of the ICT partnership;
- The need to refresh and update the disaster recovery plan to ensure that it reflects the partnership arrangements as well as the local operational procedures and suppliers;
- The need to ensure that disaster recovery testing is delivered in line with the agreed programme, and that the scope of testing is updated to include the priority business applications

**Level of Assurance:** Substantial

**Management Response Summary:** The Management response was considered to be satisfactory. All of the recommendations have been accepted, and management action proposed. Realistic targets have been set for implementation with the majority of actions being completed by January 2014.

**Proposed Date for Follow-up:** January 2014 – to enable the follow up to be completed in conjunction with the next planned disaster scenario testing.

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**Audit Title:** IT Network Controls

**Service:** IT Services

**Report Date:** March 2013

**Audit Objectives:**

To establish whether:

- a network strategy exists and standards and policies are in place to support its delivery;
- appropriate agreements are in place to control partner access and access to the network is monitored and unauthorised access to data transmitted over the network is minimised;
- network performance is regularly monitored and procedures are in place to address any issues;
- appropriate records are maintained of the network, associated hardware and software and any work carried out;

**Key Findings:**

- A number of IT Policies were out of date and contained references to processes no longer used by the Council.
- Clear processes were not in place for identifying leavers and revoking their access, or for identifying changes in staff roles and changing their access if appropriate.
- Third Parties were not always providing written confirmation of their intention to abide by the Councils' computer use policies.
- Audit of IT assets were not being undertaken on a regular basis.

**Level of Assurance:** Substantial

**Management Response Summary:** The management response was considered to be satisfactory with timely actions being agreed to address recommendations arising from the report

**Proposed Date for Follow-up:** December 2013

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**Audit title:** Corporate Credit Cards

**Service:** Finance

**Report Date:** March 2013

**Audit Objectives:**

- To establish and evaluate the procedures of control over the application and issue of credit cards to Council employees
- To establish if credit card payments made during 2012-13 are accurate, authorised and correctly allocated within service accounts
- To establish whether recommendations arising from the last Creditors and Credit Card audit in February 2012 have been implemented.

**Key Findings:**

A follow-up to the previous audit of Creditors and Credit Cards undertaken in February 2012 established that some recommendations had not been implemented. These related to updating the credit card guidance within the Council's constitution, the finalisation of a formal policy/guidance to outline the 'rules' and controls over corporate credit card usage and the monitoring and reporting of credit card expenditure.

Additional recommendations arising from the audit relate to:

- Improved validation checks to ensure that card expenditure is correctly authorised and that purchases made are in accordance with Council policies.
- The implementation of the Agresso credit card module to improve procedures of control and enable credit card usage to be monitored and reported.
- The transfer of the Council's credit cards to Lloyds bank cards

**Level of Assurance Issued:** Substantial

**Management Response Summary:**

All recommendations within the report were agreed and actions outlined to address any weaknesses. Realistic target dates were set, with the majority of actions to be fully implemented by September 2013. Therefore the Management response was considered to be satisfactory

**Proposed Date for Follow-up:** September 2013

**Follow-up Assessment:** To be completed September 2013

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