

Appendix I

Summary Report of Audit Assignments: April 2010 – March 2011

Appendix & Reference No.		Report/Project	Date of Report	Report Assurance Level	Follow Up Assurance Assessment
II	(1)	Contract Standing Orders	July 2010	Limited	Substantial
III	(2)	Street Cleansing	July 2010	High	No recommendations have been made, a management response and follow-up are not required
II	(3)	Project Management Milton Creek	Aug 2010	Limited	Substantial
II	(4)	Health & Safety (Commercial)	Sept 2010	Limited	Substantial
II	(5)	Hackney Carriage Licensing	Sept 2010	Limited	Substantial
II	(6)	Development Control Enforcement	Sept 2010	Limited	Scheduled for May 2011
III	(7)	Payroll	Sept 2010	Substantial	Substantial
III	(8)	Food Safety	Sept 2010	Substantial	Substantial
III	(9)	Local Engagement Forum Grant Administration	Oct 2010	Substantial	Substantial
III	(10)	Car Parking – Pay and Display Income	Oct 2010	Substantial	High
II	(11)	Council Tax – Recovery & Enforcement	Oct 2010	Limited	Substantial
III	(12)	Accounts Receivable	Dec 2010	Substantial	Scheduled for May 2011
III	(13)	Development Control Administration	Dec 2010	Substantial	Scheduled for May 2011
II	(14)	Sports Development	Jan 2011	Minimal	Scheduled for June 2011
III	(15)	General Ledger - Feeder Systems	March 2011	High	Scheduled for June 2011
III	(16)	Asset Management	March 2011	Substantial	Scheduled for June 2011
III	(17)	Accounts Payable	March 2011	Substantial	Scheduled for September 2011

Appendix & Reference No.		Report/Project	Date of Report	Report Assurance Level	Follow Up Assurance Assessment
III	(18)	Benefits Payments	March 2011	Substantial	Scheduled for June 2011
III	(19)	NNDR	March 2011	Substantial	Scheduled for July 2011
III	(20)	Starters & Leavers	March 2011	Substantial	No recommendations have been made, a management response and follow-up are not required
III	(21)	Data Quality Spot Check	May 2010	N/A	No recommendations have been made, a management response and follow-up are not required
III	(22)	Fraud Survey	May 2010	N/A	A requirement of the Audit Commission to provide detailed information on fraud vulnerability
III	(23)	National Fraud Initiative	January 2011	N/A	Audit Commission Data Matching Exercise
III	(24)	Interreg Project	N/A	N/A	Audit of grant claim

Summary of Internal Audit Reports Assessed as providing Limited or Minimal Controls Assurance

Service Section: Commissioning & Customer Contact

Audit Title: Contract Standing Orders Compliance
Issued Date: July 2010

Audit Scope: The audit set out to:

- Establish the adequacy of controls over management of compliance with Contract Standing Orders
- Review staff awareness of Contract Standing Orders and their confidence in interpretation.

Findings: The main issues arising from the audit were:

- There is a need for staff awareness training to increase understanding of Contract Standing Orders
- There is limited compliance monitoring
- There is a need for the process to be updated and electronic systems to be instigated

Assurance Assessment at the time of the audit: Limited

Management Response: All of the recommendations made have been accepted and the actions are planned to be implemented by March 2011.

Adequacy of Response: Adequate

Follow Up date: March 2011

Follow Up Assurance: Substantial

Service Section: Head of Economy and Communities

Audit Title: Milton Creek Gateway Landscape Project

Issued Date: August 2010

Audit Scope: The audit set out to:

- Establish and evaluate the controls in place over the project management of the Milton Creek Gateway Landscape Project.
- Specifically:
 - Project management arrangements
 - Financial management arrangements
 - Risk management arrangements
 - Records Management arrangements
 - Funding Conditions

- Findings:** The main issues arising from the audit were:
- land ownership issues were unresolved, which could potentially impact project delivery
 - Lack of clear change management records and approvals
 - Lack of evidence that the remaining budget would deliver the remaining works
 - Lack of readily available comprehensive and chronological records to evidence the adequacy of project control i.e. Minutes of project group meetings
 - Lack of a evidence that the Project Sponsor has been kept informed of significant issues i.e. readily available Minutes from the Project Team meeting
 - Non compliance with the Councils Project Management guide
 - Unexplained shortfall £21,150.43 on the income received from Medway Council 2009/10
 - Uncertainty of evidence that the maintenance budget of £35,940 will be sufficient.

Assurance Assessment at the time of the audit: Limited

Management Response: All of the recommendations were accepted with actions for implementation by September 2010

Adequacy of Response: Adequate

Follow Up date: December 2010

Follow Up Assurance Assessment: Substantial

Service Section: Environmental Services

Audit Title: Health and Safety

Issued Date: September 2010

Audit Scope: The audit reviewed the procedures being used by the Commercial Team to ensure that the Authority's commercial premises Health and Safety inspection and enforcement procedures adhere with the recommended standards as set by the Health and Safety Executive (HSE).

Findings: The Authority's Health and Safety Enforcement Policy had not been reviewed since 2002.

Recent changes in categorisation criteria and associated inspection routines resulted in lower risk premises not now being automatically included as part of the standard inspection routine. Therefore there is a possibility that those premises may not be physically inspected by officers.

From the 2444 premises registered on the Authority's M3 database, 429 premises have been categorised through a desktop assessment exercise rather than an on-site inspection. While current guidance from the HSE states that desktop inspections can at times be acceptable for assessing the level of risk at a premises, it also goes

on to state that low risk premises should not be ignored. Under current procedures low-risk premises are only visited following complaints or as part of a targeted enforcement campaign due to limited available resources.

Performance targets and regular monitoring procedures are not being used to monitor officer capacity against the Authority's minimum inspection timetable.

Assurance Assessment at the time of the audit: Limited

Management Response: All of the recommendations made have been accepted or adequate alternative action proposed. All actions are planned to be implemented by March 2011.

Adequacy of Response: Adequate

Follow Up date: March 2011

Follow Up Assurance Assessment: Substantial

Service Section: Service Delivery

Audit Title: Hackney Carriage Licensing

Issued Date : October 2010

Audit Scope: The audit set out to establish and evaluate:

- The procedures for the issue of licences
- The monitoring procedures for licence conditions
- Enforcement of regulations
- Administration of licence documentation
- Procedures in place for the receipt, banking and reconciliation of income

Findings: The main issues arising from the audit were:

- Lack of Hackney Carriage policy and procedures
- Unclear and inconsistent license application documentation
- Lack of monitoring and enforcement procedures
- Absence of Lone Working Protocol
- Outdated Hackney Carriage Byelaws
- Lack of control assurance relating to financial procedures.
- Inconsistent complaints management processes

Assurance Assessment at the time of the audit: Limited

Management Response: Out of 20 recommendations made 17 have been accepted and the actions planned to be implemented by March 2011. Of the 3 remaining, the reasons given for not accepting the recommendations are satisfactory.

Adequacy of Response: Adequate

Follow Up date: March 2011

Follow Up Assurance Assessment: Substantial

Service Section: Planning Services

Audit Title: Development Control Enforcement

Issue date: September 2010

Audit Scope: The review focused on key management controls. In particular the audit considered policies and procedures; the system (Headway) used to record customer and Member complaints relating to breaches of planning regulations; complaints management standards; receipt, investigation and progression of cases; the role of Legal Services and the monitoring of Enforcement Notices.

Findings: Key issues arising from the audit:

- There is no policy or strategy in place setting out the objectives of the Planning Enforcement process,
- Enforcement staff do not currently have access to the Headway system to use its full potential
- There is a need to improve procedures over the management and monitoring of cases where a breach has occurred to ensure that the appropriate legal action is taken as soon as practical.

Assurance Assessment at the time of the Audit: Limited

Management Response: All of the actions have been agreed to. All actions are programmed

to be completed by March 2011

Adequacy of Response: Adequate.

Follow Up date: Scheduled for May 2011

Service Section: Head of Service Delivery

Audit Title: Council Tax, Recovery and Enforcement

Issued Date: October 2010

Audit Scope: The audit set out to assess the arrangements in place for managing Council Tax recovery and enforcement responsibilities. The audit considered controls within the Council Tax IT system (Academy), and the management and administrative working practices in operation for the collection and recovery of amounts due. This included ongoing arrears for previous years. The audit was based upon the CIPFA Systems Based Control Matrices covering the key elements required for effective control of an essential financial system.

Findings: The audit confirmed that, overall, the controls operating on the day to day collection of amounts due, the use of Academy and the recovery process, through to the issue of liability orders, were operating satisfactorily. The records reviewed as part of this

process were accurate with action being taken promptly to complete the full recovery cycle of reminders, summonses, liability orders, and bailiff's action. The audit confirmed that there is good liaison with the Housing Benefits Section, including cross training, and connections are maintained with other outside agencies

The main issues arising from the audit were:

- The Council does not pursue defaulting taxpayers through to the committal stage. The decision to omit this stage of the recovery process was not documented and was not subject to formal approval.
- Procedure manuals did not reflect other council policies
- The appointment of bailiffs has not been subject to a formal, transparent appointment process.
- Service Level Agreements are required for the work of the bailiff companies to ensure that the companies act in line with the Council's policies and procedures.
- The present arrangement to collect direct debit instalments should be reconsidered to bring forward the dates of payments to start in April rather than May as at present.

Assurance Assessment at the time of the audit: Limited

Management Response: All of the actions are accepted. Immediate action was taken on several of the recommendations with the majority of the remaining actions planned to be implemented by February 2011. In particular, a formal, open appointment process for bailiffs will be implemented later in 2011 as required by the Council's contract rules. The appointments will follow improved monitoring of bailiff activity.

Adequacy of Response: Adequate

Follow Up date: May 2011

Follow up assurance assessment: Substantial

Service: Economy & Communities

Audit Review: Sports Development

Audit Scope: The audit review set out to establish and test the effectiveness of controls in place for the management of the Sports Development Service. The review considered the procedures and controls in place over the management of Sports Development Section; the administration of the grant aided schemes and the Easter and summer holiday activities; expenditure and the recruitment and training of staff.

Findings: The audit established that:-

- There is a significant weakness of control over the management of the sports development service. This relates both to the management of the Recreation Officer and the management of the Sports Development Service by the Recreation Officer.

- Documentation has not been retained in support of the Easter and summer activities funded by the Council.
- The grant administration process is in urgent need of review
- There is limited documentation in support of the appointment of self employed coaches. For example contract of employment, references, CRB check, and proof of qualifications.
- Audit testing identified a number of anomalies in the appointment of temporary staff including missing application forms, unauthorised appointment forms, lack of references and proof of qualifications.
- The audit established that in respect of the Child Protection and Safeguarding Children Policy & Procedures, there is no training programme in place and that records are not maintained to evidence the training received by staff working within sports development. It is therefore not possible to confirm whether staff have received the required training.

Assurance Assessment at the time of the audit: Minimal

Management Response: The Head of Economy & Communities has provided a comprehensive response to the audit. The completed action plan sets out the urgent and detailed action which will be taken to implement all the recommendations made in the audit report with a target completion date of 31 May 2011.

Adequacy of Response: Adequate

Follow Up date: June 2011

Follow up assurance assessment: Scheduled for June 2011

Summary of Internal Audit Reports assessed as providing Substantial or High Controls Assurance

Service Section: Commissioning and Customer Contact

Audit Title: Street Cleansing

Issued Date : July 2010

Findings: The audit set out to establish the adequacy of controls over management and monitoring of the street cleansing process.

Audit testing established that there are good management controls in place, with well documented monthly Organisational Management Meetings, quarterly Performance Meetings and an Annual Service Delivery Report to Members.

Monitoring is extensive both for in-house purposes and to satisfy the requirements of National performance indicator targets (NI 195).

Assurance Assessment at the time of the audit: High

Management Response: A management response was not required as there were no recommendations made with the report

Service: Finance

Audit Review: Payroll

Issue Date: September 2010

Audit Scope: The audit set out to evaluate the adequacy and effectiveness of the key controls over the payroll system. The audit considered a number of areas including, the migration of payroll data to Midland iTrent; the process for validating the correctness of the monthly payroll; starters; leavers; variations to pay; BACS payment procedures and the uploading and reconciliation of the costing file to Agresso.

Findings: At the date of the audit fieldwork there was no signed agreement in place between Swale and Maidstone Council for the provision of the shared payroll service.

With the implementation of Midland iTrent system and the shared payroll service with Maidstone Borough Council from February 2010, the management and operation of the payroll function has significantly changed. A recommendation is therefore made that consideration should be given by the Head of Finance to transferring responsibility of the payroll function to Head of Organisational Development.

In order to confirm the accuracy of the transfer of payroll data to Midland iTrent, the Auditor reviewed the process, which confirmed that procedures followed provided assurance that data had been accurately migrated from the EMS system to iTrent.

A series of tests were undertaken on a sample of 20 staff payroll records which confirmed that iTrent procedures operated correctly, resulting in accurate transactions being made through the payroll system.

Weaknesses in the input of new starters were identified during the audit relating to the authorisation of 'starter' forms by officers unauthorised to do so. Furthermore the audit established that 'scarcity' payments totalling £78,000 per annum are paid to certain posts where recruitment has proven difficult. The audit established that there is no formal annual review process to consider whether these payments are still appropriate, particularly in the current economic climate.

From reviewing the iTrent reports generated since data migration to the new system, audit testing has confirmed that the payroll costing file is processed into Agresso on a timely basis. However, it was not possible to confirm that data is correctly being transferred, as reconciliations between iTrent and Agresso had not been carried out at the time of the audit.

Assurance Assessment at the time of the audit: Substantial

Management Response: Adequate. All recommendations were agreed and planned to be implemented in a timely manner.

Follow Up Date: Scheduled for May 2011

Service Section: Environmental Services

Audit Title: Food Safety

Issued Date: September 2010

Audit Scope: The audit reviewed the procedures being followed to ensure compliance with the Code of Practice set by the Food Standards Agency. The review sought assurance that food premises within the Borough are subject to adequate inspection and enforcement according to the level of food safety risk associated with each premises.

Findings: The audit concludes that the work of the Food Safety Team is completed in accordance with the Code of Practice set by the Food Standards Agency and other relevant legislation.

The service Enforcement Policy has not been reviewed 2002.

Food premises categorised in the lowest risk category are not currently subject to on-site inspection visits. Instead, proprietors are required to complete self-assessment questionnaires, to give

details of the food they produce, how the food is produced and who their customer base is. Providing the details do not change, the premises will remain in the same risk category and not subject to site inspection. Recommendation is made, therefore, that food safety inspection visits or appropriate officer assessments are carried out on all premises in the lowest risk category on a minimum 4 or 5 yearly basis. It is acknowledged that this will continue to be on the basis of the existing questionnaires unless resources are increased or existing resources are taken away from higher-risk activities in this or other service areas

Assurance Assessment at the time of the audit: Substantial

Management Response: All of the recommendations made have been accepted or adequate alternative action proposed. All actions are planned to be implemented by January 2011.

Adequacy of Response: Adequate

Follow Up date: February 2011

Follow Up Assurance Assessment: Substantial

Service Section: Economy & Community Services

Audit Title: Local Engagement Forum Grant Administration

Issued Date: November 2010

Audit Scope: The audit set out to:

- Confirm that grant funding is awarded in line with the agreed grant scheme guidelines.
- Confirm that grants are appropriately utilised to support community project objectives.

Findings: The main issues arising from the audit were:

- There was no requirement for the charity registration number to be provided on the grant application documentation
- The completed grant application files were not held securely
- There were weaknesses in monitoring procedures to ensure that the funds were correctly utilised

Assurance Assessment at the time of the audit: Substantial

Management Response: All of the recommendations have been accepted and the actions are planned to be implemented by March 2011.

The Head of Economy & Community Services requested that the wording in the report was amended to correctly reflect the current role of Members in the grant award process. Audit records have now been amended to reflect that: "Councillors are responsible for indicating which applications for Community funding they wish to

support from their indicative allocations within the guidelines of the scheme." It was also noted at the time of reporting, that the decision regarding the LEF grant budget for 2011/12 had not been made.

Adequacy of Response: Adequate

Follow Up date: April 2011

Follow Up Assurance Assessment: Substantial

Service Section: Service Delivery

Audit Title: Car Parking – Pay and Display Income

Issued Date: November 2010

Audit Scope: The audit reviewed the procedures to ensure that all Pay and Display parking income is being correctly collected, recorded, and banked in a timely manner by the appointed cash collection contractor.

Findings: The current income collection contract was procured by means of a tender process led by the Kent Buying Consortium. The audit established that the appointed contractor - CSS – is collecting pay and display income in accordance with the contract, and that all money, once collected and counted, is banked on a timely basis.

Suitable procedures are confirmed to be in place to ensure the ongoing reliability of pay and display machines and all machines are appropriately maintained under a contract arrangement with each of the suppliers of the machines. The Civil Enforcement Manager has recently undertaken an independent physical inspection of machines to ensure that the cash boxes used for the collection and transportation of income are in working order.

The increase in the standard rate of VAT, along with a short-term requirement to upgrade all pay and display parking machines, provides an opportunity for a strategic review of the Council's car parking arrangements to manage the service for the next 3-5 years.

Assurance Assessment at the time of the audit: Substantial

Management Response: Only two recommendations were made. Both have been accepted with the actions planned to be implemented by December 2010.

Adequacy of Response: Adequate

Follow Up date: January 2011

Follow Up Assurance Assessment: High

Service Section: Financial Services

Audit Title: Accounts Receivable

Issue date: December 2010

Audit Scope: The audit evaluated and tested the policies and procedures for the following:

- Raising Invoices
- Receipting income
- Management of arrears
- Authorisation of Write-offs
- Performance monitoring and reporting

Findings: The audit established that procedures for the monitoring and reporting of the Council's sundry debt have significantly improved over the past 6 months and there had been a recent corporate assessment of debt resulting in older, high value uncollectable debts being written off.

The main areas for attention are as follows:

- Although debts are being monitored on a monthly basis, recovery action is not always being taken promptly on all debts
- The Accounts Receivable system is being inefficiently used by some services to recover low value Council charges
- There are weakness in debt monitoring to prevent an accumulation of older uncollectible debts
- Lack of supervisory/ independent monitoring of administrative procedures
- Out of date procedure notes
- Lack of suitably trained absence cover for the Exchequer Assistant.

Assurance Assessment at the time of the audit: Substantial

Management Response: All of the recommendations have been accepted or suitable alternative actions proposed to resolve identified weaknesses. Action plans have been put in place to address the recommendations. The majority of the actions are due for completion by April 2011.

Adequacy of Response: Adequate

Follow Up date: To be completed May 2011

Service Section: Development Services

Audit Title: Development Control Administration

Issue date: December 2010

Audit Scope: The audit set out to:

- Establish and assess the effectiveness of administration procedures. Specifically:
 - Receipt of Applications
 - Recording of Applications
 - Validation of Applications
 - Decision making process
 - Recording of Decisions
- Establish and evaluate procedures for the collection and administration of planning services income

Findings: The planning application process is currently performed by the planning administration team, the planning technicians and the planning officers. The process is adequately documented by detailed process maps and procedure notes.

Audit testing established that all regulations laid down in the Town & Country Planning Act are adhered to. In the majority of cases the length of time between Planning Application receipt and the final decision date is acceptable. Controls relating to the receipt and recording of applications are consistently applied. However, there are inconsistencies in the delivery of payments to the Finance section for processing. Therefore a recommendation was made to assist with financial control.

Assurance Assessment at the time of the Audit: Substantial

Management Response: The single recommendation raised during the audit has been accepted. The action is planned to be implemented by April 2011.

Adequacy of Response: Adequate

Follow Up date: Scheduled for May 2011

Service Section: Financial Services

Audit Title: General Ledger – Feeder Systems

Issue date: March 2011

Audit Scope: The audit reviewed the key management controls that are in place to ensure that all information from feeder systems and journal transfers are properly authorised and that transfers to Agresso are accurate, complete and up-to-date. The audit covered the policies, procedures and records which are being managed on a day to day basis by the Finance Section.

Findings: The audit report concludes that the controls over the arrangements are strong. All records examined were properly authorised, complete and accurate. The necessary inputs were carried out within the timescales expected and all were up to date. Reconciliations with the source systems, Agresso and the bank were completed properly and again were up-to-date.

Only one recommendation was made concerning the incorrect formula within a spreadsheet template used for the preparation of journals. This has been corrected.

Assurance Assessment at the time of the Audit: High

Management Response: The single recommendation was implemented immediately.
The Management response is, therefore, considered to be adequate

Adequacy of Response: Adequate

Follow Up date: Scheduled for June 2011

Service Section: Property Services

Audit Title: Asset Register Maintenance

Issue date: March 2011

Audit Scope: To establish how the council identifies and classifies its assets for the purpose of its asset and property registers. To confirm full and accurate documentation is securely held for all assets recorded and that there is adequate reconciliation between the Asset Register and Property Register

Findings: The audit confirmed that documentation is being retained to confirm ownership of assets. All assets are revalued on a 5 yearly basis - the last valuation was conducted in 2009 by external surveyors.

Assets have been classified in compliance with the CIPFA Code of Practice on Local Authority Accounting - It is noted that for 2011/12 the asset classifications have been reviewed and updated in line with International Financial Reporting Standards.

Deed Packets are kept securely although, due to their age, some are showing signs of wear and tear. Documents are held securely within an alarmed strongroom which is locked at all times with one set of keys held by Legal Services.

A review of the reconciliation between the Financial Asset Register and the Property Register established that there has been a prolonged delay in the reconciliation taking place. A full reconciliation is planned by the Property Manager during May and June. Progress against this will be reviewed and reported in the audit follow up process.

Assurance Assessment at the time of the Audit: Substantial

Management Response: Due May.

Service Section: Financial Services

Audit Title: Accounts Payable

Issue date: March 2011

Audit Scope: The audit set out to:

- evaluate internal procedures
- confirm that payments made during April – December 2010/11 are accurate and appropriately authorised.
- confirm separation of duties is maintained between approval and authorisation of payments
- evaluate the security of payments to creditors

Findings: The main issues arising from the audit were:

- Weakness in officer awareness of the requirements of the Council's Financial Regulations.
- Errors in the completion and authorisation of Authorised Signatory forms
- High incidence of ordering of goods and services without raising a purchase order
- Lack of absence cover for Accounts Payable duties
- The need for Terms and Conditions of purchase to be provided to suppliers at the point of engagement

Assurance Assessment at the time of the Audit: Substantial

Management Response: Five of the 6 recommendations have been accepted and suitable alternative action has been proposed for the remaining recommendation.

Adequacy of Response: Adequate

Follow Up date: Scheduled for September 2011

Service Section: Service Delivery - Revenues and Benefits

Audit Title: Housing Benefits Payments

Issued Date: March 2011

Audit Scope: The audit assessed the arrangements in place for the processing and payment of housing benefits. The review covered the controls in place within the Housing Benefit IT system (Academy), the BACS and cheque payment processes and the management, accounting and administrative working practices in operation to ensure that payments made are accurate and secure. It was based in part upon the CIPFA Systems Based Controls Matrices covering the key elements required for effective control of this essential financial system.

Findings: The audit confirms that payments have been made accurately and are correctly recorded against claimants' records. There is an

adequate division of duties within the housing benefit section and up to date procedures notes are in place.

Recommendations raised within the report relate to:

- Improvements to the systems reconciliation framework
- Improvements in payment authorisation procedures
- Improvements in controls over cheque movements
- Changes for the administration of BACS payments
- Supervisory review of discretionary housing payments
- Improvements to controls over the authorisation of payments direct to landlords.

Assurance Assessment at the time of the audit: Substantial

Management Response: All recommendations made have been accepted and the actions are planned to be implemented by the end of May 2011.

Adequacy of Response: Adequate

Follow Up date: Scheduled for June 2011.

Service Section: Service Delivery - Revenues and Benefits

Audit Title: NNDR: Valuation, Liability and Billing

Issued Date: March 2011

Audit Scope: The audit assessed the adequacy of controls operating over the valuation, liability and billing procedures for the Council's National Non-Domestic Rates.

Specifically:

- To identify, document, test and evaluate the key controls surrounding the NNDR system relating to Valuation, Liability and Billing.
- To establish the adequacy of NNDR system compliance with all statutory requirements in respect of valuation
- To assess the accuracy of the determination of NNDR liability and compliance with statutory regulations
- To assess billing procedures and compliance with statutory regulation

Findings: The audit confirms that the controls operating on the various elements of the NNDR system are satisfactory. The records reviewed were accurate with amendments to information actioned promptly. The required reconciliation with the Valuation Office records is carried out promptly to ensure that the Academy system reflects the current position on rateable values and number of properties. The NNDR IT system (Academy) parameters covering the calculation of the debit, including reliefs and exemptions (Transitional Relief, Small Business Rates Relief, Mandatory, Discretionary, Empty Property) are accurate. The billing arrangements are prompt and comply with all the necessary legislation.

Recommendations raised within the report relate to:

- Procedures to monitor and control any outstanding requests made to the Valuation Office.
- Regular procedures to reconcile composite properties within the NNDR and Council Tax systems.
- Monitoring controls over the suppression and production of bills.
- Review of the list of Academy system users and access rights.

Assurance Assessment at the time of the audit: Substantial

Management Response: All recommendations made have been accepted and the actions are planned to be implemented by the end of June 2011.

Adequacy of Response: Adequate

Follow Up date: Scheduled for July 2011.

Service Section: Organisational Development

Audit Title: Starters & Leavers

Issue date: March 2011

Audit Scope: The audit was conducted to establish whether improvements have been implemented within the HR recruitment and leaver process, in line with recommendation arising from the Audit Commission 2010 Annual Governance Report.

Specifically, testing was carried out to establish whether, in accordance with organisational policy, appropriate authorisation is obtained for all new starters appointed above the 2nd point of their pay grade and whether appropriate review and authorisation is being obtained for all non-standard termination of service payments.

Findings: No recommendations arose during the audit for improvement in controls. The audit report concludes that the arrangements have been satisfactorily implemented and that evidence is being retained to confirm authorisations and calculations.

Assurance Assessment at the time of the Audit: Substantial

Management Response: No recommendations were made during the audit and a management response is not, therefore, required.

Adequacy of Response: N/A

Follow Up date: N/A

Service Section: Policy & Performance

Audit Title: Data Quality Spot Checks

Issued Date : May 2010

Findings: The audit set out to establish and assess Managers' compliance with the recommendations laid down by the Audit Commission in the report Data Quality 2009 Spot Checks. The recommendations related to:-

- NI 157 - processing of planning applications.
- NI 192 - percentage of household waste sent for reuse, recycling and composting
- BVPI 183b - average time in temporary accommodation (hostel).

The audit confirms that the measures taken to correct the areas highlighted in the Audit Commission report are satisfactory and greater reliance can be placed upon these performance figures as a result.

Assurance Assessment at the time of the audit: N/A

Management Response: A management response was not required as there were no recommendations made within the report

Title: National Fraud Survey

Issue date: April 2011

Background: In October 2010, the Audit Commission published Protecting the Public Purse 2010. The report was based on the Commission's 2009/10 fraud and corruption survey of local government and related bodies.

The 2009/10 fraud survey achieved an overall response rate of 94%. This has not only enabled the Commission to provide an accurate assessment of the total detected fraud figure for local government, but also to undertake regional breakdowns and detailed analysis.

In light of the success achieved in 2009/10 the Commission has again decided to require submission of the information for 2010/11 under section 48 of the Audit Commission Act 1998.

Update: The required statistical information was submitted on time.

Title: National Fraud Initiative

Issue date: March 2011

Background: The Audit Commission conducts a data matching exercise each year to identify potential fraud. Internal Audit provides a coordinating role for the arrangements, helping to facilitate the process and reports on the progress and outcomes of the exercise. Internal Audit does not have direct responsibility for investigating data matches – this is the responsibility of each respective data owner.










Title: Interreg Project - Mosaic

Background: KCC has contracted with the European Commission to manage a Mosaic project, to use customer profiling techniques to improve the delivery of public services to all sectors of the community. All 14 Kent Councils are participating in the project. KCC is responsible for ensuring the project is delivered on time, within budget and achieves agreed outcomes. The European Commission will refund each project partner 50% of the eligible costs as outlined in the project proposal.

Internal Audit are required to audit the Council's financial claims twice each year, prior to submission of claims to KCC for reimbursement.

Appendix IV

Summary Report of Audit Follow Up Assurance Assessments

	Follow Up reviews carried out April 2010- March 2011	Date of Follow Up	Audit Assurance Assessment	Follow Up Assurance Assessment	Notes	Direction of Travel
1	Project Management Milton Creek	December 2011	Limited	Substantial		
2	Contract Standing Orders	March 2011	Limited	Substantial		
3	Health & Safety External)	March 2011	Limited	Substantial		
4	Hackney Carriages	March 2011	Limited	Substantial		
5	Food Safety	March 2011	Substantial	Substantial		
6	Local Engagement Forum Grants	March 2011	Substantial	Substantial		
7	Council Tax – Recovery & Enforcement	March 2011	Limited	Substantial		
8	Car Parking Income	March 2011	Substantial	High		
9	Payroll	April 2011	Substantial	Substantial		

Remainder of 2010-11 Audit Plan not completed during the year.

	Audit Subject	Service
1	Treasury Management Compliance	Financial Services
2	Leisure Centre Management	Commissioning & Customer Contact
3	Arts Development Grant Schemes	Economy & Communities
4	Refuse/Waste Collection and Recycling Contract Review	Commissioning & Customer Contact
5	Project Management Compliance Review	Corporate Governance & Communications
6	IT Network Resilience	Corporate Services
7	IT File Control	Corporate Services
8	CCTV Contract/SLA Review	Economy & Communities

Definitions of Assurance Levels

Our opinion on the adequacy and effectiveness of controls for an audited activity is shown as an **assurance level** within four categories. The use of an **assurance level** is more consistent with the requirement for managers (and Members) to consider the degree to which controls and processes can be relied upon to achieve the objectives of the reviewed activity. The assessment is largely based on the adequacy of the controls over risks but also includes consideration of the adequacy of controls that promote efficiency and value for money. The definitions of assurance levels are provided below:

Controls Assurance Level	Summary description	Detailed definition
Minimal	Urgent improvements in controls or in the application of controls are required	<p>The authority and/or service is exposed to a significant risk that could lead to failure to achieve key authority/service objectives, major loss/error, fraud/impropriety or damage to reputation. This is because key controls do not exist with the absence of at least one critical control or there is evidence that there is significant non-compliance with key controls.</p> <p>The control arrangements are of a poor standard.</p>
Limited	Improvements in controls or in the application of controls are required	<p>The area/system is exposed to risks that could lead to failure to achieve the objectives of the area/system under review. This is because, key controls exist but they are not applied, or there is significant evidence that they are not applied consistently and effectively.</p> <p>The control arrangements are below an acceptable standard.</p>
Substantial	Controls are in place but improvements would be beneficial	<p>There is some limited exposure to risk which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.</p> <p>The control arrangements are of an acceptable standard.</p>
High	Strong controls are in place and are complied with	<p>The systems/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.</p> <p>The control arrangements are of a high standard.</p>

