

Audit and Governance Committee

**Tuesday, 28 January 2020 at 6.30pm
in the Belle Vue Suite, Belle Vue Offices, Skipton**

The Chair (Councillor Hull) and Councillors Barrett, Handley, Harbron, Lis, Mercer, Noland, Place and Wheeler.

Independent Person: Mr G Robinson

AGENDA

- 1. Apologies for absence** – To receive any apologies for absence.
- 2. Minutes** – To approve the minutes of the meeting held on 21 October 2019.
- 3. Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
- 4. Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a “**disclosable pecuniary interest**” under Appendix A to the Council’s Code of Conduct, or “**other interests**” under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

- 5. External Audit: 2018/19 Annual Audit Letter** – Report of the External Auditor

Purpose of report – To present the Annual Audit Letter for the year ended 31 March 2019.

- 6. External Audit: 2019/20 Audit Progress Report** – Report of the External Auditor

Purpose of report – The External Auditor to update the Committee on progress since the last meeting in October 2019.

7. Internal Audit: Progress Report – Report of the Audit Services Manager (Shared Internal Audit Service)

Purpose of report - To update Committee Members on the progress made against the 2019/20 Internal Audit plan.

8. Internal Audit Reports: Report of the Audit Services Manager (Shared Internal Audit Service)

Purpose of report – To receive the following Audit Service reports:

- Geographic Information System (GIS) Gazetteer 2019/20;
- Compliance with the Apprenticeship Scheme;
- Treasury Management;
- Financial Management System;
- Mechanics Workshop 2019/20; and
- Flex Time and Overtime Arrangements.

9. Internal Audit: Implementation of Recommendations – Report of the Chief Finance Officer (s151 Officer)

Purpose of report – To present an update on implementation of internal audit recommendations.

10. Exemptions granted under Contract Procedure Rules – Report of the Chief Finance Officer (s151 Officer)

Purpose of report – To report on exemptions granted from the Council's Contract Procedure Rules from 1 July 2019 to 31 December 2019.

Report to follow.

11. Annual update to the Council's Risk Registers – Report of the Chief Finance Officer (s151)

Report to follow.

12. Any other items which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.

Agenda Contact Officer:

Hannah Scales, Democratic Services and Scrutiny Officer

Tel: (01756) 706235

E-mail: hscales@cravendc.gov.uk

Recording at Council Meetings: Recording is allowed at Council, Committee and Sub-Committee meetings which are open to the public, subject to

(i) the recording being conducted with the full knowledge of the Chairman of the meeting; and

(ii) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the agenda contact officer (details above) prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

Emergency Evacuation Procedure

In case of an emergency, or if the alarm sounds, leave the meeting room and exit the building using the main doors onto the Square. If those doors are not available, please use the nearest available door.

The assembly point is in Belle Vue Square at the front of the building, nearest the main road. An officer will take a roll call once everyone is out of the building.

Please do not leave a meeting without telling the Chairman or a representative of Legal and Democratic Services.

AUDIT AND GOVERNANCE COMMITTEE

21 October 2019

Present – The Chairman (Councillor Hull) and Councillors Barrett, Handley, Noland and Wheeler.

Officers – Chief Executive, Chief Finance Officer (s151 Officer), Accountancy Services Manager, Solicitor to the Council and Monitoring Officer, External Audit Manager, External Auditor and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillors Harbron, Lis, Mercer, Place and Greg Robinson (Independent Person).

Start: 6.35pm

Finish: 7.35pm

Resolved – That the minutes of the meeting held on 24 September 2019 were approved as a correct record and signed by the Chairman.

Minutes for Report

AC.363

EXTERNAL AUDIT: AUDIT COMPLETION REPORT

The External Audit Manager submitted a report which presented the final version of the Audit Completion Report for 2018/19.

Members were reminded of the detailed report submitted and discussed at the previous meeting. The External Audit Manager updated Members on a particularly complex adjustment made since the last meeting, which was the transfer of funds from earmarked reserves to the general fund to properly account for the defined benefit pension scheme prepayment in 2018/19.

One Member expressed concern in relation to the use of reserves to which the Chief Finance Officer (s151 Officer) explained, accounting rules meant we had to show what the liability would be if all of the pensions and accrued rights materialised. The Chief Finance Officer (s151 Officer) assured Members that they would see movement in the reserves but that it was not a significant risk.

Resolved – That the final version of the Audit Completion Report is approved.

AC.364

INTERNAL AUDIT: PROGRESS REPORT

The Internal Audit Manager submitted a report which updated Members on the progress made against the 2019/20 internal audit plan up to 10 October 2019.

Members noted the current position, including two incomplete audits from 2018/19, which the Internal Audit Manager assured Members were being looked into. Three reports had been drafted when the report was written however the Internal Audit Manager informed Members of three more audits now also drafted to date.

The Internal Audit Manager proposed that going forward the Committee only received full reports in relation to partial/no assurance level audits.

Members raised concern that the proposition did not take into account the possibility of Members disagreeing with the high level of assurance given to audits or the opportunity to recognise departments who work to raise assurance levels.

Resolved – (1) That the progress to date is noted.
(2) That the proposition to only provide full reports on partial/no assurance levels is not approved.

AC.365

FLEXI TIME AND OVERTIME ARRANGEMENTS

The Internal Audit Manager submitted a report which sought to assure Members that the flexi time scheme and overtime arrangements were operating in-line with Council Policy.

The Internal Audit Manager updated Members that recommendation 334 in relation to flexi time and overtime policies had been superseded following provision of additional information.

Members were concerned by significantly high levels of overtime in some areas which the Chief Finance Officer (s151 Officer) addressed. Although some areas with high overtime levels were contractual, there were other areas that could be potentially investigated.

Members requested that manager's responses were presented to Committee at the next meeting on 28 January 2019.

Resolved – That subject to the presentation of manager's responses at the next meeting, the Flexi Time and Overtime Policy audit is noted.

AC.366

NATIONAL FRAUD INITIATIVE PROGRESS UPDATE

The Chief Finance Officer (s151 Officer) submitted a report which provided an overview of the National Fraud Initiative (NFI) and the approach taken on outcomes of the yearly and two yearly matching exercises.

Members were informed that the NFI collected information from Councils to flag up data matches that could be investigated with a view to identifying fraudulent activity. Members noted the number of outstanding NFI matches and the progress made in relation to investigations within the various services.

One Member queried whether the NFI process had been tested to ensure reliability. The Chief Finance Officer (s151 Officer) explained that a test would be inappropriate due to the initiative being national.

Members expressed concern that individual services do not have capacity to carry-out a thorough investigation on each match flagged by the NFI. The Chief Finance Officer (s151 Officer) assured Members progress was positive and the development of a priority system was being looked at to ensure services correctly prioritised investigative work.

Resolved – That the National Fraud Initiative progress made to date in the current financial year is noted.

Minutes for Decision

There were no items for decision.

Chairman.

Annual Audit Letter

Craven District Council

Year ending 31 March 2019





CONTENTS

1. Executive summary
2. Audit of the financial statements
3. Value for Money conclusion
4. Other reporting responsibilities
5. Our fees
6. Forward look

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

1. EXECUTIVE SUMMARY

Purpose of the Annual Audit Letter

Our Annual Audit Letter summarises the work we have undertaken as the auditor for Craven District Council (the Council) for the year ended 31 March 2019. Although this letter is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (the NAO). The detailed sections of this letter provide details on those responsibilities, the work we have done to discharge them, and the key findings arising from our work. These are summarised below.

Area of responsibility	Summary
Audit of the financial statements	<p>Our auditor's report issued on 21 October 2019 included our opinion that the financial statements:</p> <ul style="list-style-type: none">• give a true and fair view of the Council's financial position as at 31 March 2019 and of its expenditure and income for the year then ended; and• have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19
Other information published alongside the audited financial statements	<p>Our auditor's report issued on 21 October 2019 included our opinion that:</p> <ul style="list-style-type: none">• The other information in the Statement of Accounts is consistent with the audited financial statements.
Value for Money conclusion	<p>Our auditor's report concluded that we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.</p>
Statutory reporting	<p>Our auditor's report confirmed that we did not use our powers under s24 of the 2014 Act to issue a report in the public interest or to make written recommendations to the Council.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS

Opinion on the financial statements	Unqualified
-------------------------------------	-------------

The scope of our audit and the results of our work

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our audit was conducted in accordance with the requirements of the Code of Audit Practice issued by the NAO, and International Standards on Auditing (ISAs). These require us to consider whether:

- the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed;
- the significant accounting estimates made by management in the preparation of the financial statements are reasonable; and
- the overall presentation of the financial statements provides a true and fair view.

During the course of our audit we identified a number of material errors in the draft financial statements. Although officers made every effort to respond to audit requests, the capacity of the finance team led to some delays during the audit. As a consequence of this our audit report was issued after the 31 July reporting date.

Our auditor's report, issued to the Council on 21 October 2019, stated that, in our view, the financial statements give a true and fair view of the Council's financial position as at 31 March 2019 and of its financial performance for the year then ended.

Our approach to materiality

We apply the concept of materiality when planning and performing our audit, and when evaluating the effect of misstatements identified as part of our work. We consider the concept of materiality at numerous stages throughout the audit process, in particular when determining the nature, timing and extent of our audit procedures, and when evaluating the effect of uncorrected misstatements. An item is considered material if its misstatement or omission could reasonably be expected to influence the economic decisions of users of the financial statements.

Judgements about materiality are made in the light of surrounding circumstances and are affected by both qualitative and quantitative factors. As a result we have set materiality for the financial statements as a whole (financial statement materiality) and a lower level of materiality for specific items of account (specific materiality) due to the nature of these items or because they attract public interest. We also set a threshold for reporting identified misstatements to the Audit and Governance Committee. We call this our trivial threshold.

The table below provides details of the materiality levels applied in the audit of the financial statements for the year ended 31 March 2019:

Financial statement materiality	Our financial statement materiality is based on 2% of gross revenue expenditure.	£538,000
Trivial threshold	Our trivial threshold is based on 3% of financial statement materiality.	£16,000
Specific materiality	We have applied a lower level of materiality to the following areas of the accounts: - Officer Remuneration - Related Party Transactions	Correct band of £5,000 £50,000

2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks

As part of our continuous planning procedures we considered whether there were risks of material misstatement in the Council's financial statements that required special audit consideration. We reported significant risks identified at the planning stage to the Audit and Governance Committee within our Audit Strategy Memorandum and provided details of how we responded to those risks in our Audit Completion Report. The table below outlines the identified significant risks, the work we carried out on those risks and our conclusions.

Identified significant risk	Our response	Our findings and conclusions
<p>Management override of controls</p> <p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">Accounting estimates impacting on amounts included in the financial statements;Consideration of identified significant transactions outside the normal course of business; andJournals recorded in the general ledger and other adjustments made in preparation of the financial statements.	<p>There were no matters arising from our work on management override of controls.</p>
<p>Property, Plan and Equipment Valuations</p> <p>The CIPFA Code requires that where assets are subject to revaluation, their year end carrying value should reflect the fair value at that date. The Council has adopted a rolling revaluation model which sees all land and buildings revalued in a five year cycle.</p> <p>The valuation of Property, Plant & Equipment involves the use of a management expert (the valuer), and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to three years are not valued at their materially correct fair value. In addition, as the valuations are undertaken through the year there is a risk that the fair value as the assets is materially different at the year end.</p>	<p>We addressed this risk via:</p> <ul style="list-style-type: none">critically assessing the Council's arrangements for ensuring that PPE valuations were reasonable;comparing the valuation output with market intelligence provided by Gerald Eve as part of our challenge of the reasonableness of the valuations provided by the Council's valuer;considering the competence, skills and experience of the valuer and the instructions issued to the valuer; andwhere necessary, performing further audit procedures on individual assets to ensure the basis of valuations was appropriate.	<p>Our testing highlighted a £0.2 million understatement in the Council's land and buildings assets and an overstatement of £1.5 million of the Council's surplus assets balance. These were corrected in the final audited financial statements.</p> <p>Overall we obtained the assurance sought that PPE valuations were not materially misstated.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS

Our response to significant risks continued

Identified significant risk	Our response	Our findings and conclusions
<p>Defined Benefit Pension Liability Valuation</p> <p>The net pension liability represents a material element of the Council's balance sheet. The Council is an admitted body of North Yorkshire Local Government Pension Fund, which had its last triennial valuation completed as at 31 March 2016.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Council's overall valuation.</p> <p>There are financial assumptions and demographic assumptions used in the calculation of the Council's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Council's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Council's pension obligation are not reasonable or appropriate to the Council's circumstances. This could have a material impact to the net pension liability in 2018/19.</p>	<p>We addressed this risk by:</p> <ul style="list-style-type: none">critically evaluating the Council's arrangements (including relevant controls) for making estimates in relation to pension entries within the financial statements; andchallenging the reasonableness of the actuary's assumptions that underpin the relevant entries made in the financial statements, through the use of an expert commissioned by the National Audit Office.	<p>The Council amended its financial statements for £0.8 million of additional liabilities arising from Guaranteed Minimum Pension equalisation and the McCloud judgment.</p> <p>Following the amendments made, we obtained the assurance required, with no other significant issues arising we were required to highlight to you.</p>

2. AUDIT OF THE FINANCIAL STATEMENTS

Internal control recommendations

As part of our audit we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We identified the following deficiencies in internal control as part of our audit.

Description of deficiency	The draft financial statements published at the end of May contained a large number of errors and inconsistencies.
Potential effects	The quality of the draft published financial statements has a direct impact on the time required to undertake and therefore costs associated with the audit, as well as the additional time that is spent by officers to correct such issues and the reputation of the Council.
Recommendation	A more robust review process should be built into the Council's year end timetable to ensure the draft financial statements are of a good quality, do not contain any obvious errors and comply with the requirements of the CIPFA Code of Practice. Ideally the review should be undertaken by someone outside of those involved with the preparation of the draft financial statements.
Management response	Planning for next year has already begun. A new process to review all financial statements and notes will be introduced, involving positive checks to ensure Code compliance, proof checking and any obvious arithmetic errors. The process will also require the note author to comment on the analysis produced. There will also be a formal sign-off of each note by the Financial Services Manager and/or the Chief Finance Officer.

Description of deficiency	The password parameters set within ICON are not aligned to Craven District Council's password policy and in our view are not sufficiently complex to meet best practice requirements. Password parameters set for iTrent can be and have been overridden at a local level.
Potential effects	Passwords are not sufficiently complex to operate effectively as a security measure and prevent unauthorised access.
Recommendation	For ICON, review the existing system parameters and align them to the Council's password policy For iTrent, the system owner should be reminded of the Council's password policy and should ensure that, when issuing new passwords, the requirement to meet this standard is not overridden and the relevant officer is prompted to change the password immediately and in line with the Council's password policy.
Management response	Both system administrators have been directed to ensure compliance with the council's password policy, in particular to align the frequency of password change prompts and as far as possible within system design, to ensure that the necessary password security standards are met.

2. AUDIT OF THE FINANCIAL STATEMENTS

Internal control recommendations continued

Description of deficiency	Our review of the controls in the Council's housing benefit system during the planning stages of our audit confirmed the ongoing programme of internal supervisor checks of the work performed by benefit assessors was not up to date as at December 2018. This was due to staffing changes within the department
Potential effects	The lack of up-to-date quality assurance checks increases the risk of undetected errors may be posted to the housing benefits system, leading to under or overpayment of benefits to claimants and a potential increase in Local Authority error overpayments
Recommendation	The Council should ensure Quality Assurance checks of housing benefits work is brought up to date and appropriately allocated to a suitable officer.
Management response	The checks are now being undertaken by the team leader and are now up to date.

3. VALUE FOR MONEY CONCLUSION

Value for Money conclusion	Unqualified
----------------------------	-------------

Our approach to Value for Money

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, 'in all significant respects, the Council had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.' To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Our auditor's report, issued to the Council on 21 October 2019, stated that that, in all significant respects, the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2019.

Significant Value for Money risks

The NAO's guidance requires us to carry out work to identify whether or not a risk to the Value for Money conclusion exists. Risk, in the context of our Value for Money work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Council being inadequate. In our Audit Strategy Memorandum, we reported that we had identified one significant Value for Money risk. The work we carried out in relation to the significant risk is outlined below.

Risk	Findings	Conclusion
Financial Pressures Our audit work in previous years has concluded that the Council has arrangements in place for medium term financial planning. The Council, however, continues to face financial pressure in the coming years and has recently updated its Longer Term Financial Strategy (LTFS) to cover the period to 2025/26. This forecasts a deficit of £1.2m - £1.3m depending on the level of Council Tax increases implemented. We need to ensure our knowledge of the Council's LTFS arrangements and its monitoring of the planned delivery of savings, remains up to date in order to ensure we give the correct VFM conclusion.	<p>The LTFS is underpinned by the Council's regular monitoring of its financial position and its annual budget setting processes.</p> <p>The Council set robust and balanced budgets for 2018/19 and 2019/20, which, although utilising reserves, does not cause a material or significant reduction in those reserves through the two years, and those reserves have been held for the purpose of supporting the budgetary pressures. Detailed progress reports are provided to Policy Committee on a quarterly basis allowing for effective monitoring of progress against budget and savings achieved in year.</p> <p>The Council's final reported outturn was an underspend of £0.1m, including achievement of £0.038m of savings. The provisional budget for 2020/21 includes a savings requirement of £0.249m, with a further £0.268m required in 2021/22. The Council is working to identify projects to balance future year's budgets.</p> <p>The use of reserves to support revenue budgets in the longer term is not sustainable, and the Council will need to ensure that its longer term financial sustainability does not deplete its reserves to unsustainably low levels.</p>	We concluded that for 2018/19 the Council has made proper arrangements to deliver financial sustainability in the medium term.



4. OTHER REPORTING RESPONSIBILITIES

Exercise of statutory reporting powers	No matters to report
Completion of group audit reporting requirements	Below testing threshold
Other information published alongside the audited financial statements	Consistent

The NAO's Code of Audit Practice and the 2014 Act place wider reporting responsibilities on us, as the Council's external auditor. We set out below, the context of these reporting responsibilities and our findings for each.

Matters on which we report by exception

The 2014 Act provides us with specific powers where matters come to our attention that, in our judgement, require reporting action to be taken. We have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We submitted this information to the NAO on 21 October 2019.

Other information published alongside the financial statements

The Code of Audit Practice requires us to consider whether information published alongside the financial statements is consistent with those statements and our knowledge and understanding of the Council. In our opinion, the other information in the Statement of Accounts is consistent with the audited financial statements.

5. OUR FEES

Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work in the Audit Strategy Memorandum, presented to Audit and Governance Committee in January 2019.

Having completed our work for the 2018/19 financial year, we can confirm that our final fees are as follows:

Area of work	2018/19 proposed fee	2018/19 final fee
Delivery of audit work under the NAO Code of Audit Practice	£35,281	£48,617
Certification of Housing Benefit Subsidy Claim	£9,210	£9,210
Other non-Code work	£2,000	£2,000

The final fee for delivery of audit work under the NAO Code of Audit Practice includes an additional fee of £13,336. This relates to the additional work required following identification of material errors in the Council's financial statements. We have discussed and agreed this with the Council's Chief Finance Officer. The additional fee is subject to approval by PSAA Ltd.

Fees for other work

The £2,000 other non-Code work relates to the Council's access to our VAT helpline.

6. FORWARD LOOK

Financial outlook

As of December 2019, the Council is forecasting an underspend of £305k for 2019/20, against a budget of £5,789k. The Council is well aware of its financial position and has a medium-term financial strategy in place which aims to achieve the efficiencies needed to balance its budget. The current estimate from the Council's 2019/20 Medium Term Financial Plan (MTFP) is that, cumulative savings or income of £692k will be required for 2020/21, £961k for 2021/22 and £1,315k for 2022/23.

Financial Reporting Developments

UK Local Government Annual Accounts

The CIPFA/LASAAC Local Authority Code Board specifies the financial reporting requirements for UK local government. A consultation is underway to inform the direction and strategy for local government annual accounts. We will be submitting our response and suggest practitioners also voice their opinion.

Lease accounting

The implementation of IFRS 16 Leases in the Code is delayed until 1 April 2020. The Council will need a project plan to ensure the data analysis and evaluation of accounting entries is completed in good time to ensure any changes in both business practice and financial reporting are captured.

Next year's audit and how we will work with the Council

We will focus our work on the risks that your challenges present to your financial statements and your ability to maintain proper arrangements for securing value for money.

In the coming year we will continue to:

- liaise with the Council's Internal Auditors to minimise duplication of work;
- attend Audit and Governance Committee meetings and present Audit Progress Reports including updates on regional and national developments; and
- host events for officers such as our Local Government Accounts workshop.

We will meet officers to identify any learning from the 2018/19 audit and will continue to share our insights from across local government and relevant knowledge from the wider public and private sector.

In terms of the technical challenges that officers face around the production of the statement of accounts, we will continue to work with them to share our knowledge of new accounting developments and we will be on hand to discuss any issues as and when they arise.

The Council has taken a positive and constructive approach to our audit and we wish to thank Members, the Audit and Governance Committee and officers for their support and co-operation during our audit.



CONTACT

Karen Murray

Partner

Phone: 0161 238 9248

Mobile: 07721 234043

Email: karen.murray@mazars.co.uk

Daniel Watson

Senior Manager

Phone: 0161 238 9349

Mobile: 07909 985324

Email: daniel.watson@mazars.co.uk

Audit progress report

Craven District Council

January 2020





CONTENTS

1. Summary
2. Housing benefits subsidy assurance work
3. National publications

Contact us: www.mazars.co.uk

Partner: Karen Murray

Phone: 0161 238 9248

Mobile: 07721 234 043

Email: karen.murray@mazars.co.uk

Senior Manger: Daniel Watson

Phone: 0161 238 9349

Mobile: 07909 985 324

Email: daniel.watson@mazars.co.uk

This document is to be regarded as confidential to Craven District Council. It has been prepared for the sole use of the Audit and Governance Committee. No responsibility is accepted to any other person in respect of the whole or part of its contents. Our written consent must first be obtained before this document, or any part of it, is disclosed to a third party.

1. AUDIT PROGRESS

Purpose of this report

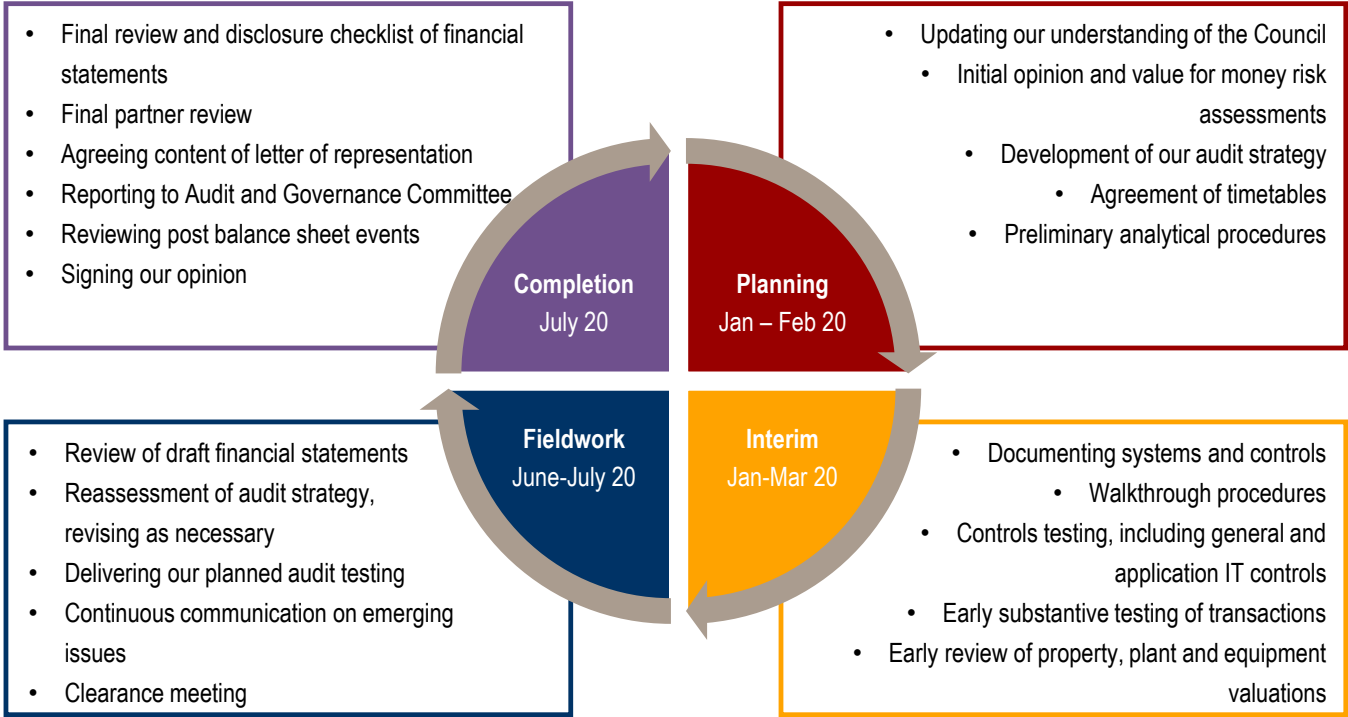
This report provides the Audit and Governance Committee with an update on progress in delivering our responsibilities as your external auditor as well as setting out any non-audit assurance work carried out and also summarising key national publications that may be of interest to Members.

Audit progress

Our key audit stages are summarised in the diagram shown below.

We met with the Council's Chief Finance Officer in November 2019 to debrief the 2018/19 audit. As part of this we have agreed a delivery plan with the Council to bring forward work on some of the significant areas of judgements, including valuations. We are due to complete our initial planning visit week commencing 27th January and will bring our Audit Strategy Memorandum to the next meeting of the Audit and Governance Committee.

There are no significant matters arising from our audit work that we are required to report to you at this stage.



2. HOUSING BENEFITS SUBSIDY ASSURANCE

Independence considerations

We set out, in our annual Audit Strategy Memorandum for 2018/19, our assessment of anticipated non-audit work and any threats to our independence and objectivity. We confirm the assessment in the Memorandum, presented to the January 2019 Audit and Governance Committee, remains relevant in respect of the housing benefits subsidy work.

Our assurance work in respect of the housing benefits subsidy claim for 2018/19 is now complete. Work was completed and our report to the Department of Work and Pensions (DWP) was submitted on 29 November 2019.

Background to housing benefits subsidy assurance work

This is an 'agreed upon procedures' assurance engagement in respect of the Council's annual subsidy claim to DWP for housing benefits, as detailed in guidance issued by the DWP "Housing Benefits Assurance Process" (HBAP). The total subsidy claimed for 2018/19 was £7,129,723 (prior year £7,802,232).

The purpose of the engagement is to perform the specific test requirements determined by the DWP on the defined sample basis. The relevant requirements are set out in Modules of the HBAP reporting framework and we report the results of those procedures to the Council and the DWP. The guidance is made available on the government's website:

<https://www.gov.uk/government/publications/housing-benefit-assurance-process-hbap>

The work is split into:

- agreement of the subsidy claim to supporting working papers;
- initial testing (specified sample sizes) and extended testing (described as "40+" or 'CAKE – Cumulative Knowledge and Experience' testing where there are errors arising or anticipated based on the prior year; and
- reporting of results, including extrapolated errors, to DWP who then assess whether there will be any loss of subsidy.

Summary of testing results

Rent allowance testing – incorrect calculation of earned income

Rent allowance testing identified an error in the calculation of a claimants earned income. We tested a further 40 rent allowance cases with earned income and identified a further eight errors. We reported to DWP the total extrapolated error of £1,240.

Fees

	2017/18	2018/19
Housing benefits subsidy claim	£7,060*	£9,210

* In previous years fees were set by PSAA Ltd.

3. NATIONAL PUBLICATIONS

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy (CIPFA)		
1.	Local Government Financial Resilience index	Online data tool which measures local authorities against a range of indicators to assess their level of resilience.
2.	Financial Management Code	Guidance for good and sustainable financial management in local authorities.
3.	Prudential Property Investment	Guidance on prudent investments in commercial properties.
Local Government Association (LGA)		
4.	Probity in planning: advice for councillors and officers making planning decisions	This 2019 guidance is an update to the 2013 version of the Local Government Association's Probity in Planning.
6.	A Councillors' guide to procurement	The guide covers questions commonly asked by Councillors.
7.	Reaching out	Loneliness policy context and consideration of effective local delivery models.
8.	A Councillor's guide to digital connectivity	Key information for Councillors.
Mazars LLP		
9.	Annual Transparency Report, Mazars	Sets out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm.
10.	Mazars' response to the Brydon Review	Mazars' response to the latest review into the auditing profession which was published in December 2019.

3. NATIONAL PUBLICATIONS

1. Local Government Financial Resilience index, CIPFA, December 2019

The resilience index is an online data tool which measures local authorities against a range of indicators to assess their level of resilience against financial shocks and to support financial decision making. Upper tier authorities are judged against nine indicators including social care.

The indicators measured include:

- levels of reserves;
- change in reserves;
- reserves sustainability;
- interest payable/net revenue expenditure;
- gross external debt;
- social care ratio;
- fees and charges to service expenditure ratio;
- council tax requirement/net expenditure ratio; and
- growth above baseline.

The tool allows for year on year comparisons of each authority's performance, as well as comparisons with similar and neighbouring authorities. Trend analysis is also available for some of the indicators outlined above.

<https://www.cipfa.org/about-cipfa/press-office/latest-press-releases/cipfa-launches-local-government-financial-resilience-index>

2. Financial Management Code, CIPFA, October 2019

Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and aims to provide assurance that they are managing resources effectively.

It requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code with help strengthen the framework that surrounds financial decision making.

The FM Code built on elements of other CIPFA codes during its development and its structure and applicability will be familiar to users of publications such as The Prudential Code for Capital Finance, Treasury Management in the Public Sector Code of Practice and Code of Practice on Local Authority Accounting in the United Kingdom.

The Code applies to all local authorities, including police, fire and other authorities.

By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements in their jurisdictions.

The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the Code and can use 2020/21 to demonstrate how they are working towards compliance.

<https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code>

3. NATIONAL PUBLICATIONS

3. Prudential Property Investment, CIPFA, November 2019

Increasingly there has been a move towards investments in commercial properties, funded by borrowing, with the key driver of this activity appearing to be the generation of revenue. This publication provides guidance on making the assessments needed to ensure that such acquisitions are prudent and on the risks local authorities must manage when acquiring property.

Statutory investment guidance from the Ministry of Housing, Communities and Local Government (MHCLG) last year set out clearly that local authorities need to consider the long-term sustainability risk implicit in becoming too dependent on commercial income, or in taking out too much debt relative to net service expenditure.

The increased scale of investment in property was recognised by revisions to CIPFA's Prudential Code for Capital Finance and the Treasury Management Code in 2017, but the growing amounts being borrowed for such a purpose are putting a strain on the credibility of the Prudential Framework and reinforce the need to ensure that such acquisitions are affordable, prudent and sustainable.

In addition to the core issue of borrowing in advance of need, which the Prudential Code has very clear provisions on, this publication provides guidance on the risk perspective to the practical assessment of prudence and affordability. Those risks could be very difficult to manage. Even when these issues are managed and there is reliance on investment income, a potential failure or a downturn of the property market may have a direct impact upon local services.

This publication considers such issues and the actions local authorities would need to take to mitigate against such risks.

<https://www.cipfa.org/policy-and-guidance/publications/p/prudential-property-investment>

4. Probity in planning: Advice for councillors and officers making planning decisions, LGA, December 2019

This 2019 guidance is an update to the 2013 version of the Local Government Association's Probity in Planning. It clarifies how councillors can get involved in planning discussions on plan making and on applications, on behalf of their communities in a fair, impartial and transparent way. This guide has been written for officers and councillors involved in making planning decisions in their local authority and does not constitute legal advice.

<https://www.local.gov.uk/probity-planning-advice-councillors-and-officers-making-planning-decisions>

3. NATIONAL PUBLICATIONS

5. A Councillor's guide to procurement, 2019 edition, LGA, October 2019

The LGA worked closely with councils to develop the National Procurement Strategy 2018 and a toolkit that enables councils to set their own objectives and measure their own progress.

The National Procurement Strategy puts the councillor role front and centre and this guide has been produced specifically with councillors in mind. It looks at the roles councillors play – both executive members and those engaged in overview and scrutiny work – and provides hints and tips on how to get the best out of procurement and contract management. Just as in the national strategy, the focus is on delivering council objectives. Councillors do not need to be procurement professionals but they do need to be able to ask the right questions, including:

- What is the procurement process and why do major procurements in local government fail?
- What are the role and responsibilities of a councillor?
- How is social value delivered under the Public Services (Social Value) Act 2012 and more generally?

<https://www.local.gov.uk/councillors-guide-procurement-2019-edition>

6. Reaching out, LGA, October 2019

This guide outlines the current loneliness policy context, uses a range of case studies to demonstrate effective local delivery models working in practice, and provides useful checklists and tips on how to measure and evaluate outputs.

<https://www.local.gov.uk/reaching-out>

7. A Councillor's guide to digital connectivity, LGA, October 2019

This guide is structured to provide councillors with key information on digital connectivity. It explores the main issues and challenges facing local areas.

<https://www.local.gov.uk/councillors-guide-digital-connectivity-0>

8. Annual Transparency Report, Mazars, December 2019

Mazars produces an annual transparency report, setting out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm. The report includes:

- Public Interest Committee Report;
- UK Governance Council Report;
- Inspiring Stakeholder Confidence in Audit Quality (including quality monitoring and audit quality indicators);
- Our risks; and
- Structure, Leadership and Governance.

Link to the latest report issued in December 2019 is set out below.

<https://www.mazars.co.uk/Home/About-us/Corporate-publications/Transparency-reports/Mazars-UK-Transparency-Report-2018-2019>

3. NATIONAL PUBLICATIONS

9. Mazars' response to the Brydon Review, *Mazars*, December 2019

The Brydon Review is one of four key reviews into the scope and quality of audit, namely:

- Competition and Market's Authority (CMA): resilience and competition in the audit market;
- Kingman's Review (review of the Financial Reporting Council and regulatory oversight);
- The Brydon Review (tone and aspirations for the future of the industry); and
- The Redmond Review (quality of local authority financial reporting and external audit).

The Brydon Review contains various recommendations and essentially recommends a major overhaul of audit which would see the creation of a separate 'corporate auditing profession', greater focus on fraud detection during audits, and the replacement of the 'true and fair' concept, with a greater focus on going concern.

Mazars' response to the latest Brydon Review report issued in December 2019 is detailed per the link below.

<https://www.mazars.co.uk/Home/News-Events/Latest-news/Mazars-response-to-the-Brydon-report>

Link to the Brydon Review

Published in December 2019, focusing on the quality and effectiveness of audit.

<https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

Link to the Kingman's Review

Published in December 2018, this review recommended the replacement of the Financial Reporting Council with a new independent statutory regulator, accountable to Parliament. The new regulator will be called the Audit, Reporting and Governance Authority (ARGA).

<https://www.gov.uk/government/news/independent-review-of-the-financial-reporting-council-frc-launches-report>

Link to the Redmond Review

At the time of writing this report, the outcome from the Redmond Review has not been published.

<https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

Audit & Governance Committee – 28th January 2020

Audit Services Progress Report as at 15th January 2020



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Committee Members on the progress made against the 2019/20 Internal Audit plan up to 15th January 2020

2. Recommendations

Members are recommended to:-

- 2.1 Note the contents of the report and the attached Appendix.

3. Background Information

- 3.1 The work undertaken by Audit Services is governed by the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). In accordance with paragraph 2.11 of the Standards, the Audit Committee must receive progress reports detailing progress made against the agreed Annual Audit Plan.

4. The Report

- 4.1 This report details the work undertaken by Audit Services and contains a summary of completed reviews along with the overall audit opinion given.

4.2 **Breakdown of Current Position as at 15 January 2020**

2018/19 audits

2018/19 Audits	Audit Opinion	Current Status
Succession Planning	Good	Draft report
Fraud – Flexi time and Overtime Arrangements	Good	Final Report

2019/20 Audits

2019/20 Audits	Audit Opinion	Current Status
Financial Management System	Good	Final
Treasury Management	Good	Final
Environmental Services Review	In progress	In progress
GIS Gazetteer	Significant	Final
Engine Shed Lane – Workshop	Good	Final
GDPR Review	In Progress	In Progress
Compliance with the apprenticeship scheme	Significant	Final

- 4.4 The following table shows the progress against the 2019/20 operational plan for the period 1st April 2019 to 15th January 2020.

Audit Area	Total Days per approved Audit Plan 2019/20	Days spent as at 15th January 2020
Follow up Audit work	5	0.7
ICT	22	16.8
Management	15	1.9
Service Areas	115	33.8
Fundamentals	22	23.2
Duplicate Payments	1	0
TOTAL	180	76.4

- 4.5 The current position on the 2018/19 Audit Plan as at 15th January 2020 is as follows:

Status of Audits	Number of Audits	Percentage of Plan
Final report issued	6	50%
Draft report issued	1	8.3%
Managers Review	0	0%
In progress	2	16.7%
Yet to start	3	25%
Total	12	100%

5. Priority Areas to 31st March 2020

5.1 Completion of the Audit Plan

All audits will be completed in line with the agreed plan.

6. Conclusion

- 6.1 All Audits will be completed in line with the agreed plan. Update meetings will continue to be held with the Chief Finance Officer and s151 Officer, Financial Services to provide assurance that audit work is progressing as planned.

7. **Implications**

7.1 **Financial and Value for Money Implications**

None

7.2 **Legal implications**

None

7.3 **Contribution to Council Priorities**

The delivery of an Internal Audit Service contributes to
Enterprising Craven – Facilitating economic growth across Craven.
Resilient Communities – Creating sustainable communities across Craven.
Financial Sustainability – Ensuring a self-sustainable Council

7.4 **Risk Management**

The internal audit function is an integral part of internal control.

7.5 **Equality Impact Assessment**

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. **Consultations with Others**

Chief Finance Officer and s151 Officer, Financial Services

9. **Access to Information : Background Documents**

None

10. Author of the Report

Gill Hoyes, Auditor and Alison Johnson, Audit Services and Fraud Manager,
Craven District Council and Harrogate Borough Council Shared Audit Service.

Note: Members are invited to contact the author in advance of the meeting
with any detailed queries or questions.

11. Appendices

Internal Audit Plan 2019/20 April – 15th January 2020 Monitoring

APPENDIX 1

Internal Audit Plan April – 15th January 2020 MONITORING

Audits (includes audits brought forward 2018/19 audits)	Approved Plan (Days)	Actual April-Jan (Days)	Comments (at time of writing)
2018/19 audits			
Succession planning	15	15	Draft report issued
Fraud – Flexi time and overtime arrangements	15	15	Final report issued
2019/20 audits			
Treasury Management	10	11.08	Final report issued
Belle View Square Service Charges	10	0	Yet to start
Financial Management System	12	12.16	Final report issued
Compliance with the apprenticeship scheme	15	11.42	Final report issued
Engine Shed Lane – Workshop	15	17.41	Final report issued
GIS addressing system, Gazetteer	12	12.16	Final report Issued
GDPR	10	4.60	Ongoing
Policy Management	15	0	Yet to start
Councillors Choice	10	0	Yet to be decided
Follow up work	5	0.68	Ongoing
Environmental services review	C/fwd	5	Ongoing
Management	15	1.89	Ongoing
Contingency	50	0	Ongoing
Duplicate Payments	1	0	Ongoing
Total	180	76.4	

*** Key – Levels of Assurance**

Level	Definition
Significant	The system of internal control is designed to support the Councils corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the area reviewed.
None	There are weaknesses in control, or inconsistent non-compliance which places corporate and service objectives at risk in the area reviewed.



Audit Services Report

Geographic Information System (GIS) Gazetteer 2019/20

Report ref: H6/2019

Report

Draft: 14/10/19

Final: 21/11/19

Significant Level of
Assurance

Contents

Background	page 2
Scope	page 3
Audit Opinion	page 3
Detailed Findings & Action Plan	page 4 onwards

Distribution

Job Title
Chief Executive
CIO and Assets & Commercial Services Manager
ICT Services Manager
Business Intelligence Officer

1 Background

- 1.1 This audit has been undertaken as part of the annual audit plan for 2019/20 and has sought to determine compliance with the following key control objectives
- KCO1 : The quality of GIS address data is appropriately maintained and recognised guidelines are adhered to
 - KCO2 : Street Naming & Numbering procedures in respect of fees and charges are in accordance with Statute
 - KCO3 : The scale of fees and charges in respect of Street Naming & Numbering is in accordance with the organisation's Fees and Charges booklet.
 - KCO4 : There is adequate documentation to support all Street Naming & Numbering applications in respect of fees
 - KCO5 : All monies are banked intact and allocated to the correct financial code
- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.
- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 Street naming and numbering is a statutory council function; the main pieces of legislation governing this being the Towns Improvement Clauses Act, the Public Health Amendment Act and the Public Health Act. The Council maintains a database of its addresses known as the Local Land and Property Gazetteer (LLPG); guidance on street naming and numbering being provided by GeoPlace, a limited liability partnership owned by the Local Government Association and Ordnance Survey, that regularly feeds back on the quality of the address data which it receives from the Council, enabling it to create and maintain a national database ie. the National Land and Property Gazetteer (NLPG). The levels at which GeoPlace rate the quality of address data received start at Below National Standard and rise to Gold. Craven is currently rated at Gold and has been achieving this level each month for the last 7 months.

2 Audit Scope

- 2.1 The scope of the audit involved the review of the key controls by undertaking compliance testing as well as documentation review and discussion with staff.

3 Audit Opinion

- 3.1 A summary of Audit Services' opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

- 3.2 Based on this report's findings, Audit Services have given a Significant Level of Assurance on the Internal Control Framework within the function in line with the Public Sector Internal Audit Standards
- 3.3 The function is operating to a high standard as evidenced by the Gold rating awarded by GeoPlace
- 3.4 Issues have been noted in the areas of fees and policy for which recommendations have been made in section 4 below.
- 3.5 With reference to the key controls being reviewed, 4 are considered met ie KCO's 1, 2, 4 and 5; with KCO3 being partly met, for which key risks are set out in the main body of the report. Three recommendations have been made in total, each graded at priority 2.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of Management, therefore KCO's with adequate controls are not included.

Recommendations are prioritised as follows:

Priority 1 - These relate to significant gaps in the Internal Control Framework

Priority 2 - These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 - These relate to minor issues of non-compliance with controls.

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO1 : The quality of GIS address data is appropriately maintained and recognised guidelines adhered to					
1	A policy for Street Naming & Numbering is in place. However, this policy is currently in draft	R1 : Priority 2 The draft Street Naming & Numbering Policy should be finalised and approved.	Management may not agree the draft policy and officers may be unclear as to their legislative responsibility.	Agreed: Approval is imminent for the policy	CIO and Assets & Commercial Services Manager 21/12/19
KCO3 : The scale of fees and charges in respect of Street Naming & Numbering is in accordance with the organisation's Fees and Charges booklet.					
2	An administration fee is charged for the Street Naming & Numbering service and a 4% increase on the previous year's fees was approved by Policy Committee on the 04/12/18 relating to the 2019/20 financial year. However, this increase is not reflected on the website and the increased fees are not currently being charged	R2 : Priority 2 The council website should be updated to reflect the increased Street Naming & Numbering fees for 2019/20	Loss of income	Agreed: Website to be updated once policy approved	CIO and Assets & Commercial Services Manager 21/12/19
		R3 : Priority 2 The increased Street Naming & Numbering fees should be applied to all future Street Naming & Numbering applications.		Agreed: Fees to be updated once policy approved	CIO and Assets & Commercial Services Manager 21/12/19

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 extension 58586.

Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report (Final)

Compliance with the Apprenticeship Scheme

Report ref: C4/2019

Report Issued	Draft:	9/12/2019
	Final:	07/01/2020

Significant Level of
Assurance

Contents

1	Background	3
2	Audit Scope	4
3	Audit Opinion	5
4	Detailed Findings & Action Plan	6

Distribution:

Position
Chief Executive
HR Manager
Business Support Services
Manager/PA to Chief
Executive

1 Background

- 1.1 The UK government have created an Apprenticeship scheme, part of this scheme enables organisations/employers with £3 million or more salary costs to receive government funding towards the apprenticeship costs; for training and assessment, but not the apprentice's salary. The current apprenticeship scheme commenced in April 2017.

Apprentices can be new or current employees.

- Must be aged 16 or over and combine working with studying to gain skills and knowledge in a specific job.
- Must work with experienced staff.
- Apprenticeship training must last for at least a year. They can last up to 5 years depending on the level the apprentice is studying.

Craven District Council (CDC) salary costs exceeds the £3 million stated by central government and therefore they can benefit from this scheme.

As at August 2019, CDC has employed 58 apprentices since 2004, with 41 of these commencing since 2013. 60% of apprentices have secured further employment with CDC after completing their course.

Of those employees starting their apprenticeships after March 2017; 85% were employed in apprenticeship roles and 15% were existing employees' upskilling.

During 2019 CDC have won or been runner up in the following awards:

- Winner - Apprentice of the Year, Skipton Business Awards.
- Winner - Outstanding Contribution to the Business, Craven College Apprentice Awards.
- Runner up – Outstanding Apprentice Employer of the Year (nominated by an Apprentice) Craven College – Craven District Council.

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected. Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Audit Scope

- 2.1 This Audit was included in the Audit plan to provide assurance to management that the Council is compliant with the rules of the scheme and that the benefits of the scheme are being maximised. The audit reviewed the controls/areas listed below:

KC01 Compliance with Government Apprenticeship scheme.

KC02 Monitoring and evaluation of the scheme within CDC.

KC03 Monitoring and evaluation of training providers

KC04 Service accessibility to the scheme.

KC05 Promotion of the apprenticeship scheme - both internal and external

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Significant Level of Assurance. Based on the testing carried out, Audit Services can confirm that 4 out of the 5 were partially met, 1 out of the 5 was fully met. Further details can be found in section 4 of this report.

Craven DC have actively embraced the opportunities that the Apprenticeship Scheme offered, especially relating to the skilling of younger apprentices or those people changing career paths. Craven is increasing the number existing employees undertaking apprenticeships, to ensure that workforce has the necessary skills and knowledge required to deliver quality services.

All funds available to Craven DC have been utilised and are presently undertaking co-investing opportunities with government to fund further courses. Links to external bodies, such as colleges and schools not only in Craven district but in the wider area, have been established and these bodies encourage and promote Craven DC to potential apprentices.

Where apprenticeships have been completed and no suitable vacancy has arisen within the authority, efforts have been made to help the apprentice to find a suitable vacancy elsewhere.

Historically Craven DC have remained below the 250 staff levels, which mean that no formal reporting to government have to be undertaken. In April 2019 staff numbers rose to 252 which means formal reporting has to be undertaken to government office. Craven DC should ensure that information is compiled and ready to submit at the correct time.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

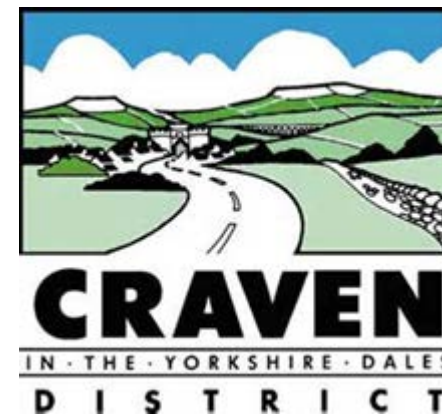
Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
To ascertain that Craven DC optimise the benefits of the Apprenticeship scheme					
No 1 (MK ref 358)	Craven DC fully utilise all funds available under the apprenticeship scheme. Testing has been undertaken to ascertain what formal internal evaluation of the apprenticeship scheme has been undertaken by Craven DC. No formal evaluation reports were found. Currently an annual training and development plan report reviews previous years training and identifies training requirements for current financial year, funded through the corporate training budget. At present there is no apprenticeship training included within the report (either upskilling of existing employees or that completed by apprenticeship posts).	Priority 3 Undertake formal reporting of apprenticeship training within Craven DC either within the annual training and development report or as a separate report.	Craven DC do not make full or best use of the monies assigned by government under the apprenticeship scheme.	Agreed	HR Manager and Business Support Manager September 2020
To ensure the Craven DC apprenticeship scheme is promoted extensively across the Council and the Craven District					
No 2 (MK ref 353)	Audit testing showed Craven DC activity promote the apprenticeship scheme internally within Craven DC. Evidence of this promotion is found in numerous Core Brief messages, apprenticeship weeks. Historically promotion has focused on the promotion of apprenticeship posts, rather than existing employees undertaking further relevant qualifications.	Priority 3 Communicate to managers and staff about apprenticeship schemes covering upskilling of current employees.	Craven DC don't benefit from the apprenticeship scheme	Agreed	HR Manager and Business Support Manager April 2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	<p>Processes exist for training needs to be identified throughout the year, which include Performance Development Reviews, regular staff review meetings.</p> <p>Craven's Training Policy Statement refers to the processes involved in gaining approval for training. With Appendix 2 of the document "Training Approval Form" been attached to the policy document.</p> <p>Annual Training and Development Plan reports are undertaken which identify previous years training undertaken and current years training requirements for the current financial year, against the centralised training budget. This doesn't include any training funded through the apprenticeship scheme.</p>				
To ensure Craven DC fully complying with Government Apprenticeship scheme.					
No 3 (MK ref 365)	<p>100% of apprentices testing had received the correct rate of pay, as stated under the Apprenticeship scheme.</p> <p>Guidance stated that Apprenticeship Agreements must be in place for all apprentices, which is signed by both the apprentice and employer. Craven DC do not require existing staff, undertaking apprenticeship, to sign an apprenticeship agreement.</p> <p>Training contracts were in place between training providers and apprentices.</p> <p>Employment contracts were in place for employees whose position within Craven DC was an apprentice.</p>	Priority 2 Introduce a contract between Craven DC and the apprentice which complies with government guidance.	Non-compliance with Government Scheme	Agreed	<p>HR Manager and Business Support Manager</p> <p>April 2020</p>

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
No 4 (MK ref 357)	<p>Testing ascertained that officers have a sound knowledge and understanding, to ensure compliance, of the Apprenticeship scheme. Within Craven DC there are no policy documents which relate solely to Apprenticeships. A number of other policies reference apprenticeships, these are:</p> <p>People Strategy 2016-2020. - Strategy includes corporate learning and development as areas to focus on. "Continue to invest in and support staff to achieve professional qualifications across the workforce. Communicate information about learning and development clearly and accessible to all employees. Work closely with partners to maximise opportunities for shared learning and development."</p> <p>Recruitment & Selection policy (April 2013). includes a limited mention of apprenticeships, a flowchart (appendix 2 Recruitment and Selection flow Chart) forms part of the overall document and under point 2; Identifying the Need - assess what is required for the role if a job evaluation is a requirement. Consider alternatives .e.g. Apprenticeship, trainees, redeployees, secondment, absorbing the duties.</p> <p>The policy document details "request to fill a vacancy and authorisation" highlights the internal redeployee register but is silent on apprenticeships. Training Policy Statement (updated 2013) - references is made to training in general rather than through apprenticeships.</p>	<p>Priority 3</p> <p>An Apprenticeship Policy should be introduced to define the scheme, both for "apprenticeship positions" and for upskilling of existing workforce.</p>	Non-compliance with Government Scheme	Agreed	<p>HR Manager and Business Support Manager</p> <p>July 2020</p>

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 (ext) 58573. Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report Treasury Management Report ref: C1/2019

Report Issued	Draft:	15/10/2019
	Final:	03/12/2019

Good Level of Assurance

Contents

1	Background	3
2	Audit Scope	4
3	Audit Opinion	5
4	Detailed Findings & Action Plan	6

Distribution:

Chief Executive
Chief Finance Officer & S151 Officer
Accountancy Service Manager

1 Background

- 1.1 This audit is being undertaken as part of the annual audit plan for 2019/20, to give assurance on the adequacy and effectiveness of internal controls.

Treasury Management is an audit of a fundamental system on a rolling programme, with the previous audit being undertaken in 2015/16. At the time, a partial level of assurance was awarded with 2 recommendations made; both of which have now been fully implemented.

The principal roles of the Treasury Management function are to:

- manage the council's cash flows,
- invest surplus money on the money markets to maximise the return on cash balances,
- ensure that the council's financial needs are met through long-term borrowing.

The actions of the section are governed by the Treasury Management Strategy, approved annually by members.

Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

2 Audit Scope

- 2.1 This Audit was included in the Audit plan to provide assurance to management on the adequacy and effectiveness of internal controls and to ensure that:
- An appropriate Treasury Management strategy is in place
 - There is documentary evidence to support transactions
 - The organisation's financial position is assessed; lending and borrowing records are complete and correct; surplus funds are invested; and deficit balances are cleared promptly
 - Loans are repaid on time
 - Investment and borrowing transactions are legitimate and appropriate

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Good Level of Assurance. Based on the testing carried out, Audit Services are satisfied that 2 out of 5 control objectives were met and 3 out of the 5 were partially met. Further details can be found in section 4 of this report.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

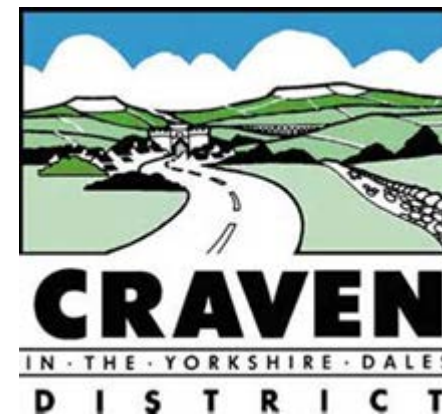
Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
To ensure that CDC financial position is assessed, lending and borrowing records are complete and correct, and surplus funds are invested					
No 1 (MK ref 347)	The audit confirmed that cash liquidity was satisfactorily managed. The defined processes for investing and managing surplus cash were found to be adequate. Overdraft facilities, after the 31/03/2018 are not in place for Craven DC. Overdraft facilities were withdrawn at the request of the Chief finance Officer & Section 151 Officer.	Priority 3 A minimum balance should be stated and maintained, due to the overdraft facilities being removed from Craven DC.	Cash liquidity is not maintained.	Agreed Although no minimum balance is stated, the current TM Officer keeps a prudent balance of between £800k to £1m in the account. This is considered appropriate so the Council can meet its current liabilities with cash.	Accountancy Services Manager 01/07/2020
To ascertain that all transactions are legitimate and correctly documented					
No 2 (MK ref 350)	Investments were recorded appropriately. A list of current investments was included in the various Treasury Management reports throughout the year. A typing error, relating to a maturity date was found on one report, but was not significant as the date couldn't exist and other documents showed the correct maturity date. From the sample tested 20% of authorisation instructions was not available for audit to ascertain whether segregation of duties had occurred. The remaining transactions showed that on occasion transactions had been both set up and authorised by	Priority 2 Documents detailing authorisation of investment transactions should be retained.		Agreed No trades or payments are made without paperwork being completed, so the missing evidence must have been present and then been mis-filed. More diligence will be exercised in future record keeping. Spot checks will be carried out on a regular basis to ensure	Accountancy Services Manager 01/04/2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	the same officer, with a separate officer checking the transaction. This is not considered best practice and including further officers within the process would be beneficial. Further evidence was obtained which documents segregation of duties put in place from summer 2019.			records are accurate and complete.	
To ensure treasury Management Strategy is in place and adhered to					
No 3 (MK ref 349)	Audit testing ascertained that reporting of Treasury Management Strategy and Capital Strategy had been undertaken in a timely manner and reported to the appropriate council body. The reports and strategy complied with relevant and CIPFA guidance. Reports were not easily accessible on Craven DC website; users had to have a knowledge of the committee meetings the reports were presented too, in order to view the report.	Priority 2 Treasury Management Strategy and associated reports should be made easily accessible on Craven DC website	Non-compliance with policy and legislation	Agreed It is agreed that the TM Strategy will be published on the appropriate page of the website and not just held within the committee papers it was ratified at.	Accountancy Services Manager 01/04/2020

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 (ext) 58573.
Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report Financial Management System Report ref: C3/2019

Report Issued Draft:15/10/2019
 Final: 3/12/2019

Good Level of
Assurance

Contents

1	Background	3
2	Audit Scope	4
3	Audit Opinion	5
4	Detailed Findings & Action Plan	6

Distribution:

Chief Finance Officer and S151 Officer
Accountancy Service Manager
Exchequer and Performance Manager

1 Background

- 1.1 This audit is being undertaken as part of the annual audit plan for 2019/20, to give assurance on the adequacy and effectiveness of internal controls.

Agresso is the fundamental financial accounting system used by the council, consisting of Agresso back officer (smart client) and Agresso Web (self-serve).

The back office function records all financial activity undertaken by the council and covers the following areas/modules:

General Ledger

Budgeting

Fixed Assets

Creditors-subject to separate audit and therefore will not be covered in detail within this audit

Debtors-subject to separate audit and therefore will not be covered in detail within this audit

Logistics - financial orders and sales orders.

Agresso back office system is mainly operated and monitored by the staff in financial management team. They are responsible for statutory duties such as the preparation, monitoring and reporting of revenue and capital budgets; the closedown of the accounts each financial year; the publication of the financial statements and the completion of statutory returns and claims. External audit provide an Audit Completion Report for each financial year; this report doesn't seek to replicate any testing, that would have been undertaken.

Agresso Web contains:

Procurement; enables purchases of works, goods or services to be raised and authorised by appropriate officers.

Debtor invoice raising

Reporting; budget holders and other officers can access and utilise the reporting functionality of Agresso.

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Audit Scope

2.1 This Audit was included in the Audit plan to provide assurance to management on the adequacy and effectiveness of internal controls. This Audit will therefore focus on reviewing the following areas to ensure that:-

- The integrity and security of the main accounting system is maintained.
- Segregation of duties, responsibilities and processes are appropriately defined and allocated.
- Transactions are accurately valued and allocated correctly.
- Fixed Asset processes are in line with the council's capital accounting policy.
- Ordering procedures comply with the council's financial regulations, relevant legislation and best practice;

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Good Level of Assurance. Based on the testing carried out, Audit Services are satisfied that 2 out of 5 control objectives were met. The remaining 3 controls were partially met. Further details can be found in section 4 of this report.

Based on the testing carried out, Audit services ascertained that payroll transactions enabled individual officer's salary payments to be identified. This information is contained within an internal Craven DC system, but is classed as personal data and should therefore be restricted.

A previous creditor's audit (undertaken in 2018/19) showed low levels of purchase orders raised for goods or services. Testing undertaken, within this audit, determined no significant improvement and means the ordering and paying for works, goods and services outlined in the financial rules and regulations of Craven DC are not complied with. Further work, by the finance section, should be undertaken to ensure purchase orders are raised.

The financial information contained in the orders should then feed through to the financial monitoring which is undertaken for each service. Currently this only includes outstanding commitments where an invoice has been received and registered, rather than for all goods or services procured by Craven DC.

The Agresso financial management system has both a back office (smart client) functionality and web functions (self-serve). Back office being predominately used by finance staff and the web services by the internal services users across the council. Within Craven DC back office functions are used to a high level. Agresso web functionality is not fully utilised, with little use been made of the reporting element.

Within the reporting element; officers can access real time financial monitoring information relating to services across Craven DC. The reports can be tailored for each area by finance staff, and could include current budgets, expenditure to date, outstanding commitments and balance remaining. This would enable budget holders' access to instant monitoring information; enables officers to become familiar with the financial elements of their services and increases 'ownership' of financial details.

The other recommendations are detailed in section 4 of the report and relate to business improvements.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
To ascertain the integrity and security of the financial management system is in place and maintained.					
No 1 (MK ref 343)	At the time of the audit; testing showed that the level of access is appropriate to officer's current position in 100% of cases. Systems administration for Agresso is mainly the responsibility of the accountancy services manager, with no substitutes identified.	Priority 2 Substitute's system administrator roles should be looked at for business continuity.	Unauthorised or uncontrolled access to system. Incorrect or fraudulent transactions. Breaches of GDPR. Reputational damage. Increased external audit costs.	Agreed Some of the systems admin and day to day maintenance of the system will be passed to one of the accountancy team, as a development opportunity for that role.	Accountancy Services Manager 01/04/2020
To ensure that transactions are accurately valued and allocated correctly.					
No 2 (MK ref 335)	Transaction testing was broken down into the following: Creditors - fully compliant Debtors - fully compliant Journals - 7% of journals tested showed balancing errors. Balancing errors are automatically allocated to the Agresso error account which is	Priority 1 Data protection should be reviewed in respect of the payroll transactions within Agresso general ledger.	Personal data is compromised.	Agreed The Agresso system has a few methods of restricting data from its users. Testing will be carried out to see if the payroll data can be restricted without it having a detrimental impact on the ability to report accurately per employee when	Accountancy Services Manager 01/02/2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	reconciled frequently. Accruals - 100% of transactions within the new financial year held limited narrative.			budgeting and forecasting within Services.	
No 3 (MK ref 342)	Payroll - transactions include details of salaries paid, a unique reference no. and employee's name.	Priority 3 Revised process for accrual information could be introduced to include a meaningful narrative as to the reason for the transaction.	Accounts are inaccurate.	Agreed The narrative on the manual accruals are generally acceptable, it is the system generated ones where the text is not copied onto the reversing transaction. Investigations will be made to see if the auto-generated narrative can be tailored to better inform users of the ledger.	Accountancy Services Manager 01/07/2020
No 4 (MK ref 337)	Regular reconciliation of suspense accounts is undertaken. Year-end balances were transferred as opening balances into the new financial year. Suspense accounts related to: Cashiers suspense Cemeteries and Cremations Misc. cash Procurement Card Overs and Unders - from daily banking at various sites within Craven DC.	Priority 3 Over and under transactions could be allocated direct to the relevant service area by means of a unique account code linked to individual cost centres.	Accounts are inaccurate.	Agreed Large overs and unders are referred to the service and investigated. If the error is with the department it is corrected in the cost centre to which it relates. The more minor ones, where offsets are recorded are of small balances and are written off at year end to the overhead cost centres within corporate mgt.	Accountancy Services Manager 01/07/2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
To ensure financial rules and regulations are being adhered to, in relation to order process					
No 5 (MK ref 338)	<p>The Council's financial procedure rules state the requirements of raising official orders for all works, goods or services to be supplied to the Council, except for supplies of utilities, periodic payments such as rents or rates, petty cash purchases or other exceptions specified by the Chief Finance Officer.</p> <p>Official orders were raised for:</p> <ul style="list-style-type: none"> • 16% of transactions within 2018/19 • 20% in the first quarter 2019/20. <p>Information has been issued to all staff, at the end of the financial year 2018/19, reminding staff of the requirements to raise official orders.</p> <p>Raising of financial orders, and the inclusion of outstanding commitments would enable the finance team to monitor all expenditure that the Council has been committed too against approved budgets.</p>	<p>Priority 2</p> <p>Further promotion of the use of purchase orders to ensure compliance with financial rules and regulations. (Please note that within the creditor's report 2018/19 a similar recommendation was made with an implementation date of the 13/9/19.)</p>	Fraudulent transactions could take place.	<p>Agreed</p> <p>This was included as a new corporate performance indicator for 2019/20. The rate has increased to 22% in Q2. This is clearly not a fast enough, so from November 2019 we will be calculating and publishing rates by service and arranging follow-up meetings / specific training for services with low take-up rates.</p>	<p>Exchequer and Performance Manager</p> <p>01/04/2020</p>
No 6 (MK ref 341)	<p>The audit looked at:</p> <p>Active orders within Agresso, which would appear on the outstanding order report. A number of orders raised in previous financial years (2015/16 to 2018/19) appeared as "open" and would be included as outstanding commitments. Currently reviewing and closing orders is the responsibility of the finance section.</p> <p>Outstanding orders do not transfer onto the Agresso general ledger enquiries area to be included in regular monitoring.</p>	<p>Priority 2</p> <p>Outstanding commitments should feed through onto Agresso general ledger, to enable full financial monitoring to take place.</p> <p>Regular "housekeeping" should be</p>	Fraudulent transactions could take place.	<p>Agreed</p> <p>Although the commitments are not automatically fed into the balance table updates, these are routinely checked and incorporated into Budget Monitoring reports. Exploration into correcting the</p>	<p>Accountancy Services Manager</p> <p>01/04/2020</p>

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	Non order related transactions: <ul style="list-style-type: none"> 80% of transactions required official orders to be raised under the council's financial procedure rules. 	undertaken to ensure that only relevant orders are outstanding.		update will be instigated.	
No 7 (MK 340)	<ul style="list-style-type: none"> 10% of transactions didn't require an official order to be raised under the council's financial procedure rules. 10% of transactions related to a project where stage payments were required. An order had been raised for the correct value, however the full order had been goods receipted against the initial invoice. 100% of orders showed segregation of duties between requisitioner and authoriser. Order related transactions <ul style="list-style-type: none"> 100% of requisitions had been raised prior to invoices being received 90% of requisitions had been authorised prior to invoices being received. 100% of orders included details of the goods/services required. 100% of orders showed segregation of duties between requisitioner and authoriser. 	Priority 3 Revision of goods receipting instructions, relating to staged payments. Investigate the possibility of including money based products.	Fraudulent transactions could take place.	Agreed We agree that goods receipting instructions could be improved. This improvement is planned to take place before the start of the next financial year.	Exchequer and Performance Manager 01/07/2020

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 (ext) 58573. Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report

Mechanics Workshop 2019/20

Report ref: C5/2019

Report

Draft: 06/12/19

Final: 06/01/20

Good Level of
Assurance

Contents

Background	page 2
Scope	page 3
Audit Opinion	page 3
Detailed Findings & Action Plan	page 4 onwards

Distribution

Job Title
Chief Executive
Environmental Services & Housing Manager
Waste Operations Manager
Workshop Manager
Information Governance Manager
Property Manager
Accountancy Services Manager

1 Background

- 1.1 This audit has been undertaken as part of the annual audit plan for 2019/20 and has sought to determine compliance with the following key control objectives
- KCO1 : Mechanics are suitably qualified
 - KCO2 : Council vehicles are appropriately maintained
 - KCO3 : Income is collected, banked and accurately accounted for in the Council's financial statements
 - KCO4 : Vehicle parts are procured efficiently
 - KCO5 : An adequate stock inventory is maintained
 - KCO6 : Appropriate health and safety measures are in place
- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.
- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 The main function of the Workshop is to service and maintain the Council's fleet of vehicles according to expected standards so as to ensure that services provided by the Council remain operational and that there are no health and safety risks to the general public or Council employees.
- 1.5 A fire risk assessment was carried out by an external company in September 2019 for which an action plan has been produced to address issues around disorganised gas storage, a bolted escape door, recording evacuation drills, training in fire extinguisher use and recording of visual checks on fire precautions generally. Recommendations are not being repeated here; issues instead being noted for information.
- 1.6 There are provisional plans to redevelop the site at Engine Shed Lane, which are outside the scope of this audit, however advice from the Driver and Vehicle Standards Agency (DVSA) website, referring to the necessity to complete an application form where physical changes (including the layout) to a MOT test centre site are intended, has been forward to Management by the Auditor for information.

2 Audit Scope

- 2.1 The scope of the audit involved the review of the key controls by undertaking compliance testing as well as documentation review and discussion with staff.

3 Audit Opinion

- 3.1 A summary of Audit Services' opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

- 3.2 Based on this report's findings, Audit Services have given a Good Level of Assurance on the Internal Control Framework within the function in line with the Public Sector Internal Audit Standards
- 3.3 Good practice was noted with regards to vehicle maintenance; supporting documentary evidence having been found and retained for the expected timeframe.
- 3.4 One recommendation, made in the previous Health & Safety report, ref C1/2018, is also relevant to this audit ie that delivery of training on the Health and Safety system, Safety Cloud, should be progressed. Although this implementation date has passed, progress is being made. This recommendation is not being included as part of those listed at section 4 below but it will have an effect on the audit opinion.
- 3.5 With reference to the key controls being reviewed, 2 are considered met ie KCO's 2 and 4; the remainder being partly met, key risks for which are set out in the main body of the report. Six recommendations have been made in total; one graded at priority 1, two at priority 3 and the remainder at priority 2.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of Management, therefore KCO's with adequate controls are not included.

Recommendations are prioritised as follows:

Priority 1 - These relate to significant gaps in the Internal Control Framework

Priority 2 - These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

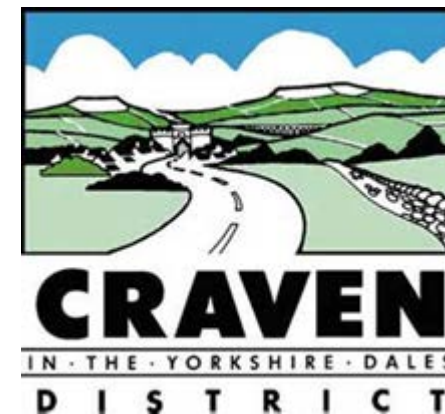
Priority 3 - These relate to minor issues of non-compliance with controls.

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO1 : Mechanics are suitably qualified					
1	Site security includes a range of measures to protect paperwork stored in filing cabinets within the Workshop's office which includes personal as well as sensitive information relating to staff qualifications and health. However, locks on these filing cabinets were found to be broken.	R1 : Priority 2 Action should be taken to ensure that paperwork held in the Workshop's office containing personal and/or sensitive information is appropriately secured.	Exposure of personal and / or sensitive information leading to potential fines from the Information Commissioner	Agreed: We are aware of this and plan to replace with existing lockable cabinets from Belle Vue Square.	Waste Operations Manager / Information Governance Manager / Property Manager 06/04/20
2	The DVSA require MOT testers to complete training and pass an assessment annually. A record of the specific aspects of training is stated, by the DVSA, as being necessary for retention for 5 years. However, although evidence was observed confirming assessment pass, a specific record detailing associated training was absent.	R2 : Priority 3 A record of the training undertaken by the MOT tester should be retained.	Disciplinary action by the DVSA adversely affecting tester status.	Agreed	Waste Operations Manager 31/03/20

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO2 : Council vehicles are appropriately maintained					
3	Historic workshop related records are retained for many years. However, where legislation dictates retention periods, current retention was in excess of that necessary.	R3 : Priority 3 Records no longer required to be retained for legislative or business purposes should be disposed of.	Excessive pressure on storage capacity	Agreed	Waste Operations Manager 06/04/20
KCO3 : Income is collected, banked and accurately accounted for in the Council's financial statements					
4	A 5% increase on the previous year's MOT fee, from £40 to £42, was approved by Policy Committee on the 04/12/18 for the 2019/20 financial year. However, this increased fee is not currently being charged.	R4 : Priority 2 The increased fee should be applied to all future MOTs.	Loss of income	Agreed	Waste Operations Manager 06/02/20
KCO5 : An adequate stock inventory is maintained					
5	Finance introduced a reconciliation in April 2019 between the stock holding account and the recharge sheet which enables a view of that which is currently held in stock. However, as the annual physical stock check is undertaken at year end, these results will not, as yet, have been agreed to the reconciliation.	R5 : Priority 2 The figures from the reconciliation between the stock holding account and the recharge sheet should be agreed to those of the annual physical stock check when this is carried out	Potential missing stock is not identified	Agreed: The reconciliation of the Stock Account and the Recharge Sheet will continue and will also be compared to the annual stock check for consistency and completeness. However, this is reliant on the Annual Stock Check being itemised, by the Service manager. If the Stock Check is unable to be itemised then no comparison will be made.	Accountancy Services Manager 01/10/20

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO6 : Appropriate health and safety measures are in place					
6	Due to outstanding roof repairs, water was observed leaking into four areas of the Workshop during a period of heavy rain; one area being where electric tools are used.	R6 : Priority 1 The outstanding roof repairs at the Workshop should be addressed	Failure to adequately protect employees from potentially dangerous incidents. Disruption of work	Agreed: We are aware of this and intend to hire equipment to enable temporary repairs to be carried out	Waste Operations Manager / Property Manager 06/04/20

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 extension 58586. Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report Flexi Time and Overtime Arrangements Report ref: C12/2018

Report Issued Draft: 16/09/2019
 Final: 07/10/2019

Good Level of Assurance

Contents

1	Background	3
2	Audit Scope	5
3	Audit Opinion	6
4	Detailed Findings & Action Plan	7

Distribution:

Name	Position
Paul Shevlin	Chief Executive
Richard Weigh	Chief Finance Officer and Section 151 Officer
Wyn Ashton	Environmental Services & Housing Manager
Jacquie Hodgson	HR Manager
Christopher Fairhurst	Waste operations Manager

1 Background

- 1.1 This audit has been undertaken as part of the Internal Audit annual plan for 2018/19 to provide assurance that the flexi time scheme and overtime arrangements are operating in-line with Council policy.

Flex time is a benefit for staff whereby working times can be flexible to suit the employee. Contracted hours can be fulfilled in a pattern to suit the individual but this must also meet the business requirements. Employees can work more or less hours in an accounting period and settle the balance in the next period although, there are limits to the credit and deficit permitted. Working time must also be within the bandwidth of 7am and 7pm and officers must be present during the hours of 10am to 4pm (excluding lunchbreak) Not all staff are entitled to flex time working, generally it is available to office based staff only. The scheme is also beneficial to the Council as employees have increased moral and can help to improve retention. The scheme does require more careful management and monitoring in contrast to fixed working hours. Flexi time testing has been carried out on a period of six months from the year 2018/19.

Overtime is usually paid at plain time where an employee has not worked 37 hours in the week. After 37 hours overtime is then paid at enhanced rates of time and a quarter or time and a half. Sundays and bank holidays are paid at either double, double and a half or triple time. Over time testing has been carried out over an eleven month period in 2018/19. The services with the highest overtime expenditure are Environmental Services and Leisure Services. The third and fourth highest overtime use in the period tested was for specific projects and at much lower levels (£21k and £6k). The remaining areas of the council have very little use of overtime.

The total salary and overtime expenditure in the period is shown in the table below:

Detail	£
Salaries (all depts.)	4,856,667
Overtime incl. flex allowance (all depts.)	354,949
Environmental Services salaries	841,424
Environmental Services overtime incl. flex allowance	186,034
Leisure Services salaries	398,377
Leisure Services overtime	127,703

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2 Audit Scope

2.1 Audit Objectives

The obtaining, examination and evaluation of information surrounding the function, in order to give an independent opinion on whether the internal control procedures identified are operating effectively.

Key Controls

- Policies provide guidelines to staff and managers
- Authorisation of overtime claims and flex time-sheets

Scope of Audit Work

Review of processes and controls in relation to overtime and flex time including the review of overtime claims and flex records.

3 Audit Opinion

3.1 A summary of Internal Audit's opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 This audit has been awarded a Good Level of Assurance. Based on the testing carried out, Audit Services can confirm that 3 out of 3 control objectives were partially met. Further details can be found in section 4 of this report.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of management, therefore KCO's with adequate controls based on the samples examined are not included.

Recommendations are prioritised as follows:

Priority 1 – These relate to significant gaps in the Internal Control Framework

Priority 2 – These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

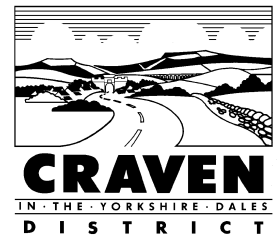
Priority 3 – These relate to minor issues of non-compliance with controls

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
Flexi time is controlled					
332	4 out of the 10 samples had errors in entering the carry forward figure into the new weeks' timesheet. This was due to either an incorrect figure being entered or the incorrect option being applied in the accrued/ deficit field. However analysis of the data suggest that these were not deliberate and no fraud is suspected.	Priority 3 Use a formula to carry forward the timesheet balance to the new sheet. Consider using a monthly timesheet rather than weekly ones to reduce the carry forward action	Flexi time is inaccurately accounted for and staff accrue time they haven't worked, resulting in financial loss to the Council and reputational damage.	Agreed	HR Manager 10/02/2020
Overtime is controlled					
333	Testing highlighted that regular contractual overtime of 4.5 hours per week is being paid to refuse drivers for vehicle tipping, cleaning and inspection. Overtime rates are being used to carry out the normal weekly duties of the role. The agreement for this arrangement has been in place for possibly more than 10 years. The drivers daily schedules	Priority 2 Best value for money should be achieved in the service, the normal operations should be completed within normal working hours at unenhanced rates.	Wages costs are higher than necessary	Agreed	Environmental and Housing Manager HR Manager 10/02/2020

Ref	Findings	Recommendation	Risk	Management Response	Officer responsible and implementation date
	have recently been redrafted but without the knowledge of this arrangement.				
Policies and procedures are in place.					
334	There is no corporate policy on managing overtime. The rules of the scheme specific to the location of work are specified on the statement of particulars. The statement of particulars are not found on the intranet where they would be easily accessible to all.	Priority 2 Management should consider having a corporate policy for overtime that is easily accessible by all staff, and one that sets out the circumstances of when overtime is appropriate.	There is no overtime policy in place	Agreed	HR Manager 22/11/2019

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 (ext) 58584. Audit Services would like to thank the officers involved for their assistance during this audit.

Audit & Governance Committee – 28th January 2020



Internal Audit – Implementation of Recommendations

Report of the Chief Finance Officer

Lead Member – Councillor P. Mulligan

Ward(s) affected: All

1. **Purpose of Report** – To update committee members on Priority 1 internal audit recommendations outstanding, all completions in the period and provide a summary of the numbers of recommendations that have not yet been cleared.
2. **Recommendations** – Members are recommended to:
 - 2.1 Note the contents of Appendix A – Outstanding Priority One Internal Audit Recommendations and consider inviting responsible officers to the next meeting where appropriate.
 - 2.2 Note the contents of Appendix B – Audit Recommendations Completed in the Period and approve the contents of that Appendix. Recommendations will not be archived before this approval is received together with that of the Audit Services Manager, Shared Audit Service.
 - 2.3 Note the contents of Appendix C - Summary of Outstanding Audit Recommendations
3. **Financial and Value for Money (vfm) Implications** – as highlighted for individual recommendations in Internal Audit Reports
4. **Legal Implications** - none
5. **Contribution to Council Priorities** – not applicable
6. **Risk Management** – as highlighted for individual recommendations in Internal Audit Reports
7. **Equality Analysis** – not applicable
8. **Consultations with Others**
Senior Managers/Action Owners
9. **Background Documents**
Performance Information contained within TEN the Council's Performance Management System
10. **Appendices** –
 - Appendix A – Outstanding Priority 1 Internal Audit Recommendations
 - Appendix B – Audit Recommendations Completed in the Period
 - Appendix C – Summary of Outstanding Audit Recommendations

11. Author of the Report

Rebecca Steel, Performance Management Officer
Telephone: 01756 706215
e-mail: rsteel@cravendc.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

Appendix A – Outstanding Priority 1 Internal Audit Recommendations

Priority 1 Recommendations relate to significant gaps in the Internal Control Framework.

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C7 08 - National Fraud Initiative (NFI) - Priority 1	IA 19/20 319 A report on NFI results should be presented to CLT and the Audit Committee, including progress on data match reviews	C7 08 - Oct 2017	Financial Management	Green		The number of outstanding matches is included in the performance reports that are presented to the quarterly Value for Money Clinics. A Summary report of the outstanding matches has been presented to CLT and the October Audit & Governance Committee. The reports included updates narratives, the number of matches still outstanding and the costs associated with having to undertake the mandatory exercises imposed by the NFI. It has been agreed that a report will be taken every six months to Audit and Governance Committee. Updates on performance will continue to form part of the reports to VFM Clinics.	JH	23/10/19
C7 04 - Licensing 2016/17 - Priority 1	IA 19/20 323 Files should be reviewed and any personal and / or sensitive information removed from any historic files no longer required	C7 04 - Jul 2017	Licensing	Amber		Office paper file cleansing continues and should be completed by the end of April. Once the corporate scanning project for archives previously held at Engine Shed Lane has been completed a timetable for review of these files will be put in place.	TC	2/10/2019
C18 04 - Asset Rentals and Letting Income - Priority 1	IA 19/20 402 Whilst the tenancy agreement may state that it is the tenant's responsibility to ensure these checks are undertaken, it would be considered as best practice for the council to obtain all relevant copies of the respective safety certificates to evidence compliance	C18 04 - Jun 2018	Property Services	Amber		Process now started beginning with own use properties, register of evidence being created, extending to leased properties by end of financial year.	DM	01/11/19

Version No	AGENDA ITEM 9
------------	---------------

C18 10 - Debtors - Priority 1	IA 19/20 420 Services should ensure they respond to finance within 7 days of receipt of outstanding debt email showing the action that has been taken to recover debt	C18 10 - Sep 2019	Financial Management	Amber		The Debtors Officer continues to circulate a breakdown of outstanding debts to service managers. Legal Services are currently reviewing their requirements and these will then form part of an updated debt recovery process alongside the required response time of seven days. Details will be issued to appropriate debt holder staff by Finance. Responses will be monitored and retained in service for subsequent use by legal if necessary.	JH	23/10/19
C19 01 - Use of Agency and Contract Employees - Priority 1	IA 19/20 442 The Authority needs to update and review its procurement strategies	C19 01 - Oct 2019	Financial Management	Amber		Agreed with Chief Executive and reported to September Audit and Governance Committee that this will form part of a wider review of contract procedure rules to be completed by the end of March 2020. The council has recently engaged a new provider to assist with procurement advice and they are in the process of assessing the Council's current strategy.	RW	23/10/19

Appendix B – Audit Recommendations Completed in the Period

Source Report	Recommendation Name	Original Target Date	Service Area	Status		Latest Update	Updated by	Date
C7 08 - National Fraud Initiative (NFI) - Priority 1	IA 19/20 319 A report on NFI results should be presented to CLT and the Audit Committee, including progress on data match reviews	C7 08 - Oct 2017	Financial Management	Green		The number of outstanding matches is included in the performance reports that are presented to the quarterly Value for Money Clinics. A Summary report of the outstanding matches has been presented to CLT and the October Audit & Governance Committee. The reports included updates narratives, the number of matches still outstanding and the costs associated with having to undertake the mandatory exercises imposed by the NFI. It has been agreed that a report will be taken every six months to Audit and Governance Committee. Updates on performance will continue to form part of the reports to VFM Clinics.	JH	23/10/19
C18 02 Car Parking Income 2017/18 - Priority 2	IA 19/20 387 A full cost benefit analysis, taking into account all costs associated with cash collection as well as insurance costs, should be carried out to determine the feasibility of replacing cash taking machines with card, at least at those sites which have historically been susceptible to theft. An equality impact assessment should be undertaken as part of this appraisal	C18 02 - Dec 2018	Parking Services	Green		The demographics of Craven currently lead to a higher than average reliance on cash as the preferred method of undertaking financial transactions. Ongoing analysis is being conducted as part of new management reporting procedures specifically looking at the balance of Cash and Card payments throughout the district, this shows that at present viability of card only transactions is low. Ongoing monitoring established to inform future decisions. Updated Strategy being planned for 2020.	DM	01/11/19

Version No	<h2 style="margin: 0;">AGENDA ITEM 9</h2>
------------	---

C18 11 - Council Tax and NDR - Priority 2	IA 19/20 422 The proposed review program of discounts and exemptions should be established	C18 11 - September 2019	Revenues & Benefits	Green		Empty homes review complete and further reviews being undertaken for council tax, business rates and benefits. There will also be a single person discount review carried out in partnership with Datatank. Now all reviews are up-to-date an annual cycle has now been established for implementation in future years.	DD	03/10/19
C18 12 - Health and Safety Arrangements - Priority 2	IA 19/20 427 COSHH assessments should be separately retained	C18 12 - September 2019	Health & Safety	Green		Risk assessments that refer to COSHH will be retained for a 40 year period and specific detailed COSHH assessments have been revised and, where appropriate, separately retained. Further work is ongoing due to legislative changes.	RA	17/10/19
C18 12 - Health and Safety Arrangements - Priority 2	IA 19/20 428 The necessity for review of existing older Pool COSHH assessments should be determined and carried out where necessary	C18 12 - September 2019	Health & Safety	Green		The Pool COSHH assessments have now been reviewed and procedures revised to ensure that these are kept up to date.	RA	17/10/19
C18 12 - Health and Safety Arrangements - Priority 2	IA 19/20 432 First aid annual refresher training should be considered	C18 12 - September 2019	Property Services	Green		Existing list reviewed and now updated on intranet, arranging refresher training and coverage following final office moves for Q1 2020	DM	01/11/19
C18 12 - Health and Safety Arrangements - Priority 2	IA 19/20 433 Determination of first aiders should be progressed following the physical movement of staff within Belle Vue Square	C18 12 - September 2019	Property Services	Green		Existing list reviewed and now updated on intranet, arranging refresher training and coverage following final office moves for Q1 2020	DM	01/11/19
C18 12 - Health and Safety Arrangements - Priority 2	IA 19/20 439 Outstanding reviews and actions relating to risk assessment should be progressed.	C18 12 - September 2019	Health & Safety	Green		As part of the on going review the actions have been reviewed and updated.	RA	17/10/19

Version No			AGENDA ITEM 9					
C18 06 - Transparency Agenda - Priority 3	IA 19/20 412 The authority needs to bring the following annually published data up to date on its website - Local Authority Land Social Housing Asset; Grants to Voluntary Community and Social Enterprise organisations; An Organisation chart; Parking account; Breakdown of the number of controlled on and off street parking spaces; and the authorities Fraud investigation information	C18 06 - Oct 2019	ICT	Green		All required actions have been completed and the website updated.	DRN	15/10/19
C18 10 - Debtors - Priority 3	IA 19/20 417 Payments for dog waste bags, parking permit amendments/cancellations and tickets should be taken in advance to the service provided and no debtor invoice will be raised	C18 10 - July 2019	Financial Management	Green		Treatment of small debts is being reviewed will be included in the Sundry Debt Policy. Payment for Parking Permits can be made online. The Terms and Conditions for Town Hall bookings have been reviewed and now require advance payment removing the need for an invoice to be raised. Service departments have been reminded that payments can be made online or over the phone in advance.	JH	23/10/19
C18 10 - Debtors - Priority 3	IA 19/20 418 A revision to the terms and conditions of hire should be introduced requiring payment to be made in advance of event occurrence. For large monetary value events a deposit should be taken at time of booking and remaining balance paid prior to event. Alignments of payment terms should be made to ensure consistent approach.	C18 10 - September 2019	Property Services	Green		Events booking procedure now reviewed, new process created with schedule of fees , SAG process built into booking procedure. Advance booking fees and deposit now introduced.	DM	01/11/19
C18 10 - Debtors - Priority 3	IA 19/20 419 Payment options should be limited to direct debit for tenants paying rental invoices monthly	C18 10 - September 2019	Property Services	Green		Process reviewed, default standard for new tenants is direct debit. Property will work with existing tenants to migrate over time.	DM	01/11/19

Appendix C – Summary of Outstanding Audit Recommendations - Recommendations are included where the original completion date was prior to October 2019.

			Priority 1	Priority 2	Priority 3	Total
B/F	1/4/19		13	13	7	33
<u>Add</u>	Reports at 2 April 2019 A & G Committee	Property Valuations	0	0	0	0
		Housing Benefit	0	0	1	1
		Creditors	0	2	0	2
		Debtors	1	2	3	6
		Council Tax and Non Domestic Rates	0	1	0	1
		Health and Safety Arrangements	0	16	2	18
		Peer Review of Recommendations	0	0	0	0
		Use of Social Media	0	1	0	1
	Report at 24 September 2019 A & G Committee	Use of Agency Staff	1	2	1	4
	Report at 21 October 2019 A & G Committee	Flexi time and Overtime Arrangements	0	2	1	3
			15	39	15	69
<u>Less</u>	Archiving approved at 2 April A & G Committee		2	3	0	5
	Archiving approved at 25 June A & G Committee		7	9	3	19
	Archiving approved at 24 September A & G Committee		1	4	1	6
			10	16	4	30
			5	23	11	39
<u>Less</u>	Completions in this period (see Annex B)		1	7	4	12
			4	16	7	27
<u>Less</u>	Not yet due		1	5	2	8
Outstanding Recommendations			3	11	5	19

Outstanding Recommendations - By Service Area

Financial Management
 Health and Safety
 Licensing
 Planning & Building Control
 Property Services
 Revenues and Benefits

Priority 1	Priority 2	Priority 3	Total
1	3	4	8
	5		5
1	2		3
	1		1
1			1
		1	1
3	11	5	19

Outstanding Recommendations - By year originally due to be implemented

2014/15
 2015/16
 2016/17
 2017/18
 2018/19
 2019/20

Priority 1	Priority 2	Priority 3	Total
		1	1
	1		1
1	3	2	6
1		1	2
1	7	1	9
3	11	5	19